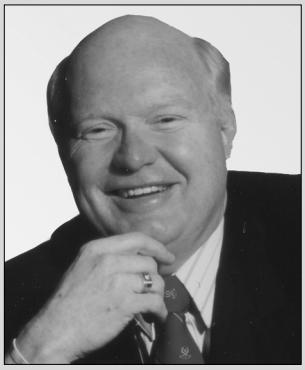
REPRINTED FROM AUGUST 22, 2005

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

Lumera Corporation (LMRA)



THOMAS D. MINO has served as Chief Executive Officer, President and a Director of Lumera Corporation since September 2001. From November 1999 to September 2001, he served as Vice President and General Manager of the high-speed long-haul business unit of Agere Systems Inc., an optical components supplier. From 1991 to October 1998, Mr. Mino served as President and Chief Executive Officer of Synergy Semiconductor Corp., a specialty high-speed semiconductor manufacturer. Mr. Mino has a BSEE degree in Electrical Engineering from the University of Pittsburgh.

(ACH614) TWST: We would like to begin with a brief historical sketch of the company and a picture of things as they are now.

Mr. Mino: The company was founded in the year 2000 based on intellectual property from the University of Washington. We are located in Bothell, Washington, basically because it's 15 minutes from UW and they do strategic research for us. We work with them on a regular basis. The company was funded in March 2001 with a $24 million first round of financing that was led by Cisco Systems with $8 million. The company then got some bridge financing during late 2003, early 2004, and we went public last year on July 22 and raised $42 million.

We are in the business of making proprietary polymers for communication and bioscience applications. We currently manufacture, process, and design and test all of our products ourselves. We were a development company up until about a year ago when we started to make the transition to commercialization of our technology through production and manufacturing in both the bioscience array market and the communications modulator and passive waveguide market.

TWST: Could you describe a couple of your basic products?

Mr. Mino: There are two basic products that we are offering right now. One is a 10-gigabyte modulator for communications applications that are used in both public and private networks, and by the government in satellite and airborne communications. The other products are bioscience arrays that are used by drug companies, research institutions to evaluate the performance of genomes, proteins and drugs under various conditions.

TWST: What are your strengths relative to the competition?

Mr. Mino: Number one, our strength is our patent portfolio. We have established a baseline of proprietary polymers and have the ability to stabilize them both thermally and optically in such a way that they have the lifetime required for both the bioscience and the communications market. That is fundamental to our capabilities. In addition, we have patents in material synthesis and material processing of device designs and testing. One of our biggest assets is intellectual property.

A second asset is our human resources. We have an outstanding team of researchers and scientists that have studied under the leading people in the polymer area at some of the great education institutions in the United States. We synthesize our ability to do things very quickly and our vertical integration where we modify all of our polymers from scratch to meet our needs. We process them in our own clean room, turn them into devices and those devices are then tested and packaged here at the prototype level and through contracts at the manufacturing level.

TWST: Could you describe the nature of polymer technology?

Mr. Mino: Polymers, in their simplest form, are what we call smart plastics. Probably the best-known polymer is Teflon, and it was designed to have non-stick capabilities. We begin with a polymer and, at the molecular level, modify its behavior to optimize its mechanical, chemical, electrical or optical properties. So fundamentally, what we are doing is taking a plastic and modifying it in such a way that it can replace very expensive crystalline material in many applications in communications and the biosciences.

"We have the opportunity to be a very high margin company because of the differentiation we bring with speed, with size, with accuracy and flexibility in the products that we provide to the marketplace. We're focused on being a value based company rather than a price and cost based company. We want to be part of a team that solves significant problems for the marketplace."

TWST: Are you going down to the quantum level?

Mr. Mino: No, we're not using quantum effects. We're making molecular changes at the nano level.

TWST: It's my understanding that at the quantum level, the behavior of very small objects or particles is irregular. Does that give them special characteristics that are useful?

Mr. Mino: It does in a case where you are just using the particles. What we are doing is taking the molecules and assembling them. So we're using the nano molecules and assembling them into a surface that is useful in the optical or the bioscience areas. We are essentially using them as building blocks that have particular functions that our customers require.

TWST: What are the main opportunities ahead for the company and the strategies that you will be employing at executing them?

Mr. Mino: The major opportunities that we see in the immediate future are in the bioscience and electro-optics markets. In the bioscience assay area, we provide chips for genomic and proteomic analysis. The current chips used in DNA analysis don't produce smooth spherical surfaces, making it difficult to properly analyze test results. By using our proprietary surface applications, 100% of the samples are testable. With regard to our proteomic chip, a distinct advantage is that it is label free. This means the proteins which are expressed are in an active state. Scientists can analyze their results without interpolating the data. It also allows for high throughput, thus increasing the productivity of the researchers. That particular array is sold by many companies in different forms. What we are trying to do is establish a standard chip surface that's of a higher quality and gives more information than what's in the marketplace right now.

In addition, we are developing our own high-speed, high-performance test unit. Our machine has a mechanical and optical design that we expect will create advantages to the customer in terms of the speed at which they can test individual samples, which currently, in most cases, is about four samples at a time. We are talking about doing thousands of samples at a time with our new piece of equipment. Since we are not in the equipment business, our business model then would be to partner with an equipment manufacturer to produce the machine.

In the case of our electro-optic devices, our plan is do all the materials and clean room work ourselves, and then to contract out the manufacture and testing of the actual devices. So in its completed form, it would be processed at the beginning in our vertically integrated operation and, in the end, by contract partners with delivery to final customers. Potential customers in this case would be companies like Cisco, Nortel, Lucent, Alcatel and semi-conductor companies for communications and computing applications and Raytheon, Lockheed and Hughes for military and government applications.

TWST: You mentioned partners. What are you feelings about possible acquisitions or being acquired?

Mr. Mino: Number one, we believe that we can't do everything that's required for every customer that we could potentially have. So we feel very strongly about partnering. We could also consider certain acquisitions. Right now, we are focused on properly positioning ourselves in the marketplace one year after our IPO. As far as our being acquired, everything in life is for sale, depending on the price. Our technology is unique, and we would bring advantage to several potential competitors and customers, and I think when the time comes and things are mature enough, we will consider those kinds of opportunities if they came up. However, our preference in the long run is to build our own company into what I would call a franchise where we are very strong in two or three markets and then licensing and getting royalties in some of the other markets that our polymer material could be used for.

TWST: What would you reasonably expect the company to look like in a broad way in about three years?

Mr. Mino: I don't know about three years but generally speaking we would probably be in three or four major markets, which include the two that we're in right now. Each of those markets could ultimately result in hundreds of millions of sales for Lumera.

TWST: What possible problems or challenges might arise for you? What pitfalls could there be?

Mr. Mino: We're dealing with a very difficult technology. It's disruptive; it's new in the markets that we want to be in. So market acceptance is going to be one of the things that's key. When you create a paradigm shift, you have to get your customers to understand the benefits of that shift at both the system level and the value proposition level our solutions offer. So education is key to a successful transition.

The other issue may be the scale up from our current production of hundreds and thousands of grams of materials to where we could make tens of thousands of grams on a consistent basis. This is a significant technical step and one that we have already begun to address and are confident we can resolve.

TWST: As CEO, what occupies most of your own attention on a day-by-day basis?

Mr. Mino: Strategic planning; that is where we take the technologies that we have now and move them into the future. And of course, there are some of the things we talked about earlier — creating alliances with companies that are either going to be vendors, customers or partners as we move forward. Another is working with the team here to make sure that the plans that we have in place are executed on a timely basis so that we can meet the requirements of our customers and meet the expectations of our investors in the long term.

TWST: Would you tell us about the backgrounds and the expertise of yourself and a couple of other members of your team?

Mr. Mino: Currently we have 17 PhDs on staff who are responsible for the synthesis of the materials, the processing of the materials, the design and testing of the devices as well as the characterization and qualification of the devices. The PhDs have a broad range of capabilities in the hard sciences and come from major universities that have been working in these specific areas for the last 15 to 20 years.

As far as our senior management is concerned, we've got a very strong team. My experience goes back to AT&T in the early days. I worked as the interface between the Bell Laboratories and AT&T Microelectronics, transitioning scientific concepts to commercial products. I've been CEO of three different companies now. Two have been taken public; one was sold. Our CFO, our Chief Technology Officer and our Vice President of Sales and Marketing all have excellent credentials and success with small and large public and private companies in the past. So I think we are very strong in both the technical and the management area, and that will fare well for us, moving into the future.

TWST: Do you see any need at this time to improve the company's capital structure?

Mr. Mino: Right now, we have a very strong balance sheet. We have cash to carry us forward with our strategic plans for the foreseeable future, including some allowance for execution issues that you mentioned earlier that may come up. So, in the short term, I don't see that there would be any need for significant change in our capital structure.

TWST: Have you done very much to get the message of the company out to the investment community or are you just sticking to your knitting?

Mr. Mino: We've done a little of both. Some people may feel we're spending too much time sticking to our knitting, but twice this year we've been on road shows to make the investment community both at the institutional level and at the personal level aware of what we're doing. We've been to Europe to bring our story to the attention of European investors. We hired a new Investor Relations Director. We're working very hard on educational tools and other information tools because we're finding that, in the investment community, there is really a lack of knowledge of what nanotechnology is, what polymers are, and how they are going to change the future of the markets that they serve. So we're reaching out but on a carefully selected basis because we're very aware that the market can be very unforgiving if you over promise and under deliver.

TWST: Would tell us more about how the future will be changed?

Mr. Mino: I think what you're going to see is the demand for increasing bandwidth as the world continues to grow. In the communications area, our products should be able to offer an attractive solution for very high bandwidth at very high speeds. So things that currently take you minutes or hours to download from a Website will take milliseconds or minutes in the future as you apply fiber optic technology and polymer waveguide technology to those types of applications. In the bioscience area, what you're going to see is reduced cycle time for drug development. Drugs will get to market quicker and scientists and researchers may be able to identify the causes of a lot of the diseases we don't yet understand very well at a much faster rate. Those would be the two main impacts that we hope to have on the everyday user of those kinds of services.

TWST: Is there anything that you would like to add, particularly with regard to the company's strategies and long-term objectives?

Mr. Mino: As we take a look at our long-term objectives, we think we have the opportunity to be a very high margin company because of the differentiation we bring with speed, with size, with accuracy and flexibility in the products that we provide to the marketplace. We're focused on being a value based company rather than a price and cost based company. We want to be part of a team that solves significant problems for the marketplace. So developing solid customer, partner, vendor and manufacturer relationships is central to

our approach. And by doing that, we integrate our ability to learn, solve and provide solutions to problems into the market place in a very short period of time.

TWST: What was the transition like from being an engineer to having to manage a company?

Mr. Mino: From an engineer to managing a company, in my case, was a transition that took a decade. What you learn along the way is that the most important resource you have is people. Getting their help is critical to being successful in any management position. As far as becoming a CEO, I think it's a matter of starting to understand how you commercialize the ideas that you come up with. Many companies fail because they have great ideas, but they don't know how to execute or fund those ideas. A successful CEO articulates vision — where we're going strategically — and leads a team that will implement the tactics to achieve the vision.

TWST: Is there anything else you would like to add?

Mr. Mino: We're a unique opportunity when you look at us as a supplier of superior products and also as an investment opportunity. Our stock is traded on the NASDAQ under the symbol LMRA. We would love to meet with potential customers and investors who would like to know more about Lumera. They can contact us through the Website.

TWST: Thank you.

THOMAS D. MINO
President & CEO
Lumera Corporation
19910 North Creek Parkway
Bothell, WA 98011
(425) 415-6900
(425) 398-6599 - FAX
www.lumera.com

Investor Relations contact:
Hélène F. Jaillet
hjaillet@lumera.com
(425) 398-6546