



Press Release

Vuzix Announces Reduction in Warrant Overhang and other Capital Structure Improvements

ROCHESTER, NY, February 27, 2015 — Vuzix® Corporation (NASDAQ: VUZI) (“Vuzix” or, the “Company”), a leading supplier of video eyewear and smart glasses products in the consumer, commercial and entertainment markets, is pleased to announce that holders of its common stock purchase warrants (“warrants”) have elected to exercise into common shares, this includes the outstanding warrants held by senior management. This event accounts for the exercise of a majority all of the Vuzix’ outstanding warrants, which were issued in conjunction to its August 2013 public offering.

Since January 1, 2015 the Company has received requests to exercise 4,605,892 warrants that were associated with its August 2013 stock offering which were exercisable into common stock at \$2.25 per share. 469,500 of these have been exercised for cash, netting proceeds of \$1,056,375 to the Company. The 4,158,092 balance was exercised on a cashless basis resulting in the issuance of 3,534,972 common shares. Of these cashless exercises, a total of 3,822,442 were exercised on February 25, 2015. The Company did not offer the holders of warrants any inducement to exercise. There are currently now only 125,100 warrants outstanding from the August 2013 offering and the total warrants outstanding are now only 597,643.

Additionally, the Company has received \$337,500 in convertible note conversions during this time period. Total convertible notes outstanding today, excluding accrued interest is now \$2,037,500, which is convertible into 905,556 shares.

As of February 26, 2015, following the exercise of these warrants and note conversions, the Company now has 15,800,489 commons shares. The Company’s outstanding preferred shares are convertible into an additional 4,962,000 common shares.

Paul Travers, CEO and Founder said, “The exercise of warrants, receipt of cash and reduction of debt all help to further bolster Vuzix’ balance sheet and improve our capital structure. We are pleased to see this vote of confidence from our investors following our recent investment from Intel and the Company’s listing onto NASDAQ. We strongly believe in the value of share ownership in the Company, which is why CFO, Grant Russell and I have also decided to exercise all our warrants into common shares with our other warrant holders. This is yet another step in strengthening our capital structure and bolstering the balance sheet of the Company.”

Improvements in Vuzix' balance sheet will be reflected in the Company's Form 10-Q filing for the period ending March 31, 2015.

About Vuzix Corporation

Vuzix is a leading supplier of Video Eyewear and Smart Glasses products in the consumer, commercial and entertainment markets.

The Company's products include personal display and wearable computing devices that offer users a portable high quality viewing experience, provide solutions for mobility, wearable displays and virtual and augmented reality. Vuzix holds 39 patents and 12 additional patents pending and numerous IP licenses in the Video Eyewear field. The Company has won Consumer Electronics Show (or CES) awards for innovation for the years 2005 to 2014 and several wireless technology innovation awards among others. Founded in 1997, Vuzix is a public company (NASDAQ: VUZI) with offices in Rochester, NY, Oxford, UK and Tokyo, Japan.

Forward-Looking Statements Disclaimer

Certain statements contained in this news release are "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Forward looking statements contained in this release relate to warrants, convertible notes, Vuzix balance sheet and other financial information. They are generally identified by words such as "believes," "may," "expects," "anticipates," "should" and similar expressions. Readers should not place undue reliance on such forward-looking statements, which are based upon the Company's beliefs and assumptions as of the date of this release. The Company's actual results could differ materially due to risk factors and other items described in more detail in the "Risk Factors" section of the Company's Annual Reports and MD&A filed with the United States Securities and Exchange Commission and applicable Canadian securities regulators (copies of which may be obtained at www.sedar.com or www.sec.gov). Subsequent events and developments may cause these forward-looking statements to change. The Company specifically disclaims any obligation or intention to update or revise these forward-looking statements as a result of changed events or circumstances that occur after the date of this release, except as required by applicable law.

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