



Press Release

Vuzix Releases First Quarter Financial Results

May 14, 2010

ROCHESTER, NEW YORK--(May 14, 2010) - Vuzix Corporation (TSX-V:VZX) (“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, 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.

“Our financial results in the first quarter are difficult to compare to last year due to the fact that in 2009 we had such a strong quarter of shipments for our defense division’s night vision electronics modules. These shipments occur once every 6 to 12 months and in the 2009 first quarter revenue from the product was \$1,329,157 versus nil in the 2010 first quarter. This overshadowed the great performance we experienced in all of our other product lines. For instance, our Tac-Eye video eyewear product sales increased 393% to \$742,934 for the quarter and Consumer Video Eyewear product sales grew 11% to \$1,221,392, accounting for over 59% of sales, the first time that Consumer was more than 50% of our sales”, said Paul Travers, President and Chief Executive Officer.

Travers continued, “Our product innovation and high quality continued to set Vuzix apart from our competition in a number of defense related contract awards during the quarter, reflecting our continued success in winning new programs with repeat procurement orders. We also saw increasing penetration of our consumer products at premier locations. Vuzix has more opportunities than ever.”

Highlights

- As previously mentioned, our Consumer Video Eyewear product sales increased to \$1,221,392 or 59.2% of total sales for the first quarter of 2010 compared to \$1,101,186 or 36.2% of our total sales for the first quarter of 2009. This increase resulted from the continued expansion of our reseller network and the introduction of new products.
- Sales of our Tac-Eye video eyewear products increased to \$742,934 for the three month period in 2010 as compared to \$150,637 for the same period in 2009, a 393% increase.
- Sales from our defense engineering services programs for the first quarter of 2010, decreased to \$93,135 or 4.5% of total sales compared to \$448,490 or 14.7% of total sales in same quarter 2009. We did not commence work on any new programs in the first quarter of 2010 due to contracting delays. Total revenues were \$2,061,959 for the first quarter of 2010 compared to \$3,043,994 for the same period in 2009.

Gross margin decreased to \$559,884 for the first quarter of 2010 from \$1,187,311 for the same period in 2009. This decrease was the primarily the result of the significantly higher mix of Consumer Video Eyewear, which accounted for 59.2% of total sales versus 36.2% in the prior period.

Total operating expenses increased to \$1,971,116 as compared \$1,563,364 in 2009. The increase was primarily the result of higher sales and marketing expenses and increased G&A costs due to higher professional fees to support reporting, audit and regulatory requirements since the company listed its stock on the TSX Venture Exchange.

The first quarter net loss of \$1,508,174 or \$0.0057 per share versus a loss of \$448,589, or \$0.022 per share in the same period of 2009.

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 is a leading manufacturer of Video Eyewear; personal display devices that provide users with portable high quality viewing experiences. Vuzix started in the defense sector with a focus on R&D of next generation display solutions for the US DoD and the Special Operations community, and today is a leading supplier of display products for thermal sighting systems, tactical wearable displays, consumer products. Vuzix has 51 patents in the Video Eyewear field and provides solutions for mobile computing, tactical information display, video, virtual and augmented reality, and 3D entertainment. The Company addresses the defense, industrial, consumer and medical markets and has shipped well over 200,000 display solutions since its inception. Vuzix has won multiple CES Innovations Awards, the RetailVision Best New Product award, several wireless technology innovation awards, 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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