

November 20, 2012



Vuzix Reports Third Quarter 2012 Financial Results

ROCHESTER, N.Y., Nov. 20, 2012 /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 financial results for the three and nine month periods ending September 30, 2012. Unless otherwise indicated, dollar amounts referred to herein are references to United States dollars.

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

On June 15, 2012, Vuzix sold its Tactical Display Group business ("TDG"). As such, the financial results of those operations have been classified and presented as Discontinued Operations and have been excluded from the Company's financial results from Continuing Operations for the periods being reported.

For the three month period ended September 30, 2012, gross sales from continuing operations amounted to \$756,495 versus \$1,241,134 during the corresponding period in 2011. The 39 percent decrease in sales was primarily attributable to the Company's limited working capital preceding the TDG sale and the resulting supply chain delays for components to build product to match sales demand, particularly on the newer product lines in our third quarter. Due to the Company's sale of its TDG business unit, and ongoing efforts and focus on managing costs, operating expenses from continuing operations during the third quarter of 2012 decreased by 18 percent to \$1,181,107, compared to \$1,447,288 during the same period last year. As a result, net loss from continuing operations during the third was \$1,116,023 versus \$1,320,758 during the third quarter of 2011.

For the nine month period ended September 30, 2012, gross sales from continuing operations amounted to \$2,517,222 versus \$2,917,829 during the corresponding period in 2011. Operating expenses for continuing operations decreased 16% to \$3,676,916, from \$4,384,066 during the nine month period, leading to a net loss of \$3,351,090 versus a loss of \$4,099,630 during the nine month period in 2011.

Net Loss inclusive of Discontinued Operations for the third quarter of 2012 was \$1,181,079 versus \$920,553 in the same period in 2011. For the nine-month period ending September 30, 2012 the Company reported Net Income inclusive of Discontinued Operations of \$1,738,937 versus a Net Loss of \$2,268,399 in the same period in 2011. Included in Net Income for the nine months ending September 30, 2012 was a Net Gain on Sale of Discontinued Operations of \$5,837,607.

"The transition from our defense activities to the commercial side of our business has taken

us some time but we are seeing great signs of success and are very excited with the growth opportunity ahead of us," noted Paul Travers, President of Vuzix. "I am pleased with our ability to manage overall costs and improve gross margin which should allow for stronger bottom line performance once we ramp up sales of our new products. We are excited about the growth prospects of our business and will continue to be very visible and a major contender in the smartphone accessory market."

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 products and the date they may be commercially available, the Company's ability to capitalize on new opportunities, and other statements that may project or imply future results, events, performance or achievements. 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 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 consumer, commercial and entertainment markets. The Company's products, personal display devices that offer users a portable high quality viewing experience, provide solutions for mobility, wearable displays and virtual and augmented reality. Vuzix holds over 48 patents in the Video Eyewear field. The company has won 13 Consumer Electronics Show Innovation Awards and several wireless technology innovation awards, among others. Founded in 1997, Vuzix is a public company (TSX-V:VZX, OTC:BB: VUZI, FMB: V7X) with offices in Rochester, NY, Oxford, UK and Tokyo, Japan. For more information visit www.vuzix.com.

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