



Press Release

Vuzix Reports Its First Quarter of 2012

ROCHESTER, NEW YORK-- (May 16, 2012) - Vuzix Corporation (TSX-V:[VZX](#), OTC:BB:[VUZI](#), FMB: [V7X](#)) ("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 first quarter results for the period ending March 31, 2012. 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.

For the first quarter period ending March 31, 2012, revenue was \$2,851,392 as compared to \$4,073,109 for the same period last year, a decrease of 30.0%. A net loss of \$844,483 or \$0.0032 per share was reported for the three month period ending March 31, 2012, versus a loss of \$420,306 or \$0.0016 per share in the same period of 2011. The gross margin declined to 39.1% in the first quarter 2012 against 41.7% in the first quarter of 2011, caused primarily by the reduction of higher margin defense product sales as a percentage of total revenues. Defense products represented 48.7% of revenues in the quarter versus 78.3% in the same quarter in 2011. Total operating expenses for the first quarter ending March 31, 2012 were \$1,571,657 versus \$1,825,853 for the same period of 2011, representing a saving of \$254,196.

Paul Travers, President, commented, "We have implemented various cost saving strategies including the consolidation of our office and R&D spaces, as well as further personnel reductions. We continue to be very focused on achieving cost reduction and improving our efficiencies. Our continuing liquidity issues, growing negative working capital base, and high interest costs on our debt, continue to constraint our ability to take advantage of opportunities and improve our operating results. The Company continues to be in noncompliance with EBITDA covenants with both of its senior lenders, however these lenders for now continue to work with the Company. Until our liquidity issues are addressed, we will continue to be limited in what we can achieve to grow its business and leverage our technology advances. In addition to exploring options with respect to new debt borrowing and equity financings, the Company is also pursuing the sale of certain assets to fund its operations and reduce debt."

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, refinancing opportunities, potential asset sales, debt reduction, improving operating results, 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 and virtual and augmented reality. With its origins in defense research and development for next generation display solutions, Vuzix holds over 48 patents in the Video Eyewear field. The company has won 12 Consumer Electronics Show Innovations Awards, the RetailVision Best New Product and several wireless technology innovation awards, among others. Founded in 1997, Vuzix is a public company (TSX-V:[VZX](http://www.vuzix.com) - News, OTC:BB: [VUZI](http://www.vuzix.com), FMB: [V7X](http://www.vuzix.com)) with offices in Rochester, NY, Oxford, UK and Tokyo, Japan. For more information visit www.vuzix.com.

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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