

August 12, 2011



Vuzix Releases Second Quarter 2011 Quarterly Operating Results

First Half Revenue Grows 61% Over Same Period Last Year

ROCHESTER, N.Y., Aug. 12, 2011 /PRNewswire/ -- 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 Second Quarter results for the period ending June 30, 2011. 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.

(Logo: <https://photos.prnewswire.com/prnh/20110518/MM04932LOGO>)

Paul Travers, President and Chief Executive Officer, commented, "Despite difficult economic uncertainties in Japan and Europe and slowdowns in some areas of US Government defense spending, we were pleased with our overall performance in the first half of 2011.

We realized strong revenue growth in our defense products and engineering services areas and narrowed our operating losses in both the quarterly and semi-annual periods against the prior year. And while our business continues to be working capital constrained we continue to execute against our operating plan and deliver products that are critical to our customers. We currently have a \$3.8M backlog for our defense products and ongoing engineering services programs. Among the key drivers of our expected continued growth is our line of Tac-Eye rugged display systems which continues to gain program wins in the defense markets and sales of our Augmented Reality products. Our new consumer product, the Wrap 1200, will be launched this August. It will be our highest resolution Video Eyewear that we have released to date and it offers a virtual 75" widescreen TV viewing experience. Additionally the August launch of our STAR 1200 will be our first Video Eyewear product with see-through optics offered outside the defense markets. With its integrated head tracker and HD camera, we expect this model to be attractive to Augmented Reality researchers and users."

Financial Results

The following financial results for the three and six months ended June 30, 2011, compared to the same periods in 2010.

- Sales were \$2,328,649 for the Second Quarter ending June 30, 2011 compared to \$1,915,359 for the same six month period last year, an increase of 21.6%. Revenues for the first six months of 2011 were \$6,401,758 versus \$3,977,318 for the same period last year, an increase of 61.0%.

- Gross Profits were \$1,076,664 for the Second Quarter of 2011, compared to \$392,625 for the Second Quarter of 2010, an increase of 174%. For the six months ended June 30, 2011 Gross Margins were \$2,774,053 versus \$952,510 for the same six month period in 2010, a 191% increase. The improvement was primarily attributable to defense products being a larger percentage of our overall sales and the high margins we are currently earning on our Augmented Reality products.
- Operating Expenses were \$1,699,731 for the Second Quarter of 2011, compared to \$1,678,163 for the Second Quarter of 2010, an increase of 1.3%. Operating costs were \$3,525,583 for the six months ended June 30, 2011 versus \$3,649,281 for the same six month period in 2010, a 3.4% decrease.
- Net (Loss) and (Loss per share) for the Second Quarter of 2011 was \$(927,539) or \$(0.0035) per share versus a loss of \$(1,385,908), or \$(0.0053) per share in the same period in 2010. For the six-month period ending June 30, 2011 the Company reported a loss of \$(1,347,844) or \$0.0051 per share versus a loss of \$(2,894,031) or \$(0.0110) per share in the same period in 2010.

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; a cancellation of our Thermal Weapon Sight and engineering services contracts by the US Government; 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 on Form 10-K 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 51 patents in the Video Eyewear field. The company has won 9 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 - News, OTC:BB: VUZI, FMB: V7X) 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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