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Lithium Corp  
Form 10-K  
April 15, 2010

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-148266

LITHIUM CORPORATION  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

N/A  
(I.R.S. Employer  
Identification No.)

200 S. Virginia St. - 8th Floor, Reno, Nevada  
(Address of principal executive offices)

89501  
(Zip Code)

Registrant's telephone number, including area code: 775.322.0626

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class -----	Name of Each Exchange On Which Registered -----
N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:

N/A  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registration statement was required to submit and post such files). Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated Filer [ ]  
Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of Common Stock held by non-affiliates of the Registrant on June 30, 2009 (the last business day of the registrant's most recently completed second fiscal quarter) was \$54,511 based on a \$.00167 closing price for the Common Stock on June 30, 2009. For purposes of this computation, all executive officers and directors have been deemed to be affiliates. Such determination should not be deemed to be an admission that such executive officers and directors are, in fact, affiliates of the Registrant.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date. 62,641,553 as of April 14, 2010

### DOCUMENTS INCORPORATED BY REFERENCE

None.

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### PART I

#### ITEM 1. BUSINESS

This annual report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this current report and unless otherwise indicated, the terms "we", "us", "our" and "Lithium" mean Lithium Corporation. and our wholly owned subsidiary, Nevada Lithium Corporation, unless otherwise indicated.

#### GENERAL OVERVIEW

We were incorporated under the laws of the State of Nevada on January 30, 2007 under the name "Utalk Communications Inc." At inception, we were a development stage corporation engaged in the business of developing and marketing a call-back service using a call-back platform. Because we were not successful in implementing our business plan, we considered various alternatives to ensure the viability and solvency of our company.

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On August 31, 2009, we entered into a letter of intent with Nevada Lithium Corporation regarding a business combination which may be effected in one of several different ways, including an asset acquisition, merger of our company and Nevada Lithium Corporation, or a share exchange whereby we would purchase the shares of Nevada Lithium Corporation from its shareholders in exchange for restricted shares of our common stock.

Effective September 30, 2009, we effected a one (1) old for 60 new forward stock split of our issued and outstanding common stock. As a result, our authorized capital increased from 50,000,000 shares of common stock with a par value of \$0.001 to 3,000,000,000 shares of common stock with a par value of \$0.001 and our issued and outstanding shares increased from 4,470,000 shares of common stock to 268,200,000 shares of common stock.

Also effective September 30, 2009, we have changed our name from "Utalk Communications, Inc." to "Lithium Corporation", by way of a merger with our wholly owned subsidiary Lithium Corporation, which was formed solely for the change of name. The name change and forward stock split becomes effective with the Over-the-Counter Bulletin Board at the opening for trading on October 1, 2009 under the new stock symbol "LTUM". Our new CUSIP number is 536804 107.

On October 9, 2009, we entered into a share exchange agreement with Nevada Lithium Corporation, a Nevada corporation, and the shareholders of Nevada Lithium Corporation. The closing of the transactions contemplated in the share exchange agreement and the acquisition of all of the issued and outstanding common stock in the capital of Nevada Lithium Corporation occurred on October 19, 2009. In accordance with the closing of the share exchange agreement, we issued 12,350,000 shares of our common stock to the former shareholders of Nevada Lithium Corporation in exchange for the acquisition, by our company, of all of the 12,350,000 issued and outstanding shares of Nevada Lithium Corporation. Also, pursuant to the terms of the share exchange agreement, a director of our company cancelled 220,000,000 restricted shares of our common stock.

We are an exploration stage mining company engaged in the identification, acquisition, and exploration of metals and minerals with a focus on lithium mineralization on properties located in Nevada.

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### OUR CURRENT BUSINESS

We are an exploration stage mining company engaged in the identification, acquisition, and exploration of metals and minerals with a focus on lithium mineralization on properties located in Nevada.

Our current operational focus is to conduct exploration activities on our newly acquired properties in Nevada, known as the Fish Lake Valley property and the Fish Creek Caldera property.

### FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched salar (also known as a Playa, dry lake, or Salt Pan), which is located in west central Nevada in northern Esmeralda county, and the property is roughly centered at 417050E 4195350N (NAD 27 CONUS). We currently hold eighty (80) acre Association Placer claims that cover approximately 6400 acres. Lithium-enriched Tertiary-era Fish Lake formation Rhyolitic tuffs or ash flow tuffs have accumulated in a valley or basinal environment. Over time interstitial formational waters in contact with these tuffs, have become enriched in lithium, which could possibly be amenable to the extraction by evaporative methods. Additionally evaporative brine mining is

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environmentally benign, and is achieved with a minimal carbon footprint. The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, & Peru. Access is excellent in Fish Lake Valley with all weather gravel roads leading to the property from State Highways 264, and 265, and maintained gravel roads ring the Playa. Power is available approximately 15 kilometers from the property, and the village of Dyer is approximately 20 kilometers to the south, while the town of Tonopah Nevada is approximately 75 kilometers to the East. Further sediment and brine sampling studies were conducted on the property in early September, and the company is awaiting further assay information. The company anticipates additional sampling programs in Fall 2009, followed by a geophysical survey, and eventual drilling in Spring 2010. The property is held under mining lease purchase agreement dated June 1, 2009 between Nevada Lithium Corporation, and Nevada Alaska Mining Co. Inc., Robert Craig, Barbara Craig, and Elizabeth Dickman. Nevada Lithium has agreed to issue the vendors \$350,000 worth of common stock of the company in eight regular disbursements, the last of which is slated to occur on March 31st 2011. To date one disbursement has been made of stock worth \$43,750.

### FISH CREEK CALDERA

The Fish Creek Caldera prospect is located in west-central Lander County approximately 55 kilometers south of the county seat at the town of Battle Mountain in northern Nevada. The property is roughly centered at 473052E 4453013N (NAD 27 CONUS), and is comprised of 117 conventional 20 acre Lode Mining Claims which cover an area of approximately 2340 acres. Unlike the Fish Lake Valley prospect it is a more traditional bulk mining target which covers an area of clay altered Caetano, and Fish Creek formation Tertiary volcanic tuffs. Both formations originally contained relatively high concentrations of lithium, and locally, through a possible combination of weathering, and hydrothermal processes, these volcanic rocks have been altered to clays. It is thought that the alteration process may have contributed to further lithium enrichment of the clays. During the conduct of uranium exploratory drilling operations here in 1978 by Phillips Uranium Corporation, lithium mineralization of up to 20,000 ppm was discovered. Access is good to the property with an all weather road leading up from Buffalo Valley to the west of the property, and a county maintained track leading up from Highway 305, some 15 kilometers to the east of the property. A low voltage powerline does terminate at the west edge of the claim block, and higher tension power lines can be found in the general area. We intend to begin preliminary work this fall to outline areas of lithium enrichment in an effort to define drill targets, for more precise evaluation of the economic potential of the property in 2010.

Our wholly owned subsidiary, Nevada Lithium Corporation, entered into a lease agreement with Cerro Rico Ventures LLC on March 16, 2009. The lease is maintained by an initial payment, and continuing lease payments as set forth in the table below. Cerro Rico reserves a 3% NSR. We may purchase 1% of the NSR within 5 years for a payment of \$500,000. We can purchase an additional 1% of the NSR by paying \$1,000,000 within 10 years. The remainder of the NSR can be purchased within 15 years by paying \$2,000,000.

Payment -----	Amount -----	Timing -----
Upon signature	\$ 20,000	March 16, 2009 (paid)
Upon 1st anniversary	\$ 25,000	March 16, 2010 (paid)
Upon 2nd anniversary	\$ 30,000	March 16, 2011
Upon 3rd -10th anniversary	\$ 50,000	March 16, 2012 - 2019
Upon 11th - 20th anniversary	\$ 75,000	March 16, 2020 - 2029
At any time upon commercial production	\$250,000	

Any commercial production and payment therefore shall supercede the annual lease

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payment requirements, which cease so long as production is maintained. Upon cessation of production for any period in excess of 6 months, the annual lease payments shall resume.

### COMPETITION

The mining industry is intensely competitive. We compete with numerous individuals and companies, including many major mining companies, which have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for access to funds. There are other competitors that have operations in the area and the presence of these competitors could adversely affect our ability to compete for financing and obtain the service providers, staff or equipment necessary for the exploration and exploitation of our properties.

### COMPLIANCE WITH GOVERNMENT REGULATION

Mining operations and exploration activities are subject to various national, state, provincial and local laws and regulations in United States, as well as other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

We believe that we are and will continue to be in compliance in all material respects with applicable statutes and the regulations passed in the United States. There are no current orders or directions relating to our company with respect to the foregoing laws and regulations.

### RESEARCH AND DEVELOPMENT

We have incurred \$Nil in research and development expenditures over the last two fiscal years.

### EMPLOYEES

Currently we have no employees.

We do and will continue to outsource contract employment as needed. With project advancement and if we are successful in any exploration or drilling programs, we may retain additional employees.

### ITEM 1A. RISK FACTORS

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

#### RISKS ASSOCIATED WITH MINING

ALL OF OUR PROPERTIES ARE IN THE EXPLORATION STAGE. THERE IS NO ASSURANCE THAT WE CAN ESTABLISH THE EXISTENCE OF ANY MINERAL RESOURCE ON ANY OF OUR PROPERTIES IN COMMERCIALY EXPLOITABLE QUANTITIES. UNTIL WE CAN DO SO, WE CANNOT EARN ANY REVENUES FROM OPERATIONS AND IF WE DO NOT DO SO WE WILL LOSE ALL OF THE FUNDS THAT WE EXPEND ON EXPLORATION. IF WE DO NOT DISCOVER ANY MINERAL RESOURCE IN A COMMERCIALY EXPLOITABLE QUANTITY, OUR BUSINESS COULD FAIL.

Despite exploration work on our mineral properties, we have not established that any of them contain any mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business could fail.

A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/divisions/corpfin/forms/industry.htm#secguide7>) as that part

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of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any 'reserve' and any funds that we spend on exploration will probably be lost.

Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

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The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

MINERAL OPERATIONS ARE SUBJECT TO APPLICABLE LAW AND GOVERNMENT REGULATION. EVEN IF WE DISCOVER A MINERAL RESOURCE IN A COMMERCIALY EXPLOITABLE QUANTITY, THESE LAWS AND REGULATIONS COULD RESTRICT OR PROHIBIT THE EXPLOITATION OF THAT MINERAL RESOURCE. IF WE CANNOT EXPLOIT ANY MINERAL RESOURCE THAT WE MIGHT DISCOVER ON OUR PROPERTIES, OUR BUSINESS MAY FAIL.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to remain in compliance. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

IF WE ESTABLISH THE EXISTENCE OF A MINERAL RESOURCE ON ANY OF OUR PROPERTIES IN A COMMERCIALY EXPLOITABLE QUANTITY, WE WILL REQUIRE ADDITIONAL CAPITAL IN ORDER TO DEVELOP THE PROPERTY INTO A PRODUCING MINE. IF WE CANNOT RAISE THIS ADDITIONAL CAPITAL, WE WILL NOT BE ABLE TO EXPLOIT THE RESOURCE, AND OUR BUSINESS COULD FAIL.

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial

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operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

MINERAL EXPLORATION AND DEVELOPMENT IS SUBJECT TO EXTRAORDINARY OPERATING RISKS. WE DO NOT CURRENTLY INSURE AGAINST THESE RISKS. IN THE EVENT OF A CAVE-IN OR SIMILAR OCCURRENCE, OUR LIABILITY MAY EXCEED OUR RESOURCES, WHICH WOULD HAVE AN ADVERSE IMPACT ON OUR COMPANY.

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration for mineral resources and, if we discover a mineral resource in commercially exploitable quantity, our operations could be subject to all of the hazards and risks inherent in the development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on our company.

MINERAL PRICES ARE SUBJECT TO DRAMATIC AND UNPREDICTABLE FLUCTUATIONS.

We expect to derive revenues, if any, either from the sale of our mineral resource properties or from the extraction and sale of lithium ore. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of our exploration properties and projects, cannot accurately be predicted.

THE MINING INDUSTRY IS HIGHLY COMPETITIVE AND THERE IS NO ASSURANCE THAT WE WILL CONTINUE TO BE SUCCESSFUL IN ACQUIRING MINERAL CLAIMS. IF WE CANNOT CONTINUE TO ACQUIRE PROPERTIES TO EXPLORE FOR MINERAL RESOURCES, WE MAY BE REQUIRED TO REDUCE OR CEASE OPERATIONS.

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The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

In identifying and acquiring mineral resource properties, we compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

RISKS RELATED TO OUR COMPANY



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THE FACT THAT WE HAVE NOT EARNED ANY OPERATING REVENUES SINCE OUR INCORPORATION RAISES SUBSTANTIAL DOUBT ABOUT OUR ABILITY TO CONTINUE TO EXPLORE OUR MINERAL PROPERTIES AS A GOING CONCERN.

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. We had cash in the amount of \$360,511 as of December 31, 2009. At December 31, 2009, we had working capital of \$112,056. We incurred a net loss of \$190,414 for the year ended December 31, 2009 and \$240,730 since inception. We estimate our average monthly operating expenses to be approximately \$20,000 to \$40,000, including property costs, management services and administrative costs. Should the results of our planned exploration require us to increase our current operating budget, we may have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

Management has plans to seek additional capital through a private placement of its capital stock. These conditions raise substantial doubt about our company's ability to continue as a going concern. Although there are no assurances that management's plans will be realized, management believes that our company will be able to continue operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event our company cannot continue in existence." We continue to experience net operating losses.

### RISKS ASSOCIATED WITH OUR COMMON STOCK

TRADING ON THE OTC BULLETIN BOARD MAY BE VOLATILE AND SPORADIC, WHICH COULD DEPRESS THE MARKET PRICE OF OUR COMMON STOCK AND MAKE IT DIFFICULT FOR OUR STOCKHOLDERS TO RESELL THEIR SHARES.

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

OUR STOCK IS A PENNY STOCK. TRADING OF OUR STOCK MAY BE RESTRICTED BY THE SEC'S PENNY STOCK REGULATIONS AND FINRA'S SALES PRACTICE REQUIREMENTS, WHICH MAY LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice

requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority ' requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

#### OTHER RISKS

#### TRENDS, RISKS AND UNCERTAINTIES

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

As a "smaller reporting company", we are not required to provide the information required by this Item.

#### ITEM 2. PROPERTIES

#### EXECUTIVE OFFICES

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Our corporate head office is located at 200 S Virginia St - 8th Floor, Reno, Nevada, 89501 and our monthly rent is approximately \$200.

### MINERAL PROPERTIES

As of the date of this annual report on Form 10-K, we hold the following properties: Fish Lake Valley Property and Fish Creek Caldera. For detail description of these properties, please see the section entitled "Business" above.

### ITEM 3. LEGAL PROCEEDINGS

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest. The outcome of open unresolved legal proceedings is presently indeterminable. Any settlement resulting from resolution of these contingencies will be accounted for in the period of settlement. We do not believe the potential outcome from these legal proceedings will significantly impact our financial position, operations or cash flows.

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### ITEM 4. (REMOVED AND RESERVED)

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common shares are quoted on the Over-the-Counter Bulletin Board under the symbol "LTUM." The following quotations, obtained from Stockwatch, reflect the high and low bids for our common shares based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

National Association of Securities Dealers OTC Bulletin Board (1)(2)

Quarter Ended -----	High ----	Low ---
December 31, 2009	\$ 1.40	\$0.60
September 30, 2009	\$0.113	\$0.11
June 30, 2009	N/A	N/A
March 31, 2009	N/A	N/A
December 31, 2008	N/A	N/A
September 30, 2008	N/A	N/A
June 30, 2008	N/A	N/A
March 31, 2008	N/A	N/A
December 31, 2007	N/A	N/A

- 
- (1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.
  - (2) Our common stock was quoted on the Over-the-Counter Bulletin Boards on July 2, 2008. The first trade did not occur until September 16, 2009.

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Our shares are issued in registered form. Nevada Agency & Trust Company., 50 West Liberty Street, Suite 880, Reno, Nevada 89501 (Telephone: (775) 322-0626; Facsimile: (775) 322-5623) is the registrar and transfer agent for our common shares.

On April 14, 2010, the shareholders' list showed 22 registered shareholders with 62,641,553 common shares outstanding.

### DIVIDEND POLICY

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

On December 29, 2009, our board of approved the adoption of the 2009 Stock Plan which permits our company to issue up to 6,050,000 shares of our common stock to directors, officers, employees and consultants. This plan has not been approved by our security holders.

The following table summarizes certain information regarding our equity compensation plans as at December 31, 2009:

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### Equity Compensation Plan Information

Plan Category	Number of Securities Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Rema Fut Equit (ex
-----	-----	-----	-----
Equity Compensation Plans Approved by Security Holders	--	--	
Equity Compensation Plans Not Approved by Security Holders	--	--	
Total	--	--	

### RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

We did not sell any equity securities which were not registered under the Securities Act during the year ended December 31, 2009 that were not otherwise disclosed on our quarterly reports on Form 10-Q or our current reports on Form 8-K filed during the year ended December 31, 2009.

### PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended December 31, 2009.

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### ITEM 6. SELECTED FINANCIAL DATA

As a "smaller reporting company", we are not required to provide the information required by this Item.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated audited financial statements and the related notes that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" beginning on page 6 of this annual report.

Our consolidated audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

#### OVERVIEW

We were incorporated under the laws of the State of Nevada on January 30, 2007 under the name "Utalk Communications Inc." At inception, we were a development stage corporation engaged in the business of developing and marketing a call-back service using a call-back platform. Because we were not successful in implementing our business plan, we considered various alternatives to ensure the viability and solvency of our company.

We are an exploration stage mining company engaged in the identification, acquisition, and exploration of metals and minerals with a focus on lithium mineralization on properties located in Nevada.

#### PLAN OF OPERATIONS AND CASH REQUIREMENTS

##### CASH REQUIREMENTS

Our current operational focus is to conduct exploration activities on our properties in Nevada, known as the Fish Lake Valley property and the Fish Creek Caldera property. We expect to review other potential exploration projects from time to time as they are presented to us.

Our net cash provided by financing activities during the year ended December 31, 2009 was \$680,197 as compared to \$52,500 during the year ended December 31, 2008.

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Over the next twelve months we expect to expend funds as follows:

##### Estimated Net Expenditures During the Next Twelve Months

	\$
General, Administrative Expenses	100,000
Exploration Expenses	250,000
	-----
TOTAL	350,000
	=====

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We have suffered recurring losses from operations. The continuation of our company is dependent upon our company attaining and maintaining profitable operations and raising additional capital as needed.

The continuation of our business is dependent upon obtaining further financing, a successful program of exploration and/or development, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

### RESULTS OF OPERATIONS - TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

The following summary of our results of operations should be read in conjunction with our financial statements for the year ended December 31, 2009, which are included herein.

Our operating results for the twelve months ended December 31, 2009, for the twelve months ended December 31, 2008 and the changes between those periods for the respective items are summarized as follows:

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	Twelve Months Ended December 31, 2009 -----	Twelve Months Ended December 31, 2008 -----	Change Between Twelve Month Period Ended December 31, 2009 and December 30, 2008 -----
Revenue	\$ Nil	\$ Nil	\$ Nil
Professional fees	33,431	11,524	21,907
Amortization	504	Nil	504
Investor Relations	16,875	Nil	16,875
Interest	6,916	Nil	6,916
Management fees	12,000	Nil	12,000
Rent	1,663	Nil	1,663
Transfer agent and filing fees	16,135	Nil	16,135
Travel	6,120	Nil	6,120
Website development fees	412	3,500	(3,088)
General and administrative	18,094	11,844	6,250
Net loss	\$ (190,414)	\$ (26,868)	\$ (163,546)

Our accumulated losses increased to \$240,730 as of December 31, 2009. Our financial statements report a net loss of \$190,414 for the twelve month period ended December 31, 2009 compared to a net loss of \$26,868 for the twelve month period ended December 31, 2008. Our losses have increased primarily as a result

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of increased overall activities necessary to prospect and stake property claims and activities related to the acquisition of Nevada Lithium Corp.

Our total current liabilities as of December 31, 2009 were \$275,005 as compared to total current liabilities of \$9,700 as of December 31, 2008. The increase was due to financing through debt to secure lithium properties and an overall increase in activity.

Our operating expenses for the year ended December 31, 2009 were \$112,150 compared to \$26,868 as of December 31, 2008. The increase in operating expenses were primarily a result of an overall increase in activity necessary to secure additional lithium properties and fees related to the acquisition of Nevada Lithium Corp.

### LIQUIDITY AND FINANCIAL CONDITION

	At December 31, 2009	At December 31, 2008
Current assets	\$387,061	\$ 14,384
Current liabilities	275,005	9,700
Working capital	\$112,056	\$ 4,684

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### WORKING CAPITAL

#### CASH FLOWS

	Year Ended December 31, 2009	2008
Net cash (used in) operating activities	\$(102,052)	\$ (40,968)
Net Cash (used in) investing activities	(224,718)	(12,000)
Net cash provided by financing activities	680,197	52,500
Net increase (decrease) in cash during period	\$ 353,427	\$ (468)

### OPERATING ACTIVITIES

Net cash used in operating activities was \$102,052 for the year ended December 31, 2009 compared with net cash used in operating activities of \$40,968 in the same period in 2008.

### INVESTING ACTIVITIES

Net cash used in investing activities was \$224,718 for the year ended December 31, 2009 compared to net cash used in investing activities of \$12,000 in the same period in 2008. The increase in use of cash of \$212,718 in investing activities is mainly attributable to the acquisition of lithium properties.

### FINANCING ACTIVITIES

Net cash provided by financing activities was \$680,197 for the year ended December 31, 2009 compared to \$52,500 provided by financing activities in the same period in 2008.

### CONTRACTUAL OBLIGATIONS

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As a "smaller reporting company", we are not required to provide tabular disclosure obligations.

### GOING CONCERN

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual financial statements for the year ended December 31, 2009, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern.

We anticipate that additional funding will be required in the form of equity financing from the sale of our common stock. At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

### OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

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### CRITICAL ACCOUNTING POLICIES

#### USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### LOSS PER SHARE

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same

#### CASH AND CASH EQUIVALENTS

Cash includes cash on account, demand deposits, and short-term instruments with maturities of three months or less.

#### COMPUTER EQUIPMENT

Computer equipment is stated on the basis of historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which has been estimated as 2 years.

Impairment losses are recorded on computer equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.



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### INCOME TAXES

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

### FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, interest payable, and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because of the short maturity and capacity of prompt liquidation of such assets and liabilities, the fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financial statements.

### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

### RECENT ACCOUNTING PRONOUNCEMENTS

#### VARIABLE INTEREST ENTITIES

In June 2009, the FASB issued changes to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity; to

require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity's economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The guidance became effective for the Company on February 1, 2010. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

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### CODIFICATION OF GAAP

In June 2009, the FASB issued guidance to establish the Accounting Standards Codification TM ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates ("ASU"). ASUs will not be authoritative in their own right as they will only serve to update the Codification. The issuance of SFAS 168 and the Codification does not change GAAP. The guidance became effective for the Company for the period ending October 31, 2009. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

### SUBSEQUENT EVENTS

On July 31, 2009, the Company adopted changes issued by the FASB that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, the guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company has evaluated subsequent events through the date the financial statements were issued.

### BUSINESS COMBINATIONS

The Company adopted the changes issued by the FASB that requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose additional information needed to evaluate and understand the nature and financial effect of the business combination.

The Company also adopted the changes issued by the FASB which requires assets and liabilities assumed in a business combination that arise from contingencies be recognized on the acquisition date at fair value if it is more likely than not that they meet the definition of an asset or liability; and requires that contingent consideration arrangements of the target assumed by the acquirer be initially measured at fair value.

The guidance is effective for the Company's acquisitions occurring on or after February 1, 2009. The Company applied these new provisions to two acquisitions that occurred during the year, Rock Coast Media, Inc. and Pixel Bridge, Inc. These acquisitions are more fully disclosed in Note 5 in our Consolidated Financial Statements.

### NON-CONTROLLING INTERESTS

In December 2007, the FASB issued changes to establish accounting and reporting standards for all entities that prepare consolidated financial statements that have outstanding non-controlling interests, sometimes called minority interest. These standards require that ownership interests in subsidiaries held by outside parties be clearly identified, labeled and presented in equity separate from the parent's equity; the amount of net income attributable to the parent and the non-controlling interest be separately presented on the consolidated statement of income; accounting standards applied to changes in a parent's interest be consistently applied; fair value measurement upon deconsolidation of a non-controlling interest be used; and the interests of the non-controlling

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owners be already identified and distinguished. The adoption of this guidance had no impact on the Company's consolidated financial statements.

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### INTANGIBLE ASSETS

In April 2008, the FASB adopted changes to require companies estimating the useful life of a recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. The guidance is effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to intangible assets whether acquired before or after the effective date. The Company adopted the guidance on February 1, 2009. The adoption had no impact on the Company's consolidated financial statements.

### HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

In May 2008, the FASB issued changes to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP (the GAAP hierarchy). The guidance is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU section 411, THE MEANING OF PRESENT FAIRLY IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. Management is currently evaluating the guidance and assessing the impact, if any, on the Company's consolidated financial statements.

### REVENUE RECOGNITION

In September 2009, the FASB issued new revenue recognition guidance on multiple deliverable arrangements. It updates the existing multiple-element revenue arrangements guidance currently included under the Accounting Standards Codification ("ASC") 605-25. The revised guidance primarily provides two significant changes: 1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and 2) requires the use of the relative selling price method to allocate the entire arrangement consideration. In addition, the guidance also expands the disclosure requirements for revenue recognition. ASU 2009-13 will be effective for the first annual reporting period beginning on or after fiscal 2011, with early adoption permitted provided that the revised guidance is retroactively applied to the beginning of the year of adoption. Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

### RECLASSIFICATIONS

Certain balances in the prior years have been reclassified to conform to the current year presentation.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company", we are not required to provide the information required by this Item.

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### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Lithium Corporation  
(An Exploration Stage Company)  
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December 31, 2009 and 2008

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Silberstein Ungar, PLLC CPAs and Business Advisors

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30600 Telegraph Road, Suite 2175  
Bingham Farms, MI 48025-4586  
www.sucpas.com

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
Lithium Corporation  
Reno, Nevada

We have audited the accompanying consolidated balance sheet of Lithium Corporation (the "Company") as of December 31, 2009, and the related consolidated statements of operations, stockholder's equity (deficit), and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements for the period January 30, 2007 (Inception) through December 31, 2008. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the statements of operations, stockholders' equity, and cash flows for the period January 30, 2007 (Inception) through December 31, 2009, insofar as it relates to the amounts for prior periods through December 31, 2008, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall

## Edgar Filing: Lithium Corp - Form 10-K

financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lithium Corporation as of December 31, 2009 and the results of its operations and its cash flows for the year then ended and for the period from January 30, 2007 (inception) through December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has limited working capital, has received no revenue from sales of products or services, and has incurred losses from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Silberstein Ungar, PLLC

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Bingham Farms, Michigan  
April 13, 2010

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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Lithium Corp (formerly Utalk Communications, Inc.)  
(a development stage company)  
Reno, Nevada

We have audited the accompanying consolidated balance sheet of Lithium Corp. as of December 31, 2008 and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended and for the period from inception (January 30, 2007) through December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lithium Corp. as of December 31, 2008 and the results of operations and cash flows for the year then ended

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and for the period from inception (January 30, 2007) through December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

/s/ MaloneBailey, LLP

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 MaloneBailey, LLP  
 www.malonebailey.com  
 Houston, Texas

April 6, 2009

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Lithium Corporation  
 (An Exploration Stage Company)  
 Consolidated Balance Sheets  
 As of December 31, 2009 and 2008

	December 31, 2009	December 2008
	-----	-----
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 360,511	\$ 7,0
Prepaid expenses	26,550	7,3
	-----	-----
<b>Total Current Assets</b>	<b>387,061</b>	<b>14,3</b>
	-----	-----
<b>OTHER ASSETS</b>		
Computer equipment, net of amortization	1,498	
Software development	--	12,0
Mineral properties	262,421	
	-----	-----
<b>Total Other Assets</b>	<b>263,919</b>	<b>12,0</b>
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 650,980</b>	<b>\$ 26,3</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 99,308	\$ 4,2
Due to director	6,234	5,5
Loans payable	169,463	
	-----	-----
<b>Total Current Liabilities</b>	<b>275,005</b>	<b>9,7</b>
	-----	-----
<b>Total Liabilities</b>	<b>275,005</b>	<b>9,7</b>
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, 300,000,000 shares authorized, par value \$0.001; 60,550,000 common shares issued and outstanding (2008 - 268,200,000)	60,550	4,4
Additional paid in capital	556,155	62,5

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Deficit accumulated during the exploration stage	(240,730)	(50,3
	-----	-----
Total Stockholders' Equity	375,975	16,6
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 650,980	\$ 26,3
	=====	=====

The accompanying notes are an integral part of these financial statements

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Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Statements of Operations  
For the Years Ended December 31, 2009 and 2008  
For the Period from January 30, 2007 (Inception) to December 31, 2009

	Year ended December 31, 2009	Year ended December 31, 2008	From January 30, (Inception) December 2009
	-----	-----	-----
REVENUE	\$ --	\$ --	\$ --
EXPENSES			
Professional fees	33,431	11,524	66,
Amortization	504	--	--
Exploration expenses	66,264	--	66,
Investor relations	16,875	--	16,
Interest	6,916	--	6,
Management fees	12,000	--	12,
Rent	1,663	--	1,
Transfer agent and filing fees	16,135	--	16,
Travel	6,120	--	6,
Website development costs	412	3,500	3,
Write-down of software development costs	12,000	--	12,
General and administrative	18,094	11,844	32,
	-----	-----	-----
TOTAL EXPENSES	190,414	26,868	240,
	-----	-----	-----
LOSS BEFORE INCOME TAXES	(190,414)	(26,868)	(240,
PROVISION FOR INCOME TAXES	--	--	--
	-----	-----	-----
NET LOSS	\$ (190,414)	\$ (26,868)	\$ (240,
	=====	=====	=====
NET LOSS PER SHARE: BASIC AND DILUTED	\$ (0.00)	\$ (0.00)	\$ (0.00)
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	226,670,000	264,646,027	
	=====	=====	

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The accompanying notes are an integral part of these financial statements

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Lithium Corporation  
 (An Exploration Stage Company)  
 Consolidated Statement of Stockholders' Equity (Deficit)  
 For the Period from January 30, 2007 (Inception) to December 31, 2009

	Common Stock		Additional Paid in Capital	Def Accumulate during th Exploratio Stage -----
	Shares	Amount		
Balance, January 30, 2007 (date of inception)	--	\$ --	\$ --	\$ --
Shares issued to founder on January 30, 2007 @ \$0.001 per share (par value \$0.001 per share)	240,000,000	240,000	(220,000)	--
Net loss for the period ended December 31, 2007	--	--	--	(23,448)
Balance, December 31, 2007	240,000,000	240,000	(220,000)	(23,448)
Common stock issued for cash @ \$0.0016 per share	28,200,000	28,200	18,800	--
Net loss for the year ended December 31, 2008	--	--	--	(26,868)
Balance, December 31, 2008	268,200,000	268,200	(201,200)	(50,316)
Shares issued in conjunction with merger	12,350,000	12,350	537,355	--
Shares cancelled	(220,000,000)	(220,000)	220,000	--
Net loss for the year ended December 31, 2009	--	--	--	(190,414)
Balance, December 31, 2009	60,550,000	\$ 60,550	\$ 556,155	\$ (240,730)

The accompanying notes are an integral part of these financial statements

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Lithium Corporation



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(An Exploration Stage Company)  
 Consolidated Statements of Cash Flows  
 For the Years Ended December 31, 2009 and 2008  
 For the Period from January 30, 2007 (Inception) to December 31, 2009

	Year ended December 31, 2009 -----	Year ended December 31, 2008 -----	Fro January 3 (Incepti Decembe 2007 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss for the period	\$ (190,414)	\$ (26,868)	\$ (240,000)
Adjustment for non-cash items:			
Write-down of software development	12,000	--	12,000
Depreciation	504	--	
Changes in assets and liabilities:			
(Increase) in prepaid expenses	(19,250)	(7,001)	(26,251)
Increase (decrease) in accounts payable and accrued liabilities	95,108	(7,099)	99,000
Cash used in operating activities	(102,052)	(40,968)	(155,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of equipment	(2,002)	--	(2,002)
Purchase of software development	--	(12,000)	(12,000)
Interest in mineral properties	(222,716)	--	(222,716)
Cash used in investing activities	(224,718)	(12,000)	(236,718)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from loan payable	169,463	5,500	169,463
Proceeds from director	734	--	6,000
Proceeds from sale of stock	510,000	47,000	577,000
Cash provided by financing activities	680,197	52,500	752,000
Increase (decrease) in cash	353,427	(468)	360,000
Cash, opening	7,084	7,552	
Cash, closing	\$ 360,511 =====	\$ 7,084 =====	\$ 360,000 =====
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash paid for interest	\$ -- =====	\$ -- =====	\$ -- =====
Cash paid for income taxes	\$ -- =====	\$ -- =====	\$ -- =====

The accompanying notes are an integral part of these financial statements

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December 31, 2009

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lithium Corporation (formerly Utalk Communications Inc.) was incorporated on January 30, 2007 under the laws of Nevada. On September 30, 2009, Utalk Communications Inc. changed its name to Lithium Corporation.

Nevada Lithium Corp. was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corp. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corp. Lithium intends to engage in the exploration of certain lithium interests in the state of Nevada. The Company is in the exploration stage. These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

### USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### LOSS PER SHARE

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

### CASH AND CASH EQUIVALENTS

Cash includes cash on account, demand deposits, and short-term instruments with maturities of three months or less.

### COMPUTER EQUIPMENT

Computer equipment is stated on the basis of historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which has been estimated as 2 years.

Impairment losses are recorded on computer equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

### INCOME TAXES

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

### FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, interest payable, and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because of the short maturity and capacity of prompt liquidation of such assets

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and liabilities, the fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

#### RECENTLY ADOPTED PRONOUNCEMENTS

##### VARIABLE INTEREST ENTITIES

In June 2009, the FASB issued changes to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity; to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity's economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The guidance became effective for the Company on February 1, 2010. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

##### CODIFICATION OF GAAP

In June 2009, the FASB issued guidance to establish the Accounting Standards Codification TM ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates ("ASU"). ASUs will not be authoritative in their own right as they will only serve to update the Codification. The issuance of SFAS 168 and the Codification does not change GAAP. The guidance became effective for the Company for the period ending October 31, 2009. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

##### SUBSEQUENT EVENTS

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On July 31, 2009, the Company adopted changes issued by the FASB that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, the guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company has evaluated subsequent events through the date the financial statements were issued.

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### BUSINESS COMBINATIONS

The Company adopted the changes issued by the FASB that requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose additional information needed to evaluate and understand the nature and financial effect of the business combination.

The Company also adopted the changes issued by the FASB which requires assets and liabilities assumed in a business combination that arise from contingencies be recognized on the acquisition date at fair value if it is more likely than not that they meet the definition of an asset or liability; and requires that contingent consideration arrangements of the target assumed by the acquirer be initially measured at fair value.

The guidance is effective for the Company's acquisitions occurring on or after February 1, 2009. The Company applied these new provisions to two acquisitions that occurred during the year, Rock Coast Media, Inc. and Pixel Bridge, Inc. These acquisitions are more fully disclosed in Note 5 in our Consolidated Financial Statements.

#### NON-CONTROLLING INTERESTS

In December 2007, the FASB issued changes to establish accounting and reporting standards for all entities that prepare consolidated financial statements that have outstanding non-controlling interests, sometimes called minority interest. These standards require that ownership interests in subsidiaries held by outside parties be clearly identified, labeled and presented in equity separate from the parent's equity; the amount of net income attributable to the parent and the non-controlling interest be separately presented on the consolidated statement of income; accounting standards applied to changes in a parent's interest be consistently applied; fair value measurement upon deconsolidation of a non-controlling interest be used; and the interests of the non-controlling owners be already identified and distinguished. The adoption of this guidance had no impact on the Company's consolidated financial statements.

#### INTANGIBLE ASSETS

In April 2008, the FASB adopted changes to require companies estimating the useful life of a recognized intangible asset to consider their historical

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experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. The guidance is effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to intangible assets whether acquired before or after the effective date. The Company adopted the guidance on February 1, 2009. The adoption had no impact on the Company's consolidated financial statements.

HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") In May 2008, the FASB issued changes to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP (the GAAP hierarchy). The guidance is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU section 411, THE MEANING OF PRESENT FAIRLY IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. Management is currently evaluating the guidance and assessing the impact, if any, on the Company's consolidated financial statements.

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### REVENUE RECOGNITION

In September 2009, the FASB issued new revenue recognition guidance on multiple deliverable arrangements. It updates the existing multiple-element revenue arrangements guidance currently included under the Accounting Standards Codification ("ASC") 605-25. The revised guidance primarily provides two significant changes: 1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and 2) requires the use of the relative selling price method to allocate the entire arrangement consideration. In addition, the guidance also expands the disclosure requirements for revenue recognition. ASU 2009-13 will be effective for the first annual reporting period beginning on or after fiscal 2011, with early adoption permitted provided that the revised guidance is retroactively applied to the beginning of the year of adoption. Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

#### RECLASSIFICATIONS

Certain balances in the prior years have been reclassified to conform to the current year presentation.

### NOTE 2 - GOING CONCERN

Lithium's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will realize its assets and liquidate its liabilities in the normal course of business. However, Lithium has no current source of revenue, recurring losses, a working capital of \$112,056 and a deficit accumulated during the exploration stage of \$240,730 as of December 31, 2009. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Lithium's management plans on raising cash from public or private debt or equity financing, on an as-needed basis and in the longer term, revenues from the acquisition, exploration and development of mineral interests, if found. Lithium's ability to

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continue as a going concern is dependent on these additional cash financings and, ultimately, upon achieving profitable operations through the development of mineral interests. The successful outcome of future activities cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### NOTE 3 - ACQUISITION OF NEVADA LITHIUM CORP.

On October 9, 2009, the Lithium Corporation completed the acquisition of Nevada Lithium Corp. whereby it issued 12,350,000 common shares in exchange for 100% of the issued and outstanding common shares of Nevada Lithium Corp. This acquisition has been accounted for using the acquisition method.

The deemed value of the acquisition was \$549,705 based upon the fair value of consideration received.

### NOTE 4 - COMPUTER EQUIPMENT

	Cost -----	Accumulated Amortization -----	Net Book Value -----
Computer Equipment	\$2,002 =====	\$ 504 =====	\$1,498 =====

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### NOTE 5 - MINERAL PROPERTIES

#### FISH CREEK PROPERTY

On March 16, 2009, the Company entered into a lease agreement whereby it optioned 100% interest in the property by making the following payments:

Payment -----	Amount -----	Date -----
Upon signature	\$ 20,000	March 16, 2009 (paid)
1st anniversary	\$ 25,000	March 16, 2010 (paid)
2nd anniversary	\$ 30,000	March 16, 2011
3rd through 10th anniversary	\$ 50,000	March 16, 2012 - 2019
11th through 20th anniversary	\$ 75,000	March 16, 2010 - 2029
At any time upon commercial production	\$250,000	

The lessor reserves a 3% NSR. The Company may purchase 1% of the NSR within 5 years for \$500,000, an additional 1% of the NSR within 10 years for \$1,000,000 and the remaining 1% of the NSR within 15 years for \$2,000,000.

#### FISH LAKE PROPERTY

The Company has purchased a 100% interest in the Fish Lake property \$350,000 worth of equity whereby title shall be transferred to the Company through quit claim deed upon the final stock disbursement. Stock disbursements shall be made quarterly upon the following schedule:

- 1st Disbursement: Within 10 days of signing agreement (paid)
- 2nd Disbursement: within 10 days of June 30, 2009 (paid)
- 3rd Disbursement: within 10 days of December 30, 2009 (paid)

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4th Disbursement: within 10 days of March 31, 2010 (paid)  
5th Disbursement: within 10 days of June 30, 2010  
6th Disbursement: within 10 days of September 30, 2010  
7th Disbursement: within 10 days of December 31, 2010  
8th Disbursement: within 10 days of March 31, 2011

In addition, the Company will be required to expend \$250,000 on the property over the term of the lease.

### STAKED PROPERTIES

The Company has staked claims with various registries as summarized below:

Name	Claims (Area in Acres)	Amount
----	-----	-----
West Big Smoky	34 (2,720)	\$ 9,915
Salt Wells	156 (12,480)	\$45,482
Cortez	62 (4,960)	\$18,077
Beowawe	16 (1,280)	\$ 5,481

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### NOTE 6 - LOANS PAYABLE

As of December 31, 2009, the Company has a loan payable of \$125,000 which bears interest at 10% per annum, is secured by the assets of Nevada Lithium Corp. and is due on May 20, 2010.

As of December 31, 2009, the Company has a loan payable of \$40,000 which bears interest at 10% per annum, is secured by the assets of Nevada Lithium Corp. and is due on March 17, 2009.

As of December 31, 2009, \$10,872 of interest has been accrued in relation to these loans.

The Company has a balance owing of \$4,463 to a related party which is unsecured and bears no interest. There are no specific terms of repayment with this loan.

### NOTE 7 - CAPITAL STOCK

The Company is authorized to issue 300,000,000 shares of its \$0.001 par value common stock. On September 30, 2009, the Company effected a 60-for-1 forward stock split of its \$0.001 par value common stock.

All share and per share amounts have been retroactively restated to reflect the splits discussed above.

### COMMON STOCK

On January 30, 2007, the Company issued 240,000,000 shares of its common stock to founders for proceeds of \$20,000.

During the year-ended December 31, 2008, the Company issued 28,200,000 shares of its common stock for total proceeds of 47,000.

On October 9, 2009, the Company cancelled 220,000,000 shares of its common

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stock. Also on October 9, 2009, the Company issued 12,350,000 shares of its common stock for 100 percent of the issued and outstanding stock of Nevada Lithium Corp. Refer to Note 3.

### NOTE 8 - INCOME TAXES

The Company did not provide any current or deferred United States federal, state or foreign income tax provision or benefit for the period presented because it has experienced operation losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carry-forwards, because of uncertainty regarding its realization.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the net deferred taxes at December 31, 2009 are as follows:

	2009	2008
	-----	-----
Deferred tax asset attributable to:		
Net operating losses carried forward	\$ 52,960	\$ 11,069
Valuation allowance	(52,960)	(11,069)
	-----	-----
Total net deferred tax asset	\$ --	\$ --
	=====	=====

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Lithium Corporation  
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### NOTE 8 - INCOME TAXES (CONTINUED)

Lithium follows Statement of Financial Accounting Standards Number 109 (SFAS 109) (ASC 740-10), "Accounting for Income Taxes." SFAS No. 109 (ASC 740-10) requires a valuation allowance, if any, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management has determined that a valuation allowance of \$52,960 at December 31, 2009 (2008: \$11,069) is necessary to reduce the deferred tax assets to the amount that will more likely than not be realized.

At December 31, 2009, the Company had net operating loss carry-forwards amounting to approximately \$240,730 (2008: \$50,316) that expire in various amounts beginning in 2029 in the U.S.

### NOTE 9 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2009 through the date these financial statements were filed with the Securities and Exchange Commission.

On January 10, 2010, the Company issued 53,484 shares of its common stock as part of the Fish Lake Property acquisition.

On March 24, 2010, the Company issued 2,000,000 units in a private placement, raising gross proceeds of \$2,000,000, or \$1.00 per unit. Each unit consists of one common share in the capital of our company and one non-transferable common share purchase warrant. Each whole common share purchase warrant



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non-transferable entitles the holder thereof to purchase one share of common stock in the capital of our company, for a period of twelve months commencing the closing, at a purchase price of \$1.20 per warrant share and at a purchase price of \$1.35 per warrant share for a period of twenty-four months thereafter.

On April 10, 2010, the Company issued 38,069 shares of its common stock as part of the Fish Lake Property acquisition.

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### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and interim periods, including the interim period up through the date the relationship ended.

### ITEM 9A. CONTROLS AND PROCEDURES

#### MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the SECURITIES EXCHANGE ACT OF 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (our principal executive officer, principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure.

As of December 31, 2009, the end of our fiscal year covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (our principal executive officer, principal financial officer and principle accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (our principal executive officer, principal financial officer and principle accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

#### MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in INTERNAL CONTROL-INTEGRATED FRAMEWORK. Our management has concluded that, as of December 31, 2009, our internal control over financial reporting is effective. Our management reviewed the results of their assessment with our board of directors.

This annual report does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our company's

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registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our company to provide only management's report in this annual report.

### INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and

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presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting that occurred during the year ended December 31, 2009 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Position Held with the Company	Age	Date First Elected or Appointed
Tom Lewis	President, Treasurer, Secretary and Director	56	August 25, 2009
John Hiner	Vice President of Exploration and Director	62	October 25, 2009
Henry (Kip) Tonking	Director	55	November 17, 2009
Stephen Goss	Director	59	February 8, 2010

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### BUSINESS EXPERIENCE

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

#### TOM LEWIS - PRESIDENT, TREASURER, SECRETARY AND DIRECTOR

Mr. Lewis has more than 35 years experience in the Oil and Gas and Mineral exploration industries. He has held various positions including Project Geologist, Project Manager, Senior Project Geologist, and Vice President Exploration. He also was an integral member of the development team that explored, and developed the Cortez Hills deposit in Crescent Valley Nevada.

In 1973 Mr. Lewis started his career in the Oil Fields, and worked in the Geophysical, and Drilling industries until 1981, when he became a Petroleum Landman for Westburne Petroleum & Minerals. While there he was responsible for the acquisition and disposition of interests and maintaining title to petroleum lands in various locales in the United States, and Western Canada. In 1989 he started his own business as a consulting geologist and has worked in numerous locations over the past 20 years, including the United States, Mexico, Canada,

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Portugal, Chile, Africa, India and Honduras. Some of the positions he held include: working with Teck Cominco in 1996 evaluating and exploring precious metal deposits in Southern Mexico; Project Manager on the Farim Phosphate deposit for Champion Resources in Guinea Bissau, West Africa in 1998; Project Geologist in 2001 and 2002 for Crystal Graphite Corporation, Project Geologist on the Midway Gold project in Tonopah Nevada, followed by two years as Senior Geologist at the Cortez Joint Venture in Crescent Valley, Nevada. By August 2005 he was named Vice President of Exploration in Portugal for St Elias Mines, working on the Jales project, and developing grass roots projects in Nevada. Following his experience in Portugal and Nevada he consulted to Selkirk Metals and New World Resource Corp. on projects in western Canada and Nevada. Most recently he consulted to Kinross Gold USA evaluating possible acquisitions.

#### JOHN HINER - VICE PRESIDENT OF EXPLORATION AND DIRECTOR

Mr. Hiner is a Geologist who has over 30 years of experience in the Mineral exploration, and Oil and Gas industries, and has considerable experience in this capacity, and also has been an officer or director of several public companies.

#### HENRY (KIP) TONKING - DIRECTOR

Mr. Tonking is a graduate of the Mackay School of Mines at the University of Nevada in Reno, Nevada, graduating with a B.Sc. in Geology in 1979. Currently based in Reno, Kip has provided exploration and management services to a number of major and junior mining firms throughout the western United States, with his principal focus being the State of Nevada. He has over 30 years of experience in minerals exploration and real estate development. Mr. Tonking is currently the owner and President of T & T Exploration, a mineral exploration consulting firm, Vice President of Golden Crescent Corporation, and Manager of All American Resources, all of which are Nevada based companies.

#### STEPHEN GOSS - DIRECTOR

Mr. Goss has over twenty years experience as a mineral landman, and has worked for The Bunker Hill Company, U.S. Borax and Chemical Corporation and Kennecott

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Exploration Company. He has been involved with several start-up mineral exploration companies, most notably Timberline Resources Corporation, where he was a co-founder and acted as its CEO from January 2004 to May 2006. Mr. Goss received a M.S. degree in Geography from the University of Idaho and is licensed as a Certified General real estate appraiser in the State of Washington.

### FAMILY RELATIONSHIPS

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

### INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of our directors, executive officers, promoters or control persons has been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding, excluding traffic violations and other minor offences;
3. being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

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4. being found by a court of competent jurisdiction in a civil action, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law and the judgment has not been reversed, suspended, or vacated.

### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

We do not have a class of equity securities registered pursuant to section 12 of the Securities Exchange Act of 1934 and therefore, we are not subject to the reporting requirements under Section 16(a) of the Securities Exchange Act of 1934.

### CODE OF ETHICS

We have not adopted a code of ethics.

### BOARD AND COMMITTEE MEETINGS

Our board of directors held no formal meetings during the year ended December 31, 2009. All proceedings of the board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada General Corporate Law and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

### AUDIT COMMITTEE

Currently our audit committee consists of our entire board of directors. We currently do not have nominating, compensation committees or committees

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performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

During fiscal 2009 aside from quarterly review teleconferences, there were no meetings held by this committee. The business of the audit committee was conducted through these teleconferences and by resolutions consented to in writing by all the members and filed with the minutes of the proceedings of the audit committee.

### AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that it does not have a member of its audit committee that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

### ITEM 11. EXECUTIVE COMPENSATION

The particulars of the compensation paid to the following persons:

- (a) our principal executive officer;
- (b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended December 31, 2009 and 2008; and
- (c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended December 31, 2009 and 2008,

who we will collectively refer to as the named executive officers of our company, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed \$100,000 for the respective fiscal year:

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SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)
Tom Lewis President, Treasurer, Secretary and Director (1)	2009	Nil	Nil	Nil	Nil	Nil	Nil
	2008	N/A	N/A	N/A	N/A	N/A	N/A
Mazen Hleiss Former President, Treasurer, Secretary and Director (2)	2009	Nil	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	Nil

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- (1) Mr. Lewis was appointed the president, treasurer, secretary and a director of our company on August 25, 2009.
  - (2) Mr. Hleiss was appointed the president, treasurer, secretary and a director of our company January 30, 2007 and resigned as president, treasurer, secretary on August 25, 2009, and as a director on November 17, 2009.

Other than as set out below, there are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that share options may be granted at the discretion of our board of directors.

2009 GRANTS OF PLAN-BASED AWARDS

The following table provides information about equity and non-equity awards granted to the named executives in 2009:

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GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards Number of Shares of Stock or Units
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)	
Tom Lewis President, Treasurer, Secretary and Director	2009 2008	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A
Mazen Hleiss Douglas H. Post	2009	Nil	Nil	Nil	Nil			

7,000 136,456 207,061 259,898 1,767,367 1,469,480

John F. Runkel, Jr.  
32,500 333,978 25,000 70,000 215,888 849,913  
Carol F.H. Harner  
65,900 836,349 78,014 109,167 22,365 774,715

- (1) Market value of underlying shares at the exercise date minus the exercise price.
- (2) Value of unexercised options is based on the price of the last reported sale of the Company's common stock on the New York Stock Exchange of \$23.15 per share on December 31, 2003 (the last trading day for fiscal 2003), minus the exercise price.

**Employment Arrangements and Change of Control Severance Agreements**

The Company has entered into Change of Control Severance Agreements (the "Severance Agreements") with each of the Named Officers. The Severance Agreements provide, among other things, that if the Named Officer's employment is terminated other than for cause within two years after a change of control of the Company, the Named Officer is entitled to receive a lump sum severance payment equal to three times the Named Officer's annual base salary and bonus. In addition, pursuant to the terms of the documents governing the grants of options under the Company's option plans, all outstanding unvested options as of the date of a change of control, including options held by the Named Officers, become fully vested and exercisable upon the occurrence of a change of control.

**Table of Contents****PERFORMANCE GRAPH**

The SEC requires the Company to include in this Proxy Statement a line-graph presentation comparing cumulative, five-year stockholder returns on an indexed basis with a broad equity market index and either a nationally recognized industry standard or an index of peer companies selected by the Company. The following graph assumes that \$100 was invested on December 31, 1998 (the last trading day of that year) in the Company's common stock and each of the comparative markets, and that all dividends were reinvested. The stock price performance shown on the graph is not necessarily indicative of future price performance.

The following graph compares the performance of the Company's common stock with the performance of the Standard & Poor's Health Care Equipment Index (previously known as the Standard & Poor's Biotechnical and Medical Products Group Index) and the New York Stock Exchange (U.S. Composite) Index. The Company's stock began trading on the New York Stock Exchange on September 7, 2000.

**TOTAL RETURN TO STOCKHOLDERS**

(Assumes \$100 investment on 12/31/98)

Total Return Analysis	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03
VISX, Inc.	\$ 100.00	\$ 236.73	\$ 47.76	\$ 60.61	\$ 43.82	\$ 105.90
S&P Medical Products	\$ 100.00	\$ 158.74	\$ 228.98	\$ 216.21	\$ 216.61	\$ 304.57
NYSE Composite	\$ 100.00	\$ 109.15	\$ 110.25	\$ 98.99	\$ 79.37	\$ 102.23

Source: CTA Public Relations www.ctapr.com (303) 665-4200. Data from BRIDGE Information Systems, Inc.

Due to the reconfiguration of all S&P Indices in January 2002, the S&P Biotechnical and Medical Products Group Index is now called the S&P Health Care Equipment Index.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information known to the Company regarding the beneficial ownership of the Company's common stock as of April 1, 2004 by (1) each person known to the Company to own more than 5% of the issued and outstanding common stock, (2) each of the Company's directors, (3) each of the Named Officers, and (4) all directors, nominees and officers as a group. Except as otherwise indicated, each person has sole voting and investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable.

Beneficial Owner	Common Stock Beneficially Owned	Approximate Percent Beneficially Owned
Waddell & Reed Investment Management Company 6300 Lamar Avenue Overland Park, Kansas 66202	3,614,564(1)	7.45%
FMR Corp. 82 Devonshire Street Boston, MA 02109	3,324,200(2)	6.85%
Elizabeth H. Dávila	1,536,877(3)	3.17%
Laureen De Buono	13,125(4)	
Glendon E. French	55,500(5)	
John W. Galiardo	92,140(6)	
Carol F.H. Harner	94,054(7)	
Jay T. Holmes	111,980(8)	
Timothy R. Maier	608,557(9)	1.25%
Gary S. Petersmeyer	23,987(10)	
Douglas H. Post	235,468(11)	
John F. Runkel, Jr.	45,146(12)	
Richard B. Sayford	46,300(13)	
All directors and officers as a group (17 persons)	3,450,821(14)	7.11%

Represents less than 1% of the Company's outstanding common stock.

- (1) The number of shares beneficially owned is as of December 31, 2003, pursuant to a Schedule 13G filed by Waddell & Reed Financial, Inc. with the SEC on January 30, 2004. The address of Waddell & Reed Financial, Inc. is 6300 Lamar Avenue, Overland Park, KS 66202.
- (2) The number of shares beneficially owned is as of December 31, 2003, pursuant to a Schedule 13G filed by FMR Corp. with the SEC on February 16, 2004. FMR Corp. possesses sole voting power with respect to 238,300 shares and sole dispositive power with respect to 3,324,200 shares. The address of FMR Corp. is 82 Devonshire Street, Boston, MA 02109.
- (3) Ms. Dávila's total includes options to purchase 1,505,732 shares that will be exercisable by May 31, 2004.

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- (4) Ms. De Buono's total includes options to purchase 13,125 shares that will be exercisable by May 31, 2004.
- (5) Mr. French's total includes options to purchase 55,500 shares that will be exercisable by May 31, 2004.
- (6) Mr. Galiardo's total includes options to purchase 88,140 shares that will be exercisable by May 31, 2004.
- (7) Dr. Harner's total includes options to purchase 94,054 shares that will be exercisable by May 31, 2004.
- (8) Mr. Holmes' total includes options to purchase 108,500 shares that will be exercisable by May 31, 2004.
- (9) Mr. Maier's total includes options to purchase 575,553 shares that will be exercisable by May 31, 2004. Mr. Maier resigned his position as Executive Vice President and Chief Financial Officer of the Company effective March 1, 2004. He will continue to be employed by the Company on a part-time basis as an advisor to the Company's Chief Executive Officer through May 31, 2004, at which time his employment with the Company will terminate.
- (10) Mr. Petersmeyer's total includes options to purchase 16,630 shares that will be exercisable by May 31, 2004.
- (11) Mr. Post's total includes options to purchase 222,695 shares that will be exercisable by May 31, 2004.
- (12) Mr. Runkel's total includes options to purchase 42,812 shares that will be exercisable by May 31, 2004.
- (13) Mr. Sayford's total includes options to purchase 45,500 shares that will be exercisable by May 31, 2004.
- (14) The total includes options to purchase an aggregate of 3,313,211 shares held by non-employee directors and officers that will be exercisable by May 31, 2004.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table gives information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of December 31, 2003. The table does not include the additional shares that may be issuable pursuant to the 2000 Stock Plan that is the subject of proposal number 2 of this Proxy Statement.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	7,419,256	\$ 18.83	2,426,248
Equity compensation plans not approved by security holders(2)	1,580,981	\$ 12.78	0
Total(3)	9,000,237	\$ 17.77	2,426,248

- (1) These plans include the 1995 Director Option and Stock Deferral Plan and 2000 Stock Plan.
- (2) The 2001 Nonstatutory Stock Option Plan (the "2001 Stock Plan") was adopted by the Company's Board of Directors on January 23, 2001. The 2001 Stock Plan permitted the grant of nonstatutory stock options to employees and consultants who were not officers of the Company. Options granted under the 2001 Stock Plan generally had a term of 10 years and vested over a period of four years following the date



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of grant. The Board of Directors, or a committee appointed by the Board of Directors, administered the 2001 Stock Plan. The Board of Directors could amend or terminate the 2001 Stock Plan at any time, but any such action that adversely affected any option then outstanding under the 2001 Stock Plan required the consent of the holder of the option. On the date of the Company's 2003 Annual Meeting of Stockholders, the 2001 Stock Plan was terminated for purposes of making additional grants.

- (3) Included in these amounts are stock options that remain outstanding and that were granted under five terminated stock option plans.

**PROPOSAL NO. 2**

**AMENDMENT TO ADD 800,000 SHARES TO 2000 STOCK PLAN**

**General**

Our 2000 Stock Plan was adopted by our Board of Directors and approved by our stockholders and currently provides for: (i) the granting to employees (including officers and employee directors) of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the granting to employees, members of the Board of Directors and consultants of nonstatutory stock options, stock appreciation rights ("SARs") or restricted stock awards. Currently, a total of 5,500,000 shares of our common stock are reserved for issuance under the 2000 Stock Plan. As of March 31, 2004, a total of 1,165,400 Plan shares remained available for future grant.

**Proposal**

On February 12, 2004, the Board of Directors adopted, subject to stockholder approval, an amendment to the 2000 Stock Plan to increase the number of shares under the Plan by 800,000 shares.

**Summary of the 2000 Stock Plan**

The following summary of the 2000 Stock Plan as currently in effect is qualified in its entirety by the specific language of the 2000 Stock Plan, a copy of which is attached as Appendix A to this Proxy Statement.

*Purpose.* Our Board of Directors adopted the 2000 Stock Plan to enable our employees, consultants and Board members to own shares and take advantage of the tax benefits allowed to employer stock plans under the Internal Revenue Code of 1986.

*Shares reserved for issuance under the Plan.* 5,500,000 shares have been reserved under the Plan since its inception. Of these, as of March 31, 2004:

1,165,400 shares of common stock remained available for issuance under the Plan.

Options to purchase approximately 4,147,106 shares of common stock were outstanding under the Plan, with a weighted exercise price of \$16.57 per share.

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No SARs have been issued under the Plan.

No Restricted Stock awards have been issued under the Plan.

If this proposal is approved, an additional 800,000 shares will become available for issuance under the Plan.

Under the current plan, no more than 10% of the shares issuable under the 2000 Stock Plan on May 23, 2003 (250,684 shares), the date of our 2003 Annual Meeting of Stockholders, may be granted pursuant to restricted stock awards with a purchase price that is less than 100% of fair market value. Moreover, no more than 10% of the shares issuable under the 2000 Stock Plan on May 23, 2003 (250,684 shares) may be granted pursuant to SARs with an exercise price that is less than 100% of fair market value.

If this proposal is approved, an additional 80,000 shares (a total of up to 330,684 shares) may be granted pursuant to restricted stock awards with a purchase price that is less than 100% of fair market value. Moreover, an additional 80,000 shares (a total of up to 330,684 shares) may be granted pursuant to SARs with an exercise price that is less than 100% of fair market value.

We will adjust the number of shares available for grant under the 2000 Stock Plan (and any outstanding options and the per-person numerical limits on options and SARs and the numerical limits on discount restricted stock awards and SARs) as appropriate to reflect any stock splits, stock dividends, recapitalizations or other changes to our capital structure.

*Plan Administration.* A committee (the Committee) appointed by the Board of Directors administers the Plan. The Committee consists of at least two directors who are nonemployee directors under Rule 16b-3 of the Securities Exchange Act of 1934 and outside directors under Section 162(m) of the Code. The Committee has final authority to interpret any provision of the Plan or any grant made under the Plan.

*Eligibility.* Employees, consultants and members of the Board of Directors, as well as the employees and consultants of our parent or subsidiaries are eligible to receive nonstatutory stock options (NSOs), and restricted stock awards and SARs. Only our employees or employees of any parent or subsidiaries are eligible to receive incentive stock options (ISOs). The Committee selects the employees, consultants and Board members who receive options under the Plan.

*Description of Options.* Subject to the limitations of the Plan, the Committee has discretion to determine the terms of each option and the number of shares covered by each option, except that no single participant may receive options or SARs with an exercise price equal to at least 100% of fair market value on the date of grant that cover more than a total of 500,000 shares during any fiscal year. However, in connection with his or her initial service, the Committee may grant a participant fair market value options or SARs to purchase up to an additional 500,000 shares that will not count against the 500,000 share limit described above. Also, the total fair market value of the shares (as of the date of grant) with respect to which ISOs are exercisable for the first time by any participant during any calendar year (under all of our plans and our affiliates plans) may not exceed \$100,000.

*Description of Restricted Stock Awards.* Restricted stock awards are shares of the Company's common stock that may be fully vested or may vest in accordance with terms and conditions established by the Committee. Unvested shares are subject to forfeiture, or if the Awards were originally purchased, to the

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Company's right of repurchase. The number of shares subject to a stock award granted to a participant is determined by the Committee. The grant or vesting of a restricted stock award may be subject to the attainment of performance-based milestones, as determined by the Committee. The Committee may not discretionarily accelerate the vesting of any restricted stock award except in circumstances it determines to be extraordinary or non-recurring.

*Description of Stock Appreciation Rights.* A stock appreciation right is the right to the appreciation in value of the Company's common stock over the exercise price of the stock. The Company can pay the appreciation in either cash or in shares of the Company's common stock. Stock appreciation rights become exercisable at the times and on the terms established by the Committee. The exercise of a stock appreciation right, whether paid in cash or stock, results in the net amount distributed (or, in the event of a cash payout, its share equivalent) being reduced from the number of shares thereafter issuable under the 2000 Stock Plan.

*Type of Stock Option Grants Permitted.* The Plan permits us to grant ISOs and NSOs. After we grant an option, the principal differences to the participant between an ISO and a NSO relate to federal income tax consequences.

*Term of Plan.* The Plan is currently scheduled to expire in 2010.

*Written Agreements.* A written agreement between the service provider and us represents each award that the Committee grants under the Plan. The award agreement includes the following information:

The exercise or purchase price (if any, for discounted SARs and restricted stock);

The expiration date;

The number of shares covered by the award;

Any conditions to the exercise or vesting; and

Any other terms and conditions, consistent with the Plan, that the Committee determines in its sole discretion.

An option agreement also will specify whether the option is an ISO or an NSO.

*Option Exercise Price.* The Committee determines the option exercise price of each option. However, the exercise price may not be less than 100% of the fair market value of the shares on the date of grant. For 10% stockholders, the exercise price for an ISO may not be less than 110% of the fair market value on the date of grant. The Committee determines the fair market value as provided in the Plan, but fair market value generally is the closing sale price of the Shares on the applicable date.

*SAR and Restricted Stock Exercise or Purchase Price.* The Committee determines the SAR exercise price and the purchase price, if any, of any restricted stock award. Subject to the overall Plan limitation on discounted SAR and restricted stock awards, the exercise price may be less than the fair market value of the shares on the date of grant.

*Vesting of Options and SARs.* Each award vests at the time or times and under the restrictions and conditions that the Committee determines in its discretion. After an award has been granted, the Committee may accelerate its vesting.

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*Restricted Stock Vesting.* Unless the Committee determines otherwise, and subject to other terms of the Plan (i) any restricted stock award that is subject to performance-based milestones shall not vest sooner than the first anniversary of the date of grant and (ii) any restricted stock award that is not subject to performance-based milestones shall vest over a minimum of three years. The Committee may not discretionarily accelerate the vesting of any restricted stock award except in circumstances it determines to be extraordinary or non-recurring.

*Effect of Dissolution or Liquidation.* In the event of a proposed dissolution or liquidation of the Company, all outstanding options and SARs will automatically terminate immediately prior to the consummation of the dissolution or liquidation. The Committee may in its discretion, however, accelerate the vesting of any option, SAR or restricted stock award under the Plan in such event.

*Effect of Merger or Asset Sale.* If there is a proposed sale of all or substantially all of our assets, or a merger with or into another corporation, the successor corporation (or a parent or subsidiary of the successor corporation) may assume or substitute each outstanding option, SAR or restricted stock award. In the event that the successor corporation does not agree to assume or substitute the outstanding awards, the awards will become fully vested and exercisable even as to shares which otherwise would not be vested or exercisable.

*Effect of a Change of Control.* In the event of a change of control, each outstanding award shall vest 100%, including as to any performance-based vesting or grant limitations.

*Expiration.* The Committee determines all expiration provisions that apply to awards. In the case of options, the term may not exceed ten years from the date of grant.

Upon the termination of an optionholder's employment, consulting or Board member relationship with us, he or she may exercise his or her option to the extent it was exercisable at the date of termination for a period of time the Committee determines, but in no event after the expiration of the original term of the option. In the case of an ISO, the period for exercise following termination may not exceed 90 days (or one year if the termination is the result of death or disability). An employment, consulting or Board member relationship will not be considered terminated in the event of certain leaves of absence or transfers between our affiliated entities and us. In addition, if an employee's status with us changes from employee to consultant or Board member, any unexercised ISO held automatically converts to an NSO on the 91st day after the change of status.

*No Repricing; Amendment and Termination.* The Board may at any time amend or terminate the Plan, provided that the Board may not, without stockholder approval, (i) amend the Plan to permit the repricing, including by way of exchange, of any Option, SAR or Restricted Stock Award, (ii) materially increase the benefits accruing to any Optionee under the Plan, (iii) materially increase the number of securities which may be issued under the Plan, or (iv) materially modify the requirements for participation in the Plan.

Accounting Treatment

Currently, employee options with purchase prices at or above fair market value on the grant date typically do not result in any direct charge to our reported earnings. However, the fair value of these awards is required to be disclosed in the notes to our financial statements. We must also disclose, in the notes to our financial

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statements, the pro forma impact these awards would have on our reported earnings and earnings per share if the fair value of the awards at the time of grant was treated as a compensation expense.

Currently, employee awards with purchase prices below fair market value on the grant date result in a direct compensation expense that is typically equal to the spread, i.e., the difference between the purchase price and the fair market value on the grant date. Typically, this expense is amortized over our earnings over the award's vesting period.

The Financial Accounting Standards Board intends to require mandatory expensing for equity awards for fiscal years commencing after December 15, 2004. In such event, we expect that all Plan awards will result in direct charges to our reported earnings.

**U.S. FEDERAL INCOME TAX CONSEQUENCES**

*Incentive Stock Options.* An optionee who is granted an incentive stock option does not recognize taxable income at the time the option is granted or upon its exercise, although the exercise may subject the optionee to the alternative minimum tax. Upon a disposition of the shares more than two years after grant of the option and one year after exercise of the option, any gain or loss is treated as long-term capital gain or loss. If these holding periods are not satisfied, the optionee recognizes ordinary income at the time of disposition equal to the difference between the exercise price and the lower of (i) the fair market value of the shares at the date of the option exercise or (ii) the sale price of the shares. Any gain or loss recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income is treated as long-term or short-term capital gain or loss, depending on the holding period. Long-term capital gains are grouped and netted by holding periods. Net capital gains tax on assets held for more than twelve months is currently capped at 15%. Capital losses are allowed in full against capital gains and up to \$3,000 against other income. A different rule for measuring ordinary income upon such a premature disposition may apply if the optionee is also our officer, director, or 10% stockholder. We are generally entitled to a deduction in the same amount as the ordinary income recognized by the optionee.

*Nonstatutory Stock Options.* An optionee generally does not recognize any taxable income at the time he or she is granted a nonstatutory stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Any taxable income recognized in connection with an option exercise by our employee is subject to tax withholding by us. We are generally entitled to a deduction in the same amount as the ordinary income recognized by the optionee. Upon a disposition of such shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period. Net capital gain tax on assets held for more than twelve months is capped at 15%. Capital losses are allowed in full against capital gains and up to \$3,000 against other income. Different rules may apply if the purchaser is our officer, director, or 10% stockholder.

*Stock Appreciation Rights.* SARs are generally subject to the same taxation as NSOs.

*Restricted Stock Awards.* If the stock award is subject to vesting, then unless the participant elects to be taxed at the time of receipt of the award, the participant will not have taxable income upon the receipt of the



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award, but upon vesting will recognize ordinary income equal to the fair market value of the shares or cash at the time of vesting. As the shares vest, the participant will recognize ordinary income equal to the difference between the fair market value of the shares at the date of vesting and the purchase price. Any gain or loss recognized upon any later disposition of the shares generally will be capital gain or loss.

The foregoing is only a summary of the effect of federal income taxation upon participants and us with respect to the grant and exercise of options and SARs and the grant and vesting of restricted stock awards under the 2000 Stock Plan. Reference should be made to the applicable provisions of the Code. In addition, the summary does not purport to be complete, and does not discuss the tax consequences of the employee's or consultant's death or the provisions of the income tax laws of any municipality, state or foreign country in which the employee or consultant may reside.

**PARTICIPATION IN THE 2000 STOCK PLAN**

The grant of options under the 2000 Stock Plan to employees, including our Named Officers, is subject to the discretion of the Committee. As of the date of this proxy statement, there has been no determination by the Committee with respect to future awards under the 2000 Stock Plan. Non-employee directors are eligible to participate in the 2000 Stock Plan. The following table sets forth information with respect to the grant of options to the Named Officers, all current executive officers as a group, all non-employee directors as a group and all other employees as a group during fiscal 2003, each pursuant to the 2000 Stock Plan. The closing price of one share of our common stock on the New York Stock Exchange as of March 31, 2004 was \$19.52.

Name of Individual and Position	Number of Securities Underlying Options	Exercise Price (\$ per Share)
Elizabeth H. Dávila	225,000	8.03000
Douglas H. Post	50,000	8.03000
	150,000	22.12000
Timothy R. Maier(1)	50,000	8.03000
John F. Runkel, Jr.	37,500	8.03000
Carol F.H. Harner	30,000	8.03000
	50,000	21.06000
All executive officers as a group	795,000	12.18582(2)
All non-employee directors as a group	-0-	N/A
All non-executive officer employees as a group	137,250	20.50847(2)

(1) Mr. Maier resigned his position as Executive Vice President and Chief Financial Officer of the Company effective March 1, 2004. He will continue to be employed by the Company on a part-time basis as an advisor to the Company's Chief Executive Officer through May 31, 2004, at which time his employment with the Company will terminate.

(2) Represents a weighted average per share exercise or purchase price.

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**Vote Required and Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NUMBER 2.** The affirmative vote of a majority of the shares of common stock of the Company represented in person or represented by proxy at the Annual Meeting and entitled to vote with respect to this proposal will be required to approve the amendment to the 2000 Stock Plan.

**PROPOSAL NO. 3**

**ADOPTION OF THE VISX, INCORPORATED PERFORMANCE INCENTIVE PLAN**

**General**

The Compensation Committee of our Board of Directors adopted the VISX Performance Incentive Plan (the "PIP") on February 11, 2004, to be effective on January 1, 2005, subject to stockholder approval. The purposes of the PIP are to motivate key employees to perform to the best of their abilities by tying compensation to performance, and to encourage an employee focus on the Company's long-term objectives. The PIP addresses these purposes by measuring employee performance over performance periods of not less than one year. Awards under the PIP, in the form of restricted stock, will generally be made at the end of each performance period. All awards of restricted stock under the PIP shall be made pursuant to the Company's stockholder-approved 2000 Stock Plan, as amended.

**Proposal**

We are asking stockholders to approve adoption of the PIP so compensation recognized by participants under the PIP will be fully deductible by the Company. Under Section 162(m) of the Internal Revenue Code, the federal income tax deductibility of compensation paid to the Company's Chief Executive Officer and to each of its next four most highly compensated executive officers may be limited to the extent that it exceeds \$1,000,000 in any one year. The Company can deduct compensation in excess of that amount if the compensation qualifies as performance-based compensation under Section 162(m) of the Code.

For compensation paid under the PIP to qualify as performance-based compensation, the provisions of the PIP must meet certain requirements (as described below), and the Company's stockholders must approve the PIP. If these requirements are met, the Company should be able to receive a federal income tax deduction for compensation recognized under the PIP.

Below is a summary of the principal provisions of the PIP. We have attached the PIP as Appendix B to this proxy statement. The following description of the PIP is qualified in its entirety by reference to that Appendix.

**Summary of PIP**

*Administration; Limitation.* The Compensation Committee will administer the PIP. Subject to the terms of the PIP, the Compensation Committee has the sole discretion to determine who will receive awards, to determine the amounts, terms and conditions of each award and to construe and interpret the terms and

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conditions of the PIP. However, no participant may receive an award of more than 100,000 shares under the PIP for any performance period.

*Eligibility.* Participation in the PIP is at the discretion of the Compensation Committee. In selecting participants for the PIP, the Compensation Committee will generally choose those employees who the Committee believes are most likely to make significant contributions to the Company's success. The actual participants, and the number thereof, cannot be determined in advance because eligibility for participation is in the discretion of the Compensation Committee.

*PIP Awards.* The Compensation Committee will determine the performance periods under the PIP for measuring participant performance (each a Performance Period), provided that no Performance Period may be shorter than a fiscal year. The Compensation Committee will establish for each Performance Period (i) the participants for each Performance Period, (ii) the Performance Goals, based on business criteria, and the target levels of performance for each participant, and (iii) a payout formula or matrix for calculating a participant's award based on actual performance compared to the pre-established Performance Goals. Performance Goals may be based on one or more of the following business criteria: earnings per share, free cash flow, inventory turns, invested capital, net operating profit after tax, operating cash flow, operating income, profit after tax, profit before tax, return on assets, return on equity, return on sales, revenue, return on invested capital, or total stockholder return.

The Compensation Committee may set Performance Periods and Performance Goals that differ from participant to participant and from Performance Period to Performance Period. Following each Performance Period, the Compensation Committee will determine the extent to which the Performance Goals for each participant were achieved. The Compensation Committee will determine the actual award (if any) for each participant by the level of actual performance achieved. However, the Compensation Committee retains discretion to eliminate or reduce the actual award made to any participant below that otherwise called for under the applicable formula or matrix. Awards under the PIP are payable in the form of restricted stock grants under the Company's 2000 Stock Plan. The restricted stock received by participants will generally be subject to vesting restrictions that lapse over the two-year period following the end of the applicable performance period.

*PIP Benefits.* Since awards under the PIP will be determined by comparing actual performance to the Performance Goals established by the Compensation Committee, it is not possible to predict the awards that will be made under the PIP for any Performance Period.

*PIP Amendments.* The Compensation Committee may amend or terminate the PIP at any time and for any reason. In order to maintain the PIP's qualification under Section 162(m), certain material amendments of the PIP will require stockholder approval.

**Federal Income Tax Information**

A participant who receives an award in the form of restricted stock under the PIP will not have taxable income upon receiving the award, unless he or she elects to be taxed at that time. Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the vested shares.

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The Company generally will be entitled to a tax deduction in connection with an award under the PIP in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income.

As discussed above, under Section 162(m) of the Internal Revenue Code, the Company is not entitled to a deduction for certain executive compensation in excess of \$1,000,000 unless it qualifies as performance-based compensation under Section 162(m) of the Code. If stockholders approve the PIP, compensation payable under the PIP is expected to qualify as performance-based compensation and should be fully deductible by the Company. If stockholders do not approve the PIP, no awards will be made under the PIP to the Company's Chief Executive Officer and to each of its next four most highly compensated executive officers.

**Vote Required and Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NUMBER 3.** The affirmative vote of a majority of the shares of common stock of the Company represented in person or represented by proxy at the Annual Meeting and entitled to vote with respect to this proposal will be required to adopt the VISX, Incorporated Performance Incentive Plan.

**PROPOSAL NO. 4**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

The Company is asking the stockholders to ratify the appointment of KPMG LLP as the Company's independent auditors for the year ending December 31, 2004. KPMG LLP has audited the Company's financial statements since June 7, 2002. Between January 1, 2002 and June 7, 2002, Arthur Andersen LLP audited the Company's financial statements. Representatives of KPMG LLP are expected to attend the Annual Meeting and will have the opportunity to make a statement if they desire to do so and to answer appropriate questions.

**Fees billed to the Company by its Auditors during 2003**

***Audit Fees:***

Audit fees billed to the Company by KPMG LLP during 2003 for review of the Company's annual financial statements and those financial statements included in the Company's quarterly reports on Form 10-Q totaled \$259,000.

***Audit-Related Fees:***

Fees billed to the Company by KPMG LLP during 2003 for audit-related services rendered to the Company totaled \$4,000.

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***Financial Information Systems Design and Implementation Fees:***

The Company did not engage KPMG LLP to provide advice to the Company regarding financial information systems design and implementation during 2003.

***All Other Fees:***

Fees billed to the Company by KPMG LLP during 2003 for all other non-audit services rendered to the Company, including tax-related services, totaled \$669,000. This amount consists of \$594,000 for tax compliance services and \$75,000 for tax consulting services.

**Independence and Stockholders Ratification of the Selection of KPMG LLP**

The Audit Committee has also considered whether the provision of non-audit services by KPMG LLP was compatible with maintaining the independence of KPMG LLP, and determined that the performance of such non-audit services did not impair the independence of KPMG LLP.

Stockholder ratification of the selection of KPMG LLP as the Company's independent public accountants is not required by the Company's Bylaws or other applicable legal requirement. However, the Audit Committee has determined to retain KPMG LLP subject to stockholder approval and has asked the Board of Directors to submit the selection of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and Board of Directors will consider whether or not to retain that firm. Even if the selection is ratified, the Board of Directors at its discretion may direct the appointment of a different independent auditing firm at any time during the year.

**Vote Required and Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NUMBER 4.** Ratification of the appointment of KPMG LLP as the Company's independent auditors for the year ending December 31, 2004 will require the affirmative vote of a majority of the shares of common stock represented in person or by proxy and entitled to vote with respect to this proposal.

**Change of Independent Auditors**

On June 7, 2002, the Company dismissed Arthur Andersen LLP as its independent auditors. This action was approved by the Board of Directors and the Audit Committee of the Board of Directors. The audit reports of Arthur Andersen LLP on the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2000 and 2001, did not contain any adverse opinion, disclaimer of opinion or qualification as to uncertainty, audit scope or accounting principles. During the two years ended December 31, 2000 and 2001, and the subsequent interim period through May 20, 2002, there were no disagreements with Arthur Andersen LLP on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Arthur Andersen LLP, would have caused them to make a reference to the subject matter of the disagreement in connection with their reports; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

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On June 7, 2002 the Company engaged KPMG LLP as its new independent auditors. The decision to change accounting firms was approved by the Company's Board of Directors and the Audit Committee of the Board of Directors. During the years ended December 31, 2000 and 2001, and the subsequent interim period through June 7, 2002, the Company did not consult with KPMG LLP regarding (1) the application of accounting principles to any specified transaction, either completed or proposed, (2) the type of audit opinion that might be rendered on the Company's financial statements and neither a written report was provided to the Company nor was oral advice provided that KPMG LLP concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (3) any other matters or reportable events that were either the subject of disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instruction of Item 304 of Regulation S-K, or a reportable event, as that term is defined in Item 304(a)(1)(v) of Regulation S-K as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

The Company requested that Arthur Andersen LLP furnish it with a letter addressed to the Securities and Exchange Commission stating that it agreed with the statements set forth above. A copy of such letter dated June 7, 2002 was filed as Exhibit 16.1 to the Company's Current Report on Form 8-K filed on June 7, 2002.

**REPORT OF AUDIT COMMITTEE**

The Audit Committee is comprised entirely of independent non-employee directors. The Audit Committee oversees engagement of the Company's independent auditors, reviews the arrangements for and scope of the audit by the Company's independent auditors, and reviews and evaluates the Company's accounting practices and its systems of internal accounting controls. The Audit Committee has reviewed and discussed the Company's audited financial statements for 2003 with the Company's management and with the independent auditors. The Audit Committee has also discussed with the independent auditors the matters required to be considered with the auditors by Statement of Auditing Standards No. 61. The Audit Committee has received written communication and the letter from the independent auditors required by Independence Standards Board Standard No. 1 and has discussed with the independent auditors their independence from the Company. Based on the foregoing activities, the Audit Committee has recommended to the Board of Directors that the Company's audited financial statements for the year 2003 be included in the

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Company's report on Form 10-K for such year, which was filed with the Securities and Exchange Commission on March 15, 2004.

Submitted by the Audit Committee

of the Company's Board of Directors:

*Laureen De Buono*

*Glendon E. French*

*John W. Galiardo*

*Jay T. Holmes*

*Richard B. Sayford*

**ITEMS NOT CONSTITUTING SOLICITING MATERIAL**

The Compensation Committee and Audit Committee reports included herein shall not constitute soliciting material or be deemed to be filed with the SEC under the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder.

**OTHER MATTERS**

**Other Matters to be Presented**

The Board of Directors knows of no matters other than the election of directors and ratification of the Company's independent auditors to be presented for stockholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournment or postponement thereof, the Board of Directors intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

**Stockholder Proposals for 2005 Annual Meeting**

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act), stockholder proposals that are intended to be included in the Company's proxy materials for the 2005 Annual Meeting of Stockholders and presented at that meeting must be received at the executive offices of the Company (3400 Central Expressway, Santa Clara, California 95051-0703, Attention: Office of the Secretary) on or before December 18, 2004, which is 120 calendar days prior to the one-year anniversary of the mailing date of this Proxy Statement and proxy. Stockholders interested in submitting such a proposal are advised to contact knowledgeable legal counsel with regard to the detailed requirements of applicable securities laws. The submission of a stockholder proposal does not guarantee that it will be included in our 2005 proxy statement.

In addition, stockholder proposals to be considered at the 2005 Annual Meeting of Stockholders outside the processes of Rule 14a-8 (which are not intended to be included in the proxy materials for the 2005 Annual Meeting of Stockholders) must be delivered to or mailed and received at the executive offices of the Company in accordance with, and by the date specified in, the advance notice provisions of the Company's Bylaws,

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which is December 18, 2004 (120 calendar days prior to the one-year anniversary of the mailing date of this Proxy Statement and proxy). Therefore, in order for stockholder proposals made outside of the processes of Rule 14a-8 to be considered timely within the meaning of Rule 14a-4(c) under the Exchange Act, such proposals must be delivered to or mailed and received at the executive offices of the Company on or before December 18, 2004.

\* \* \* \*

**If you have any questions or require assistance, please contact:**

McKenzie Partners, Inc.

105 Madison Avenue  
New York, NY 10016  
(800) 322-2885

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**APPENDIX A**

**VISX, INCORPORATED**

**2000 STOCK PLAN**

Amended and Restated Effective as of the Date of the 2004 Annual Meeting of Stockholders

1. *Purposes of the Plan.* The purposes of this 2000 Stock Plan are:

to attract and retain the best available personnel for positions of substantial responsibility,

to provide additional incentive to such personnel, and

to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. The Plan also provides for the grant of Restricted Stock Awards and Stock Appreciation Rights; provided, however, that (i) in no event shall more than 10% of the Shares issuable under the Plan be granted pursuant to SARS with an exercise price that is less than 100% of Fair Market Value, and (ii) in no event shall more than 10% of the Shares issuable under the Plan be granted as Restricted Stock Awards.

2. *Definitions.* As used herein, the following definitions shall apply:

(a) *Administrator* means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) *Applicable Laws* means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options, Stock Awards or Stock Appreciation Rights are, or will be, granted under the Plan.

(c) *Board* means the Board of Directors of the Company.

(d) *Change of Control* means the occurrence of any of the following events:

(i) any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company, a subsidiary of the Company or a Company employee benefit plan, including any trustee of such plan acting as trustee, is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or

(ii) a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the

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Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the Company's assets; or

(iii) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors.

Incumbent Directors shall mean directors who either (A) are Directors as of the date this Plan is approved by the Board, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors and whose election or nomination was not in connection with any transaction described in (i) or (ii) above or in connection with an actual or threatened proxy contest relating to the election of directors of the Company.

(e) *Code* means the Internal Revenue Code of 1986, as amended.

(f) *Committee* means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

(g) *Common Stock* means the common stock of the Company.

(h) *Company* means VISX, Incorporated, a Delaware corporation.

(i) *Consultant* means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(j) *Director* means a member of the Board.

(k) *Disability* means total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) *Employee* means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the ninety-first (91st) day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute employment by the Company.

(m) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(n) *Fair Market Value* means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the Fair Market Value of a Share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of

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trading in Common Stock) on the day of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable;

(ii) If the Common Stock is quoted on any established stock exchange or regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable, or;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(o) *Incentive Stock Option* means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) *Nonstatutory Stock Option* means an Option not intended to qualify as an Incentive Stock Option.

(q) *Notice of Grant* means a written or electronic notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is part of the Option Agreement.

(r) *Officer* means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder

(s) *Option* means a stock option granted pursuant to the Plan.

(t) *Option Agreement* means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(u) *Optioned Stock* means the Common Stock subject to an Option, SAR or Restricted Stock Award.

(v) *Optionee* means the holder of an outstanding Option, SAR or Restricted Stock Award granted under the Plan.

(w) *Parent* means a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(x) *Plan* means this 2000 Stock Plan.

(y) *Restricted Stock* means Shares acquired pursuant to the grant of a Restricted Stock Award under Section 11 below.

(z) *Restricted Stock Award* means an award of Restricted Stock issued pursuant to Section 11 below.

(aa) *Restricted Stock Award Agreement* means a written agreement between the Company and the Employee evidencing the terms and restrictions applying to stock granted under this Plan. The Restricted Stock Award Agreement is subject to the terms and conditions of the Plan.

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(bb) *Stock Appreciation Right or SAR* means an award issued pursuant to Section 12 below.

(cc) *Rule 16B-3* means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(dd) *Section 16(b)* means Section 16(b) of the Exchange Act.

(ee) *Service Provider* means an Employee, Director or Consultant.

(ff) *Share* means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(gg) *Subsidiary* means a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. *Stock Subject to the Plan.* Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be optioned and sold under the Plan is six million three hundred thousand (6,300,000) Shares; provided, however, that (i) in no event shall more than 10% of the Shares issuable under the Plan as of May 23, 2003 (the date of the Company's 2003 Annual Meeting of Stockholders) plus 10% of the Shares approved for addition to the plan on May 13, 2004 (the date of the Company's 2004 Annual Meeting of Stockholders), a total of 330,684 Shares, be granted pursuant to SARS with an exercise price that is less than 100% of Fair Market Value, and (ii) in no event shall more than 10% of the Shares issuable under the Plan as of May 23, 2003 plus 10% of the Shares approved for addition to the plan on May 13, 2004, a total of 330,684 Shares, be granted as Restricted Stock Awards. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option, SAR or Restricted Stock Award expires or becomes unexercisable without having been exercised in full, or, with respect to a Restricted Stock Award, is forfeited back to or repurchased by the Company, the unpurchased Shares (or for Restricted Stock Awards, the forfeited or repurchased Shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to SARs, only Shares actually issued pursuant to an SAR (or in the event of a cash payout, the share equivalent) shall cease to be available under the Plan; all remaining Shares under SARs shall remain available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of either an Option, SAR or Restricted Stock Award shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price or forfeited to the Company, such Shares shall become available for future grant under the Plan.

4. *Administration of the Plan.*

(a) *Procedure.*

(i) *Multiple Administrative Bodies.* Different Committees may administer the Plan with respect to different groups of Service Providers.

(ii) *Section 162(m).* To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as performance-based compensation within the meaning of Section 162(m)

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of the Code, the Plan shall be administered by a Committee of two or more outside directors within the meaning of Section 162(m) of the Code.

(iii) *Rule 16b-3*. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) *Other Administration*. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) *Powers of the Administrator*. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value in accordance with Section 2(n) of the Plan;

(ii) to select the Service Providers to whom Options, SARs and Restricted Stock Awards may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each Option, SAR or Restricted Stock Award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option, SAR or Restricted Stock Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options, SARs or Restricted Stock Awards may be exercised or granted (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any other restriction or limitation regarding any Option, SAR or Restricted Stock Award or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine, provided that the Administrator may not accelerate vesting of any Restricted Stock Award except in circumstances it determines to be extraordinary or non-recurring;

(vi) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(viii) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or SAR or the Shares of Restricted Stock that vest that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, and no more in any event. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(ix) to modify or amend each Option (subject to Section 17(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is

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otherwise provided for in the Plan, provided that the Board may not amend any Option to reduce the exercise price of the option below 100% of the Fair Market Value per Share on the date of grant;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option, SAR or Restricted Stock Award previously granted by the Administrator;

(xi) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) *Effect of Administrator's Decision.* The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees.

5. *Eligibility.* Nonstatutory Stock Options, SARs and Restricted Stock Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. *Limitations.*

(a) Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) Neither the Plan nor any Option, SAR or Restricted Stock Award shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options and SARs with an exercise price equal to a minimum of 100% of Fair Market Value on the date of grant:

(i) No Service Provider shall be granted, in any fiscal year of the Company, Options or SARs to purchase more than 500,000 Shares.

(ii) In connection with his or her initial service, a Service Provider may be granted Options or SARs to purchase up to an additional 500,000 Shares, which shall not count against the limit set forth in subsection (i) above.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 14.

(iv) If an Option or SAR is cancelled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 14), the cancelled Option or SAR will be counted against the limits set forth in subsections (i) and (ii) above. For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

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7. *Term of Plan.* The Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 17 of the Plan.

8. *Term of Option.* The term of each Option shall be stated in the Option Agreement. The term of each Option shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. *Option Exercise Price and Consideration.*

(a) *Exercise Price.* The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator provided that such exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant of such Option. In the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(b) *Waiting Period and Exercise Dates.* At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised.

(c) *Form of Consideration.* The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist (but only to the extent permitted by Applicable Law) entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

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(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. *Exercise of Option.*

(a) *Procedure for Exercise; Rights as a Stockholder.* Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse or a trust for the benefit therefore (so long as such trust may hold the option under Applicable Laws). Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) *Termination of Relationship as a Service Provider.* If an Optionee ceases to be a Service Provider, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) *Disability of Optionee.* If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the



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Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) *Death of Optionee.* If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's death. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

11. *Restricted Stock Awards.*

(a) *Grant of Restricted Stock Awards.* Subject to the terms and conditions of the Plan, Restricted Stock Awards may be granted to Service Providers at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine (i) the number of Shares subject to a Restricted Stock Award granted to any Service Provider, and (ii) the conditions that must be satisfied, including performance-based milestones, upon which is conditioned the grant or vesting of a Restricted Stock Award.

(b) *Terms.* The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Restricted Stock Awards granted under the Plan. Restricted Stock Awards shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. Unless otherwise determined by the Administrator and subject to the terms of the Plan (i) any Restricted Stock Award that is subject to performance-based milestones shall not vest sooner than the first anniversary of the date of grant and (ii) any Restricted Stock Award that is not subject to performance-based milestones shall vest over a minimum of three years. The Administrator may require the recipient to sign a Restricted Stock Award Agreement as a condition of the award. The certificates representing the Shares awarded shall bear such legends as shall be determined by the Administrator.

(c) *Restricted Stock Award Agreement.* Each Restricted Stock Award grant shall be evidenced by an award agreement that shall specify the purchase price (if any) and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

12. *Stock Appreciation Rights.*

(a) *Grant of SARs.* Subject to the terms and conditions of the Plan, SARs may be granted to Service Providers at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the number of SARs granted to any Service Provider.

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(b) *Exercise Price and Other Terms.* The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan.

(c) *Payment of SAR Amount.* Upon exercise of a SAR, an Optionee shall be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the SAR is exercised.

(d) *Payment Upon Exercise of SAR.* At the discretion of the Administrator, payment for a SAR may be in cash, Shares or a combination thereof.

(e) *Cash Settlements and Plan Share Allocation.* Cash payments of Stock Appreciation Rights as well as Common Stock issued upon exercise of Stock Appreciation Rights shall be applied against the maximum number of Shares that may be issued pursuant to the Plan. The number of Shares to be applied against such maximum number of Shares in such circumstances shall be the number of Shares equal to the amount of the cash payment divided by the Fair Market Value of a Share on the date the Stock Appreciation Right is granted.

(f) *SAR Agreement.* Each SAR grant shall be evidenced by an award agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(g) *Expiration of SARs.* A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement.

13. *Non-Transferability of Options, SARs and Restricted Stock Awards.* Except as determined otherwise by the Administrator in its discretion, Options, SARs and Restricted Stock Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option, SAR or Restricted Stock Award transferable, such Option, SAR or Restricted Stock Award shall contain such additional terms and conditions as the Administrator deems appropriate.

14. *Adjustments Upon Changes in Capitalization, Dissolution, Merger, Asset Sale or Change of Control.*

(a) *Changes in Capitalization.* Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, SAR or Restricted Stock Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Option, SARs or Restricted Stock Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, SAR or Restricted Stock Award, as well as the price per share of Stock covered by each such outstanding Option, SAR or Restricted Stock Award, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such

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adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option, SAR or Restricted Stock Award.

(b) *Dissolution or Liquidation.* In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option or SAR until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option or SAR would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option, SAR or Restricted Stock Award or forfeiture rights with respect to Restricted Stock shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or SAR will terminate immediately prior to the consummation of such proposed action.

(c) *Merger or Asset Sale.* In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option, SAR, and Restricted Stock Award shall be assumed or an equivalent option, right or agreement substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that a Restricted Stock Award Agreement is not assumed or substituted by the successor corporation or a Parent or Subsidiary thereof, the Company's right to return or repurchase of forfeited Shares, including as to performance-based vesting, shall terminate as of the date of the closing of the merger or asset sale and any performance-based grant requirements shall be deemed to have been completely satisfied immediately prior to such date. In the event that the successor corporation or a Parent or Subsidiary thereof refuses to assume or substitute for an Option or SAR, the Optionee shall fully vest in and have the right to exercise the Option or SAR as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable and including any performance-based vesting limitations. If an Option or SAR becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or SAR shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option, SAR or Restricted Stock Award shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option, SAR or Restricted Stock Award immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, SAR or Restricted Stock Award, for each Share of Optioned Stock subject to the Option, SAR or Restricted Stock Award, to be solely Stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Shares in the merger or sale of assets.

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(d) *Change of Control.* Notwithstanding Section 14(c), in the event of a Change of Control, the Optionee shall fully vest in and have the right to exercise his or her Option or SAR as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable, and any Shares subject to a Restricted Stock Award shall vest 100%, including as to any performance-based vesting or grant limitations. If an award hereunder becomes fully vested and/or exercisable in the event of a Change of Control, the Administrator shall notify the Optionee in writing or electronically that the award is fully vested and/or exercisable.

15. *Leaves of Absence.* In the event of a Service Provider's leave of absence that is approved by the Company, vesting of Options, SARs and Restricted Stock Awards shall continue during the first 90 days of such leave, but shall cease thereafter until such time, as any, if such Service Provider resumes his or her active duties with the Company or its Parent or Subsidiaries, unless otherwise determined by the Administrator or as required by Applicable Laws. In the event of a Service Provider's leave of absence that is not approved by the Company, vesting of Options, SARs and Restricted Stock Awards shall cease immediately upon the commencement of such leave until such time, as any, if such Service Provider resumes his or her active duties with the Company or its Parent or Subsidiaries, unless otherwise determined by the Administrator or as required by Applicable Laws.

16. *Time of Granting Options, SARs and Restricted Stock Awards.* The date of grant of an Option, SAR or Restricted Stock Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Option, SAR or Restricted Stock Award, or such other subsequent date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option, SAR or Restricted Stock Award is so granted within a reasonable time after the date of such grant.

17. *Amendment and Termination of the Plan.*

(a) *Amendment and Termination.* The Board may at any time amend, alter, suspend or terminate the Plan, provided that the Board may not, without stockholder approval, (i) amend the Plan to permit the repricing, including by way of exchange, of any Option, SAR or Restricted Stock Award, (ii) materially increase the benefits accruing to any Optionee under the Plan, (iii) materially increase the number of securities which may be issued under the Plan, or (iv) materially modify the requirements for participation in the Plan.

(b) *Stockholder Approval.* The Company shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) *Effect of Amendment or Termination.* No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options, SARs or Restricted Stock Awards granted under the Plan prior to the date of such termination.

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18. *Conditions Upon Issuance of Shares.*

(a) *Legal Compliance.* Shares shall not be issued pursuant to the exercise of an Option or SAR or the purchase or receipt of Restricted Stock unless the exercise of such Option or SAR or the purchase or receipt of Restricted Stock and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) *Investment Representations.* As a condition to the exercise of an Option or SAR or the purchase or receipt of Restricted Stock, the Company may require the person exercising such award to represent and warrant at the time of any such exercise that the Shares 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.

19. *Inability to Obtain Authority.* The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

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

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**APPENDIX B**

**VISX, INCORPORATED**

**PERFORMANCE INCENTIVE PLAN**

(January 1, 2005)

**BACKGROUND, PURPOSE AND DURATION**

**Effective Date.** The Plan is effective as of January 1, 2005, subject to ratification by an affirmative vote of the holders of a majority of the Shares that are present in person or by proxy and entitled to vote at the 2004 Annual Meeting of the Stockholders of the Company.

**Purpose of the Plan.** The Plan is intended to increase stockholder value and the success of the Company by (1) motivating key executives to perform to the best of their abilities, and (2) encouraging an executive focus on achieving the Company's long-term objectives. The Plan's goals are to be achieved by providing such executives with incentive awards based on the achievement of goals relating to the long-term performance of the Company. The Plan is intended to permit the grant of awards that qualify as performance-based compensation under section 162(m) of the Code.

**DEFINITIONS**

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

**Actual Award** means, as to any Performance Period, the award (if any) payable in Restricted Stock to a Participant for the applicable Performance Period. Each Actual Award is determined by the Payout Formula for the Performance Period, subject to the Committee's authority under Section 3.6 to eliminate or reduce the award determined by the Payout Formula.

**Affiliate** means any corporation or other entity (including, but not limited to, partnerships and joint ventures) controlling or controlled by the Company.

**Base Amount** means, as to any Performance Period, the base salary actually earned by the Participant during the Performance Period. Such Base Amount shall be before both (a) deductions for taxes or benefits, and (b) deferrals of compensation pursuant to Company-sponsored plans.

**Board** means the Board of Directors of the Company.

**Code** means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated thereunder, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

**Committee** means the Company's Compensation Committee.

**Company** means VISX, Incorporated, a Delaware corporation, or any successor thereto.

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**Determination Date** means the latest possible date that will not jeopardize a Target Award or Actual Award's qualification as performance-based compensation under section 162(m) of the Code.

**Earnings Per Share** means, as to any Performance Period, the Company's or a business unit's Profit After-Tax, divided by a weighted average number of common shares outstanding and dilutive common equivalent shares deemed outstanding, determined in accordance with generally accepted accounting principles.

**Employee** means any employee of the Company or of an Affiliate, whether such employee is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

**Fiscal Year** means the fiscal year of the Company.

**Free Cash Flow** means, as to any Performance Period, the Company's or a business unit's Operating Cash Flow less capital expenditures, determined in accordance with generally accepted accounting principles.

**Inventory Turns** means, as to any Performance Period, the percentage equal to the Company's or a business unit's, as applicable, annualized cost of goods sold, divided by the Company's or business unit's average inventory, determined in accordance with generally accepted accounting principles.

**Invested Capital** means as to any Performance Period, the Company's or a business unit's accounts receivable plus inventory plus prepaids and other current assets less accounts payable less accrued liabilities less other current liabilities plus net property plant & equipment plus goodwill plus other assets plus material asset charges or write-offs during the period, determined in accordance with generally accepted accounting principles.

**Maximum Award** means, as to any Participant for any Performance Period, 100,000 shares.

**Net Operating Profit After Tax** means, as to any Performance Period, the Company's or a business unit's income after taxes, but before the Company's or business unit's, as applicable, interest income or expense, amortization of intangibles, and restructuring or other one-time charges, determined in accordance with generally accepted accounting principles.

**Operating Cash Flow** means, as to any Performance Period, the Company's or a business unit's sum of Profit After-Tax plus depreciation and amortization less capital expenditures plus changes in working capital comprised of accounts receivable, inventories, other current assets, trade accounts payable, accrued expenses, product warranty, advance payments from customers and long-term accrued expenses, determined in accordance with generally accepted accounting principles.

**Operating Income** means, as to any Performance Period, the Company's or a business unit's income from operations but excluding any unusual items, determined in accordance with generally accepted accounting principles.

**Participant** means, as to any Performance Period, an Employee who has been selected by the Committee for participation in the Plan for that Performance Period.

**Payout Formula** means, as to any Performance Period, the formula or payout matrix established by the Committee pursuant to Section 3.4 in order to determine the Actual Awards (if any) to be paid to

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Participants. The formula or matrix may differ from Participant to Participant and from Performance Period to Performance Period.

**Performance Period** means a Fiscal Year, or such longer period as determined by the Committee in its sole discretion.

**Performance Goals** means the goal(s) (or combined goal(s)) determined by the Committee (in its discretion) to be applicable to a Participant for a Target Award for a Performance Period. As determined by the Committee, the Performance Goals for any Target Award applicable to a Participant may provide for a targeted level or levels of achievement using one or more of the following measures: (a) Earnings per Share, (b) Free Cash Flow, (c) Inventory Turns, (d) Invested Capital, (e) Net Operating Profit After Tax, (f) Operating Cash Flow, (g) Operating Income, (h) Profit After Tax, and (i) Profit Before Tax, (j) Return on Assets, (k) Return on Equity, (l) Return on Invested Capital, (m) Return on Sales, (n) Revenue, and (o) Total Stockholder Return. The Performance Goals may differ from Participant to Participant and from award to award. Prior to the Determination Date, the Committee shall determine whether any significant element(s) shall be included in or excluded from the calculation of any Performance Goal with respect to any Participants.

**Plan** means the VISX, Incorporated Performance Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

**Profit After Tax** means, as to any Performance Period, the Company's or a business unit's income after taxes, determined in accordance with generally accepted accounting principles.

**Profit Before Tax** means, as to any Performance Period, the Company's or a business unit's income before taxes, determined in accordance with generally accepted accounting principles.

**Restricted Stock** means Shares granted to a Participant pursuant to a Restricted Stock Award under the Company's 2000 Stock Plan.

**Return on Assets** means, as to any Performance Period, the percentage equal to the Company's or a business unit's Operating Income before incentive compensation, divided by average net Company or business unit, as applicable, assets, determined in accordance with generally accepted accounting principles.

**Return on Equity** means, as to any Performance Period, the percentage equal to the Company's Profit After-Tax divided by average stockholder's equity, determined in accordance with generally accepted accounting principles.

**Return on Invested Capital** means, as to any Performance Period, the Company's or a business unit's Net Operating Profit After Tax divided by Company's or business unit's, as applicable, average invested capital, determined in accordance with generally accepted accounting principles.

**Return on Sales** means, as to any Performance Period, the percentage equal to the Company's or a business unit's Operating Income before incentive compensation, divided by the Company's or the business unit's, as applicable, Revenue, determined in accordance with generally accepted accounting principles.

**Revenue** means, as to any Performance Period, the Company's or business unit's net sales, determined in accordance with generally accepted accounting principles.



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**Shares** means shares of the Company's common stock.

**Target Award** means the target award payable under the Plan to a Participant for the Performance Period, expressed as a percentage of his or her Base Amount, as determined by the Committee in accordance with Section 3.3.

**Termination of Employment** means a cessation of the employee-employer relationship between an Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate.

**Total Stockholder Return** means, as to any Performance Period, the total return (change in share price plus reinvestment of any dividends) of a Share.

**SELECTION OF PARTICIPANTS AND DETERMINATION OF AWARDS**

**Selection of Participants.** The Committee, in its sole discretion, shall select the Participants for any Performance Period. Participation in the Plan is in the sole discretion of the Committee, and on a Performance Period by Performance Period basis. Accordingly, an Employee who is a Participant for a given Performance Period in no way is guaranteed or assured of being selected for participation in any subsequent Performance Period.

**Determination of Performance Goals.** The Committee, in its sole discretion, shall establish the Performance Goals for each Participant for the Performance Period. Such Performance Goals shall be set forth in writing.

**Determination of Target Awards.** The Committee, in its sole discretion, shall establish a Target Award for each Participant. Each Participant's Target Award shall be determined by the Committee in its sole discretion, and each Target Award shall be set forth in writing.

**Determination of Payout Formula or Formulae.** On or prior to the Determination Date, the Committee, in its sole discretion, shall establish a Payout Formula or Formulae for purposes of determining the Actual Award (if any) payable to each Participant. Each Payout Formula shall (a) be in writing, (b) be based on a comparison of actual performance to the Performance Goals, (c) provide for the payment of a Participant's Target Award if the Performance Goals for the Performance Period are achieved, and (d) provide for an Actual Award greater than or less than the Participant's Target Award, depending upon the extent to which actual performance exceeds or falls below the Performance Goals. Notwithstanding the foregoing, in no event shall a Participant's Actual Award for any Performance Period exceed his or her Maximum Award. No award shall be deemed earned for any purposes until determined pursuant to this Section.

**Date for Determinations.** The Committee shall make all determinations under Section 3.1 through 3.4 on or before the Determination Date.

**Determination of Actual Awards.** After the end of each Performance Period, the Committee shall certify in writing the extent to which the Performance Goals applicable to each Participant for the Performance Period were achieved. The Actual Award for each Participant shall be determined by applying the Payout Formula to the level of actual performance that has been certified by the Committee.

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Notwithstanding any contrary provision of the Plan, the Committee, in its sole discretion, may (a) eliminate or reduce the Actual Award payable to any Participant below that which otherwise would be payable under the Payout Formula, and (b) determine what Actual Award, if any, will be paid in the event of a Termination of Employment prior to the end of the Performance Period.

**PAYMENT OF AWARDS**

**Timing of Payment.** Payment of each Actual Award shall be made as soon as administratively practicable, but in no event later than 90 days after the end of the Performance Period during which the Award was earned.

**Form of Payment.** Each Actual Award shall be paid in Restricted Stock.

**Payment in the Event of Death.** If a Participant dies prior to the payment of an Actual Award earned by him or her prior to death, as determined by the Committee in its discretion, for a prior Performance Period, the Award shall be paid to his or her estate.

**ADMINISTRATION**

**Committee is the Administrator.** The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) members of the Board. The members of the Committee shall be appointed from time to time by, and serve at the pleasure of, the Board. Each member of the Committee shall qualify as an outside director under section 162(m) of the Code. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

**Committee Authority.** It shall be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees shall be granted awards, (b) prescribe the terms and conditions of awards, (c) interpret the Plan and the awards, (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside of the United States, (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules.

**Decisions Binding.** All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

**GENERAL PROVISIONS**

**Tax Withholding.** The Company shall withhold all applicable taxes from any Actual Award or, if appropriate, the vesting thereof, including any federal, state and local taxes (including, but not limited to, the Participant's FICA and SDI obligations).

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**Rule 10b5-1 Trading Plans; Stock Withholding.** Each Participant shall: (1) establish a stock trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which shall provide for the sale of a sufficient number of Shares, and the remittance of the funds from such sale to the Company, to cover any tax withholding obligations of the Company in connection with the grant or vesting of any Actual Award, or (2) shall appropriately modify an existing Rule 10b5-1 plan to provide for such sale of Shares and remittance of funds. In the event that a Participant does not establish or modify a Rule 10b5-1 plan in accordance with the preceding sentence, the Company shall withhold from the grant or vesting of any Actual Award that number of Shares having a Fair Market Value (as such term is defined in the Company's 2000 Stock Plan) equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the taxes are to be withheld.

**No Effect on Employment.** Employment with the Company and its Affiliates is on an at-will basis only. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause or notice. Furthermore, the Company expressly reserves the right, which may be exercised at any time and without regard to when during a Performance Period such exercise occurs, to terminate any individual's employment with or without cause, and to treat him or her without regard to the effect which such treatment might have upon him or her as a Participant. For purposes of the Plan, transfers of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) shall not be deemed a Termination of Employment.

**Participation.** No Employee shall have the right to be selected to receive an award under this Plan, or, having been so selected, have the right to be selected to receive a future award.

**Successors.** All obligations of the Company under the Plan, with respect to awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

**Beneficiary Designations.** If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any earned but unpaid award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any earned benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

**Nontransferability of Awards.** No award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 6.6. All rights with respect to an award granted to a Participant shall be available during his or her lifetime only to the Participant.

**AMENDMENT, TERMINATION AND DURATION**

**Amendment, Suspension or Termination.** The Board, in its sole discretion, may suspend, amend or terminate the Plan, or any part thereof, at any time and for any reason, explicitly including as to any Target

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Award theretofore granted to such Participant. No award may be granted during any period of suspension or after termination of the Plan.

**Duration of the Plan.** The Plan shall commence on the date specified herein, and subject to Section 7.1 (regarding the Board's right to amend or terminate the Plan), shall remain in effect thereafter.

**LEGAL CONSTRUCTION**

**Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

**Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**Requirements of Law.** The granting of awards under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**Governing Law.** The Plan and all awards shall be construed in accordance with and governed by the laws of the State of California, but without regard to its conflict of law provisions.

**Captions.** Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

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SIGN, DATE AND MAIL YOUR PROXY TODAY

x PLEASE MARK VOTES AS IN THIS EXAMPLE

STOCKHOLDERS ARE URGED TO DATE, SIGN AND RETURN THIS PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES.

YOUR VOTE IS VERY IMPORTANT TO US.

WE RECOMMEND A VOTE FOR THE ELECTION OF DIRECTORS AND EACH OF THE FOLLOWING PROPOSALS

1. To elect the following seven Directors:

Nominees:

- |                          |                           |                                |
|--------------------------|---------------------------|--------------------------------|
| (01) Elizabeth H. Dávila | For <input type="radio"/> | Withhold <input type="radio"/> |
| (02) Laureen De Buono    |                           |                                |
| (03) Glendon E. French   |                           |                                |
| (04) John W. Galiardo    |                           |                                |
| (05) Jay T. Holmes       |                           |                                |
| (06) Gary S. Petersmeyer |                           |                                |
| (07) Richard B. Sayford  |                           |                                |

For all nominees except as noted above

- |  |                           |                               |                               |
|--|---------------------------|-------------------------------|-------------------------------|
| 2. To approve an amendment to the 2000 Stock Plan              | For <input type="radio"/> | Against <input type="radio"/> | Abstain <input type="radio"/> |
| 3. To approve the VISX Performance Incentive Plan              | For <input type="radio"/> | Against <input type="radio"/> | Abstain <input type="radio"/> |
| 4. To ratify the appointment of independent public accountants | For <input type="radio"/> | Against <input type="radio"/> | Abstain <input type="radio"/> |

MARK HERE IF YOU PLAN TO ATTEND THE MEETING

MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW

Please sign exactly as your name(s) appear on your stock certificate. If shares are issued in the name of two or more persons, all such persons should sign the proxy. A proxy executed by a corporation should be signed in its name by its authorized officers. Executors, administrators, trustees and partners should indicate their positions when signing.

REGISTRATION

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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**Proxy Solicited on Behalf of Board of Directors**

The undersigned hereby appoints Elizabeth H. Dávila and John F. Runkel, Jr. as proxies, each with the power of substitution, to vote at the Annual Meeting of Stockholders of VISX, Incorporated (the Company ) to be held on May 13, 2004 at 8:00 a.m. local time, and at any adjournment or postponement thereof, hereby revoking any proxies previously given, to vote all shares of common stock of the Company held or owned by the undersigned as directed below, and in their discretion upon such other matters as may come before the meeting.

IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR EACH NOMINEE FOR DIRECTOR, FOR PROPOSALS 2, 3, AND 4, AND AT THE DISCRETION OF THE PROXY HOLDERS UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING. IF ANY NOMINEE FOR DIRECTOR IS UNABLE OR DECLINES TO SERVE AS DIRECTOR, THIS PROXY WILL BE VOTED FOR ANY NOMINEE THAT THE PRESENT BOARD OF DIRECTORS DESIGNATES.

(See Reverse Side)

(To be Signed on Reverse Side)