



Press Release

Vuzix Releases Third Quarter 2010 Quarterly Operating Results

ROCHESTER, NEW YORK-- (November 12, 2010) - Vuzix Corporation (TSX-V:[VZX](#), OTC:BB:[VUZI](#)) ("Vuzix" or, the "Company"), a leader in the design and manufacture of Video Eyewear products that provide users with portable high quality viewing experiences, today reported its third quarter results for the period ending September 30, 2010. 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 reported a third quarter net loss of \$1,186,965 or \$0.0045 per share versus a loss of \$856,411, or \$0.0040 per share in the same period in 2009. Revenues were \$2,725,739 for the third quarter of 2010 compared to \$2,838,461 for the same period last year. For the nine-month period ending September 30, 2010 the Company reported a loss of \$4,081,048 or \$0.0155 per share versus a loss of \$2,343,977 or \$0.011 per share in the same period in 2009. Revenues for the first nine months of 2010 were \$6,703,058 versus \$7,920,548 for the same period last year, a decrease of 15.4%.

"We experienced increased growth on a year over year basis in all of our product lines except the Defense Division's Night Vision electronics products, which had an uneven comparison versus 2009. In 2010, we had no Night Vision product revenues until June when we received our first order for \$3.4 million. Unfortunately, the uneven and lumpy order rate for this particular product is typical. We will be fulfilling on this order through the end of the year," Paul Travers, President and Chief Executive Officer, said.

Travers continued, "We announced two strategically important contracts to us during the third quarter with the U.S. Air Force Research Laboratory and the U.S. Army. Also, we were honored to be selected to exhibit the 3D capabilities of our Wrap™ video eyewear at launch events for Thomson Reuters Eikon in 14 cities around the world. Our products have been well received globally and Vuzix is recognized as the leader in our markets."

Key Highlights

- Consumer Video Eyewear product sales in the third quarter increased to \$1,011,436, or 23.4% from last year when sales were \$819,593 in that category. For the nine months, the product category had revenues of \$3,220,868, a rise of 25.6% over the same period in 2009.
- Sales of our Defense Division's Tac-Eye™ Video Eyewear products increased to \$727,003 for the three-month period, an increase of 383% from \$150,465 in the 2009 period. Over the nine months of 2010, this product line grew 318% to \$2,365,034 versus \$637,982 in the same period last year.
- For the third quarter of 2010, sales from our engineering services programs increased to \$478,942 or 47.5% against \$324,776 in 2009. For the nine month period revenues were \$616,619 versus \$956,546, down 35.5% from the same period last year.
- We ended the September 30, 2010 quarter with an order backlog of \$5.7 million. This includes \$1.2 million in consumer products, \$2.9 million in night vision display

electronics modules and about \$1.6 million in our defense Tac-Eye products and new engineering services programs.

- Gross profit decreased to \$780,709 or 28.6% for the three months ending September 30, 2010 from \$991,829 or 34.9% for the same period in 2009 due to a higher mix of Consumer Video Eyewear sales, which were 37.1% of sales in 2010 versus 28.9% in 2009, and the negative impact of foreign exchange gains for our Consumer product sales in Europe. The nine months was similarly impacted and gross profits were \$1,733,219 or 25.9% versus \$2,852,055 or 36% in 2009. Consumer products were 48% of revenues in the nine months of 2010 versus 32.4% for the same period in 2009.
- Total operating expenses increased to \$1,843,308 for the three-month period ending September 30, 2010, versus \$1,805,147 in the 2009 period. The increase was primarily the result of higher costs associated with legal and accounting and new shareholder reporting and filing costs to support reporting, audit and regulatory requirements as a public company on both the TSX Venture Exchange and in the U.S. on the Over-the-Counter Bulletin Board. Operating expenses for the nine months was \$5,492,588 versus \$5,024,158 in 2009 reflecting higher selling and marketing costs and increased expenses in general and administrative.

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, future order backlog, 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 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.

About Vuzix Corporation

Vuzix is a leading supplier of Video Eyewear products in the defense, consumer and media & entertainment markets. The Company's products, personal display devices that offer users a portable high quality viewing experience, provide solutions for mobility, thermal sighting systems, tactical wearable displays, virtual and augmented reality. With its origins in defense research and development for next generation display solutions, Vuzix holds over 51 patents in the Video Eyewear field. The company and has won 9 Consumer Electronics Show Innovations Awards, the RetailVision Best New Product, several wireless technology innovation awards, among others. Founded in 1997, Vuzix is a public company (TSX-V:[VZX](http://www.vuzix.com))

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- [News](#), OTC:BB: [VUZI](#)) with offices in Rochester, NY, Oxford, UK and Tokyo, Japan. For more information visit www.vuzix.com.

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