



Vuzix releases 2009 annual operating results

ROCHESTER, NEW YORK--(March 31, 2010) - Vuzix Corporation (TSX-V:VZX) (“Vuzix” or, the “Company”) a leader in the design and manufacture of Video Eyewear products, issued financial results for its financial year ended December 31, 2009. This news release should be read in conjunction with the Company's audited annual consolidated financial statements and management’s discussion and analysis thereon (“MD&A”), which are available on SEDAR, EDGAR and the Company's website. Unless otherwise indicated, dollar amounts referred to herein are references to United States dollars. No regulatory authority has approved or disapproved the information contained in this news release.

Vuzix’ President and CEO, Paul Travers, said “2009 was a transformational year for the Company corporately in that we moved from being a private to a public company with the completion of our IPO in late December 2009. We believe our Company will be better positioned financially to capitalize on new opportunities to grow and continue our leadership in the rapidly emerging Video Eyewear sector.”

The Company’s balance sheet was strengthened with its recent IPO and, as of December 31, 2009 the Company had \$2,500,523 in cash versus \$818,719 in the same prior period. With the IPO financing along with the continued support of the Company’s key suppliers, the Company ended 2009 with \$1,042,257 in working capital versus a working capital deficit of \$(1,846,289) as of December 31, 2008.

Sales for the year ended December 31, 2009 were \$11,886,098 as compared to \$12,489,884 for 2008. This represents a 4.8% decrease from the prior period. Sales from defense products and engineering services decreased to \$6,945,283 in 2009 versus \$7,945,924 in 2008, a 12.6% decrease primarily due to reduced engineering services work and contract delays. Sales of consumer Video Eyewear product sales increased to \$4,940,815 in 2009 or by 8.7% over 2008 due to the continued expansion of the Company’s reseller network and the introduction of new products.

Gross Margin increased to \$4,277,007 for 2009 from \$3,700,979 for 2008, an increase of \$576,028 or 15.6%. As a percentage of net sales, gross margin increased to 36.0% for 2009 compared to 29.6% for 2008. This increase was the result of lower production costs, increased sales of our high resolution Video Eyewear models with their larger margins, and higher selling prices of our products in Japan and Europe.

Total Operating Expenses decreased by \$1,066,676 or 12.8% in 2009 to \$7,328,285 as compared \$8,304,961 in 2008. The reduction was primarily the result of lower R&D costs by the use of more internal versus external resources.

The Net Loss for 2009 was \$(3,250,424) or \$(0.0151) per share as compared to a loss of \$(4,894,199) or \$(0.0240) per share in 2008. This was a \$1,643,775 improvement in operating results, with 2009 losses being 33.6% lower than 2008.

Forward-Looking Statements Disclaimer

Certain statements contained in this 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, among other things, the Company's financial position, new opportunities, the Company's ability to capitalize on new opportunities and the Company's leadership in the Video Eyewear industry. They are generally identified by words such as "plans," "seeks," "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 from those projected in the Company's forward-looking statements due to, among other things, our ability to raise necessary capital; government regulation of our technologies; our ability to enforce our intellectual property rights and protect our proprietary technologies; the timing of new product launches; delays in product development; and dependence on third parties for certain key components. These risk factors and others are described in the Company's reports filed with the United States Securities and Exchange Commission and applicable Canadian securities regulators. 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.

About Vuzix Corporation

Vuzix Corporation manufactures personal display devices for the entertainment, defense, industrial and low vision medical markets. Vuzix products provide users with a portable and private big screen experience that delivers big screen mobile entertainment in the consumer markets, low vision assist in the medical markets and tactical information in the defense markets. The company is revolutionizing the mobile display industry and aims to continue to create products that enrich the lives of its customers. Vuzix has won six CES Innovations Awards since 2005, the 2008 RetailVision Best New Product - Hardware Award among others. Founded in 1997, Vuzix recently became a public company listed on the TSX Venture Exchange (TSX-V:[VZX](#) - [News](#)) with offices in Rochester, NY, London, UK and Tokyo, Japan.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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