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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 16, 2006

MICROVISION, INC.

(Exact Name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation)	0-21221 (Commission File Number)	91-1600822 (IRS Employer Identification No.)
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6222 185th Avenue NE
Redmond, Washington 98052
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (425) 415-6847

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operation and Financial Condition.

The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On March 16, 2006, Microvision, Inc. issued a press release announcing its financial results for the year ended December 31, 2005. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Microvision, Inc. Press Release Announcing Financial Results for the Year Ended December 31, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROVISION, INC.

By: /s/ Thomas M. Walker

Thomas M. Walker
Vice President, General Counsel & Secretary

Date: March 16, 2006

Microvision Reports Results for Fourth
Quarter and Full Year of 2005; Company Reiterates Its 2006 Turnaround
Strategy

REDMOND, Wash.--(BUSINESS WIRE)--March 16, 2006--Microvision, Inc. (Nasdaq:MVIS), a leader in light scanning technologies, today reported financial results for the fourth quarter and full year of 2005. Revenues for the full-year 2005 were \$14.7 million, an increase of 29% over the \$11.7 million reported for 2004. Operating loss for the year was reduced by 20% to \$27.3 million from \$34 million in 2004 (excluding the \$1.7 million effect of consolidating its share of Lumera's losses in 2004, the operating loss improvement was 18%) and the net loss to common shareholders was reduced by 9.6% to \$30.3 million or \$1.35 per share versus the 2004 equivalents of \$33.5 million or \$1.56 per share. The company ended the year with a revenue backlog of \$3.4 million

Revenues for the fourth quarter were \$2.7 million, a decrease of 18% from the prior revenue reported for the fourth quarter of 2004. Operating loss increased by 29% to \$9.0 million from \$7.0 million in 2004; net loss for the fourth quarter available to common shareholders was reduced by 32% to \$5.6 million or \$.23 per share from \$8.2 million or \$.38 per share reported for the fourth quarter of last year.

2005 Highlights

- Ended a two year annual revenue slide and delivered \$14.7 million in revenue for 2005 up 29% over 2004;
- Developed new sales channels and solid pipeline for Flic product in the second half of the year which resulted in record sales numbers in the fourth quarter;
- Strong commercial contract revenue performance fueled by Ethicon Endo Surgery contract;
- Sold 165 Nomad systems to the military in a large volume sale;
- Delivered on key government programs;
- Made demonstrable progress toward accelerating the development of the automotive head-up display;
- Developed and successfully demonstrated the first working demonstration prototype of the personal projection display (PicoP(TM)) in the fourth quarter of last year; and
- Defined new business roadmap, technology productization strategy and organizational blueprint to commence Company turnaround in 2006.

Alexander Tokman, Microvision's President and CEO, commented: "We are pleased with the Company's overall top line performance for the full year as we reversed a two-year trend of declining annual revenues. However, the types of contract and sales activities pursued in 2005 did not fully establish a revenue ramp consistent with sustained long term growth. Consequently, after we defined the new business and organizational strategy late last year, we have put in place, over the last few months, initiatives and measures to build a foundation for longer term sustained growth. These initiatives support key elements of our turnaround strategy and 2006 operating plan announced last month. We are in a rebuilding mode, and we're enthusiastic about the future and confident in our ability to deliver value to our customers and shareholders."

2006 Operating Plan Implementation

We are executing on our 2006 Plan, the highlights of which are as follows:

- Flic Bar Code Scanner. Building a solid sales pipeline for the year. Completing phase 1 product quality improvements targeted on improving reliability and reducing the cost of quality on Flic scanner.
- Nomad. Conducting an in depth evaluation of the potential for Nomad in its current configuration in four major application areas: inspection, situational awareness, troubleshooting and diagnostics for primary markets that include transportation, industrial and healthcare.
- Funded product quality improvement programs to reduce cost of quality and implemented pricing and discounting rigor.

- Integrated Photonics Module (IPM). Defining our modular embedded light scanning engine architecture to enable high resolution, high-volume display products for a variety of consumer, industrial, automotive and military applications.
- PicoP and Automotive Head-Up Display (HUD). Advancing discussions with potential development and distribution partners for HUD and personal projection display products, collecting requirements and defining product specifications.
- Completed the realignment and restructuring of the Company. Reduced the overall workforce by approximately 10%; expected reduction in overall SG&A costs by approximately 25% in 2006 versus 2005. Reduced the number of executive positions by 30% through reduction and consolidation.
- New organizational leadership. Hired Ian Brown who will be driving synergies across our new sales and marketing organization, strengthening our customer focus and positioning us for future growth into new market segments.
- Board changes. Together with the Board, initiated a process of better aligning the skills and experience of the directors to the business and operating objectives of the company. The first step was the addition of Marc Onetto. Onetto brings extensive experience, knowledge and leadership in establishing and managing global supply chain operations directly supports our business objectives for 2006 and beyond in proliferating high volume consumer and automotive products.

Liquidity and Financing

The company had \$6.9 million in cash and cash equivalents on December 31, 2005. On February 2, 2006, the company announced that it had raised an additional \$10.3 million from the sale of a portion of its Lumera stock. The company disclosed that its independent registered public accounting firm has included a going concern qualification to their opinion on the December 31, 2005, consolidated financial statements because the company requires additional cash to fund its operations through December 31, 2006.

"Obviously, we would have preferred to not have a qualified audit opinion on our 2005 financial results," said Tokman. "However, it does not represent any change in the viability of our business. We expect to raise additional funds over the coming months. We have made the choice not to pursue a complicated short-term financing at this point simply for purposes of avoiding a qualified opinion; we have chosen instead to pursue a financing strategy that we believe better aligns our capital structure to our new business fundamentals and outlook. We have recently engaged an investment banker to assist us with this strategy.

"We are rebuilding the company with a new identity and new strategy. I am very excited about the pace of change and the path that we are on to grow the company."

Conference Call

Microvision will host a conference call to discuss its 2005 financial results at 4:30 p.m. ET today. Participants may join the conference call by dialing 888-396-2386 (for U.S. participants) ten minutes prior to the start of the conference. International participants can dial 617-847-8712. The conference passcode is 10873003. Additionally, the call will be broadcast over the Internet and can be accessed from the company's web site at www.microvision.com. A telephone replay of the call will be available through 6:30 p.m. ET March 23, 2006, and can be accessed by dialing 888-286-8010 (for U.S. participants) or 617-801-6888 (for international participants). The conference passcode for the replay is 88926988. Also, a replay of the conference call will be available on the company's web site.

About Microvision: www.microvision.com

Headquartered in Redmond, Wash., Microvision, Inc. is the world leader in the development of high-resolution displays and imaging systems based on the company's proprietary silicon micro-mirror technology. The company's technology enables solutions and products in a broad range of industrial, consumer, military, and medical applications.

Forward-Looking Statements Disclaimer

Certain statements contained in this release, including expected results, projections of future revenues, plans for product development and production volume, future development contracts and commercial arrangements, growth in demand, future product benefits, future

operations and the benefits of our equity interest in Lumera, as well as statements containing words like "believes," "estimate," "expects," "anticipates," "target," "plans," "will", "could" and other similar expressions, are forward-looking statements that involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from those projected in the company's forward-looking statements include the following: our ability to raise additional capital when needed; market acceptance of our technologies and products; our financial and technical resources relative to those of our competitors; our ability to keep up with rapid technological change; our dependence on the defense industry and a limited number of government development contracts; government regulation of our technologies; our ability to enforce our intellectual property rights and protect our proprietary technologies; the ability to obtain additional contract awards; the timing of commercial product launches and delays in product development; the ability to achieve key technical milestones in key products; dependence on third parties to develop, manufacture, sell and market our products; potential product liability claims, risks related to Lumera's business and the market for its equity and other risk factors identified from time to time in the company's SEC reports and other filings, including the Company's Annual Report on Form 10-K filed with the SEC. Except as expressly required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in circumstances or any other reason.

Microvision, Inc.
Consolidated Balance Sheet
(In thousands)
(Unaudited)

	Dec. 31, 2005	Dec. 31, 2004
	-----	-----
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,860	\$ 1,268
Accounts receivable, net of allowances	1,380	5,227
Costs and estimated earnings in excess of billings on uncompleted contracts	1,204	597
Inventory	759	3,167
Current restricted cash and investments	1,856	-
Other current assets	1,512	1,293
	-----	-----
Total current assets	13,571	11,552
Investment in Lumera	3,582	10,201
Property and equipment, net	2,902	2,318
Restricted investments	1,000	1,238
Restricted investment in Lumera	2,184	-
Other assets	124	229
	-----	-----
Total assets	\$ 23,363	\$ 25,538
	=====	=====
Liabilities, Mandatorily Redeemable Convertible Preferred Stock and Shareholders' (Deficit) Equity		
Current Liabilities		
Accounts payable	\$ 2,328	\$ 2,624
Accrued liabilities	4,513	4,538
Allowance for estimated contract losses	-	53
Billings in excess of costs and estimated earnings on uncompleted contracts	51	3,318
Liability associated with common stock warrants	3,452	-
Current portion of notes payable	7,896	-
Current portion of capital lease obligations	32	39
Current portion of long-term debt	22	77
	-----	-----
Total current liabilities	18,294	10,649
Notes payable, net of current portion	1,447	-
Liability associated with embedded derivative feature	1,368	-
Capital lease obligations, net of current portion	105	9
Long-term debt, net of current portion	-	22
Deferred rent, net of current portion	1,492	21
	-----	-----
Total liabilities	22,706	10,701
	-----	-----
Commitments and contingencies	-	-

Mandatorily redeemable convertible preferred stock	4,166	7,647
	-----	-----
Shareholders' (Deficit) Equity		
Common stock at par value	25	22
Additional paid-in capital	212,993	196,929
Deferred compensation	(85)	(305)
Subscriptions receivable from related parties	-	(166)
Receivables from related parties, net	(792)	(1,823)
Accumulated deficit	(215,650)	(187,467)
	-----	-----
Total shareholders' (deficit) equity	(3,509)	7,190
	-----	-----
Total liabilities, mandatorily redeemable convertible preferred stock and shareholders' equity	\$ 23,363	\$ 25,538
	=====	=====

Microvision, Inc.
Consolidated Statement of Operations
(In thousands, except earnings per share data)
(Unaudited)

	Three months ended Dec.31,		Twelve months ended Dec. 31,	
	2005	2004	2005	2004
	-----	-----	-----	-----
Contract revenue	\$ 2,142	\$ 2,554	\$ 11,386	\$ 8,821
Product revenue	567	763	3,360	2,597
	-----	-----	-----	-----
Total revenue	2,709	3,317	14,746	11,418
	-----	-----	-----	-----
Cost of contract revenue	1,313	1,562	6,456	5,539
Cost of product revenue	3,152	1,679	8,636	3,868
	-----	-----	-----	-----
Total cost of revenue	4,465	3,241	15,092	9,407
	-----	-----	-----	-----
Gross margin	(1,756)	76	(346)	2,011
	-----	-----	-----	-----
Research and development expense	703	2,081	6,587	14,709
Sales, marketing, general and administrative expense	6,467	4,742	19,923	19,228
Non-cash compensation expense	55	290	429	2,118
	-----	-----	-----	-----
Total operating expenses	7,225	7,113	26,939	36,055
	-----	-----	-----	-----
Loss from operations	(8,981)	(7,037)	(27,285)	(34,044)
	-----	-----	-----	-----
Interest income	77	48	263	272
Interest expense	(1,186)	(14)	(3,253)	(151)
Gain on derivative features of notes payable	4,306	-	5,975	-
Loss on debt extinguishment	-	-	(3,313)	-
Other income (expense)	(11)	-	(28)	(1)
	-----	-----	-----	-----
Loss before minority interests and equity in losses of Lumera	(5,795)	(7,003)	(27,641)	(33,924)
	-----	-----	-----	-----
Minority interests in loss of consolidated subsidiary	-	-	-	2,438
Equity in losses of Lumera	(754)	(961)	(3,242)	(1,711)
Gain on sale of securities of equity subsidiary	1,130	-	2,700	-
	-----	-----	-----	-----
Net loss	(5,419)	(7,964)	(28,183)	(33,197)
	-----	-----	-----	-----
Less: Stated dividend on mandatorily redeemable convertible preferred stock	(44)	(88)	(280)	(108)
Accretion to par value of preferred stock	(103)	(195)	(637)	(238)
Inducement for conversion of preferred stock	-	-	(1,184)	-
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Net loss available for common				

shareholders	\$ (5,566)	\$ (8,247)	\$ (30,284)	\$ (33,543)
	=====	=====	=====	=====
Net loss per share - basic and diluted	\$ (0.23)	\$ (0.38)	\$ (1.35)	\$ (1.56)
	=====	=====	=====	=====
Weighted-average shares outstanding - basic and diluted	24,347	21,508	22,498	21,493
	=====	=====	=====	=====

CONTACT: Microvision, Inc.
 Brian Heagler, 425-882-6794 (investors)
 Matt Nichols, 425-882-6657 (media)