

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) – May 26, 2010

VUZIX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-53846

(Commission File Number)

04-3392453

(IRS Employer Identification No.)

75 Town Centre Drive, Rochester, New York 14623

(Address of principal executive offices)(Zipcode)

(585) 359-5900

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

Vuzix Corporation (the "Company") and Kopin Corporation have entered a revolving line of trade credit agreement, pursuant to which Kopin has extended to the Company a revolving line of credit of up to \$250,000 in principal amount to finance the Company's purchase of microdisplays from Kopin. Kopin is the Company's principle supplier microdisplays. The agreement was effective upon its approval by the TSX Venture Exchange, which was obtained on May 26, 1010.

Requests for advances under the credit agreement may be made by the Company at any time and from time to time until May 21, 2011. No advances will be made if the aggregate amount outstanding under the credit agreement would exceed \$250,000 or if any outstanding advance has been outstanding more than 75 days. Kopin may refuse to make any requested advance if (a) an event of default under the credit agreement or any purchase order has occurred and is continuing, (b) if an event has occurred and is continuing or condition exists which, with the giving of notice or passing of time or both, would constitute an event of default under the credit agreement, or (c) if any representations made under the credit agreement was not true when made or is not true at the time of any advance request or (d) since the date of the credit agreement there shall have been an event or circumstance or change in condition that has or could reasonably be expected to have a material adverse effect on the Company its operations or its business.

Simple interest at the rate of 12% per annum on the amounts advanced under the credit agreement shall accrue beginning 30 days after each advance is made until paid in full. Simple interest at the rate of 16% per annum shall accrue on any amount not paid when due. Each advance, together with all interest accrued thereon, shall be due and payable within 75 days of the date on which such advance was made. All outstanding advances, together with any accrued interest and other unpaid charges or fees, shall be due and payable on May 21, 2011 or such later date as the Company and Kopin shall agree upon (the "Maturity Date").

Kopin may declare all outstanding advances, together with accrued interest thereon, to be immediately due and payable and may suspend or terminate its obligation to make additional advances, upon the occurrence of any of the following events of default: (a) the Company's failure to pay principal or interest when due, (b) the Company's material breach of any of the representations or warranties made in the credit agreement, (c) the Company's breach of any covenant in the credit agreement, other than a breach constituting a separate and distinct event of default under the credit agreement, if such failure is not cured within days after notice, (d) the filing of petition in bankruptcy by or against the Company, unless in the case of a petition filed against the Company such petition is dismissed within 60 days after it was filed, or (e) since the date of the credit agreement there shall have been an event or circumstance or change in condition that has or could reasonably be expected to have a material adverse effect on the Company its operations or its business.

To secure the Company's obligations under the credit agreement, the Company has granted to Kopin a subordinated security interest in all of its person property on the terms and subject to the conditions of that security agreement dated as of May 21, 2010 between the Company and Kopin.

Pursuant to the credit agreement, the Company issued to Kopin a warrant to purchase up to 555,555 shares of the Company's common stock at an exercise price of CDN\$0.12 per share. The warrant is exercisable at any time until the earlier to occur of: (i) the later of (a) the Maturity Date and (b) such time as the Company's obligations under the credit agreement have been paid in full; (ii) five years from the date of the issuance of the warrants or (iii) five business days after the date when no advances are outstanding and either (a) Kopin has declined to make any further advances under the credit agreement because there shall have been an event or circumstance or change in condition that has or could reasonably be expected to have a material adverse effect on the Company its operations or its business or (b) the obligation of the lender to make any further Advances has terminated or expired.

The foregoing description is qualified in its entirety by reference to the copies of the credit agreement, security agreement and common stock purchase warrant attached hereto as Exhibits 10.1, 10.2 and 4.1 respectively, which are incorporated herein by reference. A copy of the press release issued by the Company in connection with the credit agreement is attached hereto as Exhibit 99.1.

Item 3.02 Unregistered Sales of Equity Securities

The information set forth in Item 2.03 of this Current Report on Form 8-K regarding the Amended and Restated Credit Facility and the Exit Facility is incorporated by reference in this Item 2.03.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 4.1 Common Stock Purchase Warrant dated as of May 21, 2010 issued by the Company to Kopin Corporation.
- 10.1 Revolving Line of Trade Credit Agreement dated as of May 21, 2010 by and between the Company and Kopin Corporation.
- 10.2 Security Agreement dated as of May 21, 2010 by and between the Company and Kopin Corporation.
- 99.1 Press release issued by the Company on May 21, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 2, 2010

VUZIX CORPORATION

By: /s/ Grant Russell
Grant Russell
Executive Vice President and
Chief Financial Officer

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS WARRANT SHALL NOT CONSTITUTE AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. THE SECURITIES ARE "RESTRICTED" AND MAY NOT BE RESOLD OR TRANSFERRED EXCEPT AS PERMITTED UNDER THE ACT PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL SEPTEMBER 21, 2010.

Issue Date: May 21, 2010

COMMON STOCK PURCHASE WARRANT

To Purchase Shares of \$0.001 Par Value Common Stock ("**Common Stock**") of

VUZIX CORPORATION

THIS CERTIFIES that, for value received, **Kopin Corporation**, of Taunton, MA, USA, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the Issue Date and on or prior to 8:00 p.m. New York City Time until the earlier of (i) the later of (a) the Maturity Date and (b) such time as all payments of outstanding principal and interest have been made to Lender (as such term is defined in the Promissory Note pursuant to a Revolving Line of Trade Credit Agreement, dated May 21, 2010); (ii) May 21, 2015 (the "**Termination Date**"); or (iii) five (5) business days after the date when no Advances are outstanding and either the Lender has declined any further Advances pursuant to Section 2(d) of the Revolving Line of Credit Agreement or the obligation of Lender to make any further Advances has terminated or expired, but not thereafter, to subscribe for and purchase from VUZIX CORPORATION, a Delaware corporation (the "**Company**"), up to 555,555 shares of Common Stock (the "**Warrant Shares**") of the Company at an Exercise Price per share equal to Cdn\$0.12 (Canadian dollars) per share (as adjusted from time to time pursuant to the terms hereof any time, the "**Exercise Price**"). This Warrant is being issued in connection with a Revolving Line of Trade Credit Agreement dated May 21, 2010 entered into between the Company and the Kopin Corporation.

1. Title of Warrant. This Warrant and the rights hereunder may not be transferred by the Holder, without the prior written consent of the Company. In the event the Company shall consent to such a transfer, then the Holder shall surrender this Warrant in person or by duly authorized attorney at the office of the Company, together with (a) the Assignment Form annexed hereto properly endorsed, and (b) any other documentation reasonably necessary to satisfy the Company that such transfer is in compliance with all applicable securities laws. The Company may withhold its consent for any reason or for no reason. The term "**Holder**" shall refer to Kopin Corporation or any subsequent transferee of this Warrant.

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2. Authorization of Shares. The Company covenants that all shares of Common Stock which may be issued upon the exercise of rights represented by this Warrant will, upon exercise of the rights represented by this Warrant and payment of the Exercise Price as set forth herein will be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue or otherwise specified herein).

3. Exercise of Warrant.

(a) The Holder may exercise this Warrant, in whole or in part, at any time and from time to time on or prior to the Termination Date, by delivering to the offices of the Company or any transfer agent for the Common Stock this Warrant, together with a Notice of Exercise in the form annexed hereto specifying the number of Warrant Shares with respect to which this Warrant is being exercised, together with payment to the Company of the Exercise Price therefor.

In the event that the Warrant is not exercised in full, the number of Warrant Shares shall be reduced by the number of such Warrant Shares for which this Warrant is exercised and/or surrendered, and the Company, at its expense, shall within ten (10) calendar days issue and deliver to the Holder a new Warrant of like tenor in the name of the Holder or as the Holder (upon payment by Holder of any applicable transfer taxes) may request, reflecting such adjusted Warrant Shares.

The Company shall use its best efforts to deliver the certificates for shares of Common Stock purchased hereunder to the Holder hereof within ten (10) calendar days after the date on which this Warrant shall have been exercised as aforesaid. The Holder may withdraw its Notice of Exercise at any time if the Company fails to deliver within ten (10) calendar days the relevant certificates to the Holder as provided in this Agreement.

(b) Change in Control Transaction. If at any time there occurs any Change in Control Transaction, then the Holder shall be deemed to have exercised the entirety of this Warrant immediately prior to the effectiveness of such Change in Control Transaction becoming effective or immediately prior to the applicable record date thereof, if earlier (notwithstanding any restrictions imposed upon the ability of the Holder to do so), and the Holder shall be entitled to receive upon or after such change in control becoming effective, and upon payment of the Exercise Price then in effect, the number of shares or other securities of the Company, the number of shares or other securities of any other entity and/or any other property which would have been received by the Holder for the shares of stock subject to this Warrant had this Warrant been exercised immediately prior to such Change in Control Transaction becoming effective or immediately prior to the applicable record date thereof, if earlier. "**Change in Control Transaction**" shall mean the occurrence of (x) any consolidation or merger of the Company with or into any other corporation or other entity or person (whether or not the Company is the surviving corporation) (excluding a consolidation or merger in connection with a corporate reorganization in which the ultimate beneficial owners of the Company before and after such transaction are the same), or (y) any other corporate reorganization or transaction or series of related transactions in which in excess of 50% of the Company's voting power is transferred through a merger, consolidation or similar transaction, or (z) the liquidation or distribution to shareholders of the Company of all or substantially all of its assets.

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4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of issuance of a fractional share upon any exercise hereunder, the Company will either round up to nearest whole number of shares or pay the cash value of that fractional share calculated on the basis of the Fair Market Value. **“Fair Market Value”** shall equal the average closing price of the Common Stock on the principal market or exchange on which it is quoted or admitted or listed for trading for the 5 trading days preceding the date of determination or, if the Common Stock is not quoted, listed or admitted for trading on any market or exchange, and the average price cannot be determined as contemplated above, the Fair Market Value of the Common Stock shall be as reasonably determined in good faith by the Company’s Board of Directors .
5. Charges, Taxes and Expenses. Issuance of certificates for shares of Common Stock upon the exercise of this Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of this Warrant or in such name or names as may be directed by the Holder of this Warrant; provided, however, that in the event certificates for shares of Common Stock are to be issued in a name other than the name of the Holder of this Warrant, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder hereof; and provided further, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance of any Warrant certificates or any certificates for the Warrant Shares other than the issuance of a Warrant Certificate to the Holder in connection with the Holder’s surrender of a Warrant Certificate upon the exercise of all or less than all of the Warrants evidenced thereby.
6. Closing of Books. The Company will at no time close its shareholder books or records in any manner which interferes with the timely exercise of this Warrant.
7. No Rights as Shareholder until Exercise. Subject to Section 12 of this Warrant and the provisions of any other written agreement between the Company and the Holder, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein. However, at the time of the exercise of this Warrant pursuant to Section 3 hereof, the Warrant Shares so purchased hereunder shall be deemed to be issued to such Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been exercised.

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8. Assignment and Transfer of Warrant. If permitted by the Company, in its sole discretion, this Warrant may be assigned by the surrender of this Warrant and the Assignment Form annexed hereto duly executed at the office of the Company (or such other office or agency of the Company or its transfer agent as the Company may designate by notice in writing to the registered Holder hereof at the address of such Holder appearing on the books of the Company); provided, however, that this Warrant may not in any event be resold or otherwise transferred.
9. Loss, Theft, Destruction or Mutilation of Warrant; Exchange. The Company represents warrants and covenants that (a) upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant or stock certificate representing the Warrant Shares, and in case of loss, theft or destruction, of indemnity reasonably satisfactory to it, and (b) upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of this Warrant or stock certificate; provided, that the Company may make a reasonable charge therefor. This Warrant is exchangeable at any time for an equal aggregate number of Warrants of different denominations, as requested by the holder surrendering the same, or in such denominations as may be requested by the Holder following determination of the Exercise Price. The Company may impose a reasonable service charge for such registration or transfer, exchange or reissuance.
10. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a legal holiday.
11. Specific Enforcement. The Company and the Holder acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Warrant were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Warrant and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which either of them may be entitled by law or equity.
12. Adjustments of Exercise Price and Number of Warrant Shares. The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as set forth in this Section 12. The number of securities stated on Page 1 of this Warrant represents all prior adjustments up and to December 31, 2008.

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- (a) Subdivisions, Combinations, Stock Dividends and other Issuances. If the Company shall, at any time while this Warrant is outstanding, (A) pay a stock dividend or otherwise make a distribution or distributions on any equity securities (including instruments or securities convertible into or exchangeable for such equity securities) in shares of Common Stock, (B) subdivide outstanding shares of Common Stock into a larger number of shares, or (C) combine outstanding Common Stock into a smaller number of shares, then the Exercise Price shall be multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding before such event and the denominator of which shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section 12(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination. The number of shares which may be purchased hereunder shall be increased proportionately to any reduction in Exercise Price pursuant to this paragraph 12(a), so that after such adjustments the aggregate Exercise Price payable hereunder for the increased number of shares shall be the same as the aggregate Exercise Price in effect just prior to such adjustments.
- (b) Reclassification, etc. If at any time after the date hereof there shall be a reorganization or reclassification of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, then the Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares or other securities or property resulting from such reorganization or reclassification, which would have been received by the Holder for the shares of stock subject to this Warrant had this Warrant at such time been exercised.
- (c) Exercise Price Adjustment. In the event of any adjustment in the number of Warrant Shares issuable hereunder upon exercise, the Exercise Price shall be inversely proportionately increased or decreased as the case may be, such that aggregate purchase price for Warrant Shares upon full exercise of this Warrant shall remain the same. Similarly, in the event of any adjustment in the Exercise Price, the number of Warrant Shares issuable hereunder upon exercise shall be inversely proportionately increased or decreased as the case may be, such that aggregate purchase price for Warrant Shares upon full exercise of this Warrant shall remain the same.

13. Notice of Adjustment; Notice of Events. (i) Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, the Company shall promptly mail to the Holder of this Warrant a notice setting forth the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares after such adjustment and setting forth the computation of such adjustment and a brief statement of the facts requiring such adjustment. (ii) If: (A) the Company shall declare a dividend (or any other distribution) on its Common Stock; or (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; or (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or (E) the Company shall authorize the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall cause to be mailed to each Warrant holder at their last addresses as they shall appear upon the Warrant register of the Company, at least 20 (same time as in the preferred stock document) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up.
14. Authorized Shares. The Company covenants that during the period the Warrant is outstanding and exercisable, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any and all purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law, regulation, or rule of any applicable market or exchange.
15. Compliance with Securities Laws. (a) The Holder hereof acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered (or if no exemption from registration exists), will have restrictions upon resale imposed by state and federal securities laws and other regulators. Each certificate representing the Warrant Shares issued to the Holder upon exercise (if not registered, for resale or otherwise, or if no exemption from registration exists) will bear substantially the following legends:
- (i) THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

(ii) WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL SEPTEMBER 21, 2010.

(iii) Along with any other legends regarding resale restrictions required by regulatory authorities that the Company and its Warrant Shares are subject to.

(b) Without limiting the Consultant's right to transfer, assign or otherwise convey the Warrant or Warrant Shares in compliance with all applicable securities laws, the Consultant of this Warrant, by acceptance hereof, acknowledges that this Warrant and the Warrant Shares to be issued upon exercise hereof are being acquired solely for the Consultant's own account and not as a nominee for any other party, and that the Consultant will not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws.

16. Miscellaneous.

(a) Issue Date; Choice of Law; Venue; Jurisdiction. The provisions of this Warrant shall be construed and shall be given effect in all respects as if it had been issued and delivered by the Company on the date hereof. This Warrant shall be binding upon any successors or assigns of the Company. This Warrant will be construed and enforced in accordance with and governed by the laws of the State of New York, except for matters arising under the Act, without reference to principles of conflicts of law. Each of the parties consents to the exclusive jurisdiction of the Federal and State Courts sitting in the County of Monroe in the State of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens or venue, to the bringing of any such proceeding in such jurisdiction. Each party hereby agrees that if the other party to this Warrant obtains a judgment against it in such a proceeding, the party which obtained such judgment may enforce same by summary judgment in the courts of any country having jurisdiction over the party against whom such judgment was obtained, and each party hereby waives any defenses available to it under local law and agrees to the enforcement of such a judgment. Each party to this Warrant irrevocably consents to the service of process in any such proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party at its address in accordance with Section 16(c). Nothing herein shall affect the right of any party to serve process in any other manner permitted by law.

VUZIX Corporation

- (b) Modification and Waiver. This Warrant and any provisions hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought. Any amendment effected in accordance with this paragraph shall be binding upon the Consultant, each future Holder of this Warrant and the Company. No waivers of, or exceptions to, any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.
- (c) Notices. Any notice, request or other document required or permitted to be given or delivered to the Consultant or future Holders hereof or the Company shall be personally delivered or shall be sent by certified or registered mail, postage prepaid, to the Consultant or each such Holder at its address as shown on the books of the Company or to the Company at the address set forth in the Purchase Agreement. All notices under this Warrant shall be deemed to have been given when received.

A party may from time to time change the address to which notices to it are to be delivered or mailed hereunder by notice given in accordance with the provisions of this Section 17(c).

- (d) Severability. Whenever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Warrant in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Warrant shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
- (e) No Impairment. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company (a) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise, and (b) will take all such action as may be reasonably necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares on the exercise of this Warrant.

VUZIX Corporation

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officers thereunto duly authorized.

VUZIX CORPORATION

By: /s/ Paul Travers

Name: Paul Travers

Title: President

NOTICE OF EXERCISE

To: VUZIX CORPORATION

(1) The undersigned hereby elects to exercise the attached Warrant for and to purchase thereunder, _____ shares of Common Stock, [and herewith makes payment therefor of \$_____], resulting in _____ shares of Common Stock issuable hereunder].

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below (please provide a Taxpayer ID if being registered in another name):

(Name)

(Address)

(US Tax ID #)

(3) Please issue a new Warrant for the unexercised portion of the attached Warrant (_____ remaining Warrants after this exercise) in the name of the undersigned or in such other name as is specified below:

(Name)

(Date)

(Signature)

(Address)

Dated:

Signature

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____ (Tax Payer ID)

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in an fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

REVOLVING LINE OF TRADE CREDIT AGREEMENT

This Revolving Line of Trade Credit Agreement (the "Agreement") is made and entered into on this 21th day of May, 2010, by and between KOPIN CORPORATION ("Lender"), and VUZIX CORPORATION, a Delaware corporation ("Borrower").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. **LINE OF CREDIT.** Lender hereby establishes for a period extending to May 21, 2011 (the "Maturity Date") a revolving line of credit for purchase of microdisplays from Kopin (the "Credit Line") for Borrower in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Credit Limit"). In connection herewith, Borrower shall execute and deliver to Lender a promissory note (the "Promissory Note"), substantially in the form of Exhibit A. All unpaid sums advanced on the Credit Line or pursuant to the terms of this Agreement (each an "Advance") shall become part of the principal of said Promissory Note.

2. **ADVANCES.** Any request for an Advance may be made from time to time prior to May 21, 2011 and in such amounts as Borrower may choose; provided, however, any requested Advance will not, when added to the outstanding principal balance of all previous Advances, exceed the Credit Limit. Further Advances will not be made when any outstanding Advance has been outstanding more than seventy-five (75) days. Requests for Advances may be made in writing by such officer of Borrower authorized by it to request such Advances. Until such time as Lender may be notified otherwise, Borrower hereby authorizes its president or any vice president to request Advances. Lender will release for delivery microdisplay purchases having a purchase price equal to the amount so requested (Advances) to the Borrower under Kopin's normal terms and conditions. Lender may refuse to make any requested Advance if (a) an event of default has occurred and is continuing hereunder or under any purchase order either at the time the request is given or the date the Advance is to be made, (b) if an event has occurred and is continuing or condition exists which, with the giving of notice or passing of time or both, would constitute an event of default hereunder as of such dates, or (c) if any representations made hereunder shall not have been true when made or shall not be true and correct at the time of any Advance request or (d) since the date hereof there shall have been an event or circumstance or change in condition that has or could reasonably be expected to have a material adverse effect on the Borrower (financial or otherwise), its operations or its business.

No cash advances will be made pursuant to this Agreement. An Advance shall be deemed to have been made when microdisplay products are shipped by Lender to Borrower, under Lender's Standard terms.

3. **INTEREST.** All sums advanced pursuant to this Agreement shall bear interest from 30 days after each Advance is made until paid in full at the rate of twelve percent (12%) per annum, simple interest (the "Effective Rate"). Any overdue amounts shall bear interest at the Effective Rate plus four percent (4%).

4. **REPAYMENT.** Borrower shall pay each outstanding Advance amount within seventy-five (75) days, along with any accrued interest as per paragraph 3. The entire unpaid principal balance of all Advances, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date (as hereinafter defined). All payments shall be made to Lender at the address for notice set forth below or at such other place as Lender may, from time to time, designate. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal. Borrower may prepay principal at any time without penalty.

5. **BONUS WARRANTS.** Borrower shall issue to Lender, a bonus of 555,555 non-transferable warrants (“Warrants”) in consideration of the risks taken by the Lender in extending this revolving credit line. Each Warrant shall be exercisable to acquire one share of common stock of Vuzix Corporation (each, a “Share” and collectively, the “Shares”) at a price of Cdn \$0.12 per share for until the earlier to occur of:
- (i) the later of (a) the Maturity Date (as such term is defined in the Promissory Note) and (b) such time as all payments of outstanding principal and interest have been made to Lender;
 - (ii) Five (5) years from the date of the issuance of the Warrants; or
 - (iii) Five (5) business days after the date when no Advances are outstanding and either the Lender has declined any further Advances pursuant to Section 2(d) of this Agreement or the obligation of the lender to make any further Advances has terminated or expired.

The Warrants and the Shares issued upon their exercise shall be subject to standard TSXV hold periods and US SEC Rule 144 restrictions. Borrower shall have no obligation to ensure that Rule 144 is available to Lender at any time.

6. **REPRESENTATIONS AND WARRANTIES.** In order to induce Lender to enter into this Agreement and to make the advances provided for herein, Borrower represents and warrants to Lender as follows:

a. Borrower is a duly organized, validly existing, and in good standing under the laws of the State of Delaware with the power to own its assets and to transact business in New York, and in such other states where its business is conducted and the nature of its activities require it to so qualify.

b. Borrower has the authority and power to execute and deliver any document required hereunder and to perform any condition or obligation imposed under the terms of such documents.

c. The execution, delivery and performance of this Agreement and each document incident hereto will not violate any provision of any applicable law, regulation, order, judgment, decree, article of incorporation, by-law, indenture, contract, agreement, or other undertaking to which Borrower is a party, or which purports to be binding on Borrower or its assets and will not result in the creation or imposition of a lien on any of its assets, except to the extent provided herein.

d. There is no action, suit, investigation, or proceeding pending or, to the knowledge of Borrower, threatened, against or affecting Borrower or any of its assets which, if adversely determined, would have a material adverse effect on the financial condition of Borrower or the operation of its business.

e. Borrower shall grant Lender a subordinated security interest in all the assets of Borrower (“Collateral” as listed in Exhibit B), in accordance with Article 9 of the Uniform Commercial Code as in effect in the State of New York. Such security interest shall be subordinated to (a) all existing security interest and (b) all security interests granted to secure the obligation to repay money borrowed for Borrower’s use in the ordinary course of its business. The security interest granted to Lender shall be pari passu with all security interests granted by lender to its suppliers to secure Borrower’s obligation to pay the cost of goods purchased from them for Borrower’s use in the ordinary course of its business.

7. **EVENTS OF DEFAULT.** An event of default will occur if any of the following events occurs:

a. Failure to pay any principal or interest hereunder when due or any failure to issue Lender the Warrants on or before the date that is ten (10) days after the date of this Agreement.

10. GENERAL PROVISIONS. All representations and warranties made in this Agreement and the Promissory Note and in any certificate delivered pursuant thereto shall survive the execution and delivery of this Agreement and the making of any loans hereunder. This Agreement will be binding upon and inure to the benefit of Borrower and Lender, their respective successors and assigns, except that Borrower may not assign or transfer its rights or delegate its duties hereunder without the prior written consent of Lender. This Agreement, the Promissory Note, and all documents and instruments associated herewith will be governed by and construed and interpreted in accordance with the laws of the State of New York. Any provision of this Agreement and Promissory Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction. Article and Section headings in this Agreement are included for the convenience of reference only and shall not constitute a part of the applicable Loan Documents for any other purpose. This Agreement will be deemed to express, embody, and supersede any previous understanding, agreements, or commitments, whether written or oral, between the parties with respect to the general subject matter hereof. This Agreement may not be amended or modified except in writing signed by the parties.

EXECUTED on the day and year first written above.

Borrower: Vuzix Corporation

By: /s/ Paul Travers

Name: Paul Travers

Title: President & CEO

Lender: Kopin Corporation

By: /s/ Richard Sneider

Name: Richard Sneider

Title: CFO

Exhibit A

Secured Promissory Note

Rochester, NY

May 21, 2010

This Promissory Note (the "Note") is made and executed as of the date referred to above, by and between VUZIX CORPORATION, a Delaware corporation (the "Borrower"), and KOPIN CORPORATION ("Lender"). By this Note, the Borrower promises and agrees to pay to the order of Lender, at 200 John Hancock Road, Taunton, Massachusetts or at such other place as Lender may designate in writing, the aggregate unpaid principal sum of all Advances made to the Borrower by the Lender hereunder and pursuant to the terms of a Revolving Line of Trade Credit Agreement dated the same date as the date of the Note (the "Loan Agreement"), together with interest thereon commencing thirty (30) days from the date each Advance is made until paid in full, at a simple interest rate of twelve percent (12%) per annum, (the "Effective Rate"). Any overdue amounts shall bear interest at the Effective Rate plus four percent (4%). Anything contained in this Note to the contrary notwithstanding, the Lender does not intend to charge and the Borrower shall not be required to pay interest or other charges in excess of the maximum rate permitted by applicable law. Any payments in excess of such maximum rate shall be refunded to the Borrower or credited against principal.

Terms that are capitalized in this Note that are not otherwise defined herein shall, if so defined, have the meanings given to them in the Loan Agreement.

The Borrower hereby authorizes the Lender to endorse on the Schedule annexed to this Note all Advances made to the Borrower and all payments of principal amounts in respect of such Advances, which endorsements shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of and unpaid interest on all Loans; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under the Agreement or this Note. For purposes of this Note, an Advance shall be deemed to have been made when products are shipped by Lender to Borrower, under Lender's standard terms.

The Borrower shall pay each outstanding Advance amount within seventy-five (75) days from the date of such Advance, along with any accrued interest as per paragraph 3 of the Loan Agreement. The entire unpaid principal balance, together with any accrued interest, shall be due and payable on May 21, 2011 or such later date as the Borrower and the Lender shall agree upon in writing (the "Maturity Date").

Prepayment in whole or part may occur at any time hereunder without notice or penalty; provided that any such partial prepayment shall not operate to postpone or suspend the obligation to make, and shall not have the effect of altering the time for payment of the remaining balance of the Note as provided for above, unless and until the entire obligation is paid in full. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to the earliest Advances of principal made hereunder.

Upon the occurrence, and at any time during the continuance, of an event of default, the Lender, at the Lender's option and without the need for presentment, demand, protest, or other notice of any kind, may declare all unpaid principal hereof and interest hereunder to be immediately due and payable and same shall become immediately due and payable upon such declaration. An event of default will occur if any of the following events occurs: (a) failure to pay any principal or interest hereunder after the same becomes due; (b) if any representation or warranty made by Borrower in the Loan Agreement or in connection with any borrowing or request for an advance thereunder, or in any certificate, financial statement, or other statement furnished by Borrower to Lender is untrue in any material respect at the time when made; (c) default by Borrower in the observance or performance of any other covenant or agreement contained in the Loan Agreement, other than a default constituting a separate and distinct event of default under Paragraph 7 of the Loan Agreement, provided that such default, if curable is not cured within thirty (30) days after notice thereof; (d) filing by Borrower of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing; or (e) filing of an involuntary petition against Borrower in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, unless such petition is dismissed within sixty (60) days after the date that it is filed; (f) since the date hereof there shall have been an event or circumstance or change in condition that has or could reasonably be expected to have a material adverse effect on the Borrower (financial or otherwise), its operations or its business.

Any notice or demand to be given to the parties hereunder shall be deemed to have been given to and received by them and shall be effective when personally delivered or when deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to the party at his or its last known address, or at such other address as the one of the parties may hereafter designate in writing to the other party.

The Borrower hereby waives presentment for payment, protest, demand, notice of protest, notice of dishonor, and notice of nonpayment, and expressly agrees that this Note, or any payment hereunder, may be extended from time to time by the Lender without in any way affecting its liability hereunder.

In the event any payment under this Note is not made at the time and in the manner required, the Borrower agrees to pay any and all costs and expenses which may be incurred by the Lender hereof in connection with the enforcement of any of its rights under this Note or under any such other instrument, including court costs and reasonable attorneys' fees.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

EACH OF THE LENDER AND BORROWER ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS NOTE IS A PART IS A COMMERCIAL TRANSACTION. EACH OF THE LENDER AND BORROWER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND, ARISING UNDER OR OUT OF, OR OTHERWISE RELATED TO OR OTHERWISE CONNECTED WITH, THIS NOTE AND/OR ANY RELATED DOCUMENT.

Borrower: Vuzix Corporation

By: _____
Name: Paul Travers
Title: President & CEO

Lender: Kopin Corporation

By: _____
Name: Richard Sneider
Title: CFO

SCHEDULE TO NOTE

Date	Amount of Principal Advance	Amount of Principal Repaid	Amount of Interest Accrued	Amount of Interest Paid	Unpaid Principal Balance of Note	Name of Person Making Notation

EXHIBIT B

COLLATERAL

All of the Lender's personal property of every kind and nature and wherever located, now owned or hereafter acquired, and the proceeds thereof, as follows:

- (a) All of Lender's Accounts (as defined in Section 9-106 of the Uniform Commercial Code as in effect in the State of New York (the "UCC") whether secured or unsecured, now owned or hereafter acquired, and the proceeds thereof (the "Accounts");
- (b) All of Lender's Instruments (as defined in Section 9-105(1)(i) of the UCC), now owned or hereafter acquired, and the proceeds thereof;
- (c) All of Lender's Chattel Paper (as defined in Section 9-105(1)(b) of the UCC), now owned or hereafter acquired, and the proceeds thereof;
- (d) All of Lender's General Intangibles (as defined in Section 9-106 of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "General Intangibles");
- (e) All of Lender's Inventory (as defined in Section 9-109(4) of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "Inventory");
- (f) All of Lender's Equipment (as defined in Section 9-109(2) of the UCC) and all attachments, accessories, parts or tooling relating thereto and all replacements for the foregoing, in each case now owned or hereafter acquired, and the proceeds thereof (the "Equipment");
- (g) All of Lender's Insurance with respect to the Inventory, General Intangibles, Fixtures, Equipment and Goods against risks of fire, theft or any other physical damage or loss, now owned or hereafter acquired, and the proceeds thereof, and all insurance insuring the payment of Accounts, now owned or hereafter acquired, and the proceeds thereof;
- (h) All goodwill, trade names, trademarks, trade secrets, know-how, inventions, patents, patent applications, copyrights and other intellectual property, now owned or hereafter acquired by Maker, or any rights of Maker with respect to any of the foregoing, now owned or hereafter acquired, whether or not any of the same are covered in other categories of this Schedule, and the proceeds thereof;
- (i) All of Lender's Documents of Title (as defined in Section 1-201-(15) of the UCC), now owned or hereafter acquired, and the proceeds thereof;

- (j) All of Lender's Goods (as defined in Section 2-105(1) of the UCC), now owned or hereafter acquired, whether or not any of the same are covered in other categories of this Schedule, and the proceeds thereof (the "Goods");
- (k) All of Lender's Fixtures (as described in Section 9-313 of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "Fixtures");
- (l) All of Lender's Investment Property (as defined in Section 9-115 of the UCC), now owned or hereafter acquired, and all proceeds and General Intangibles arising therefrom (the "Investment Property");
- (m) All of Lender's right, title and interest in all of its books, records, ledger sheets, files and other data and documents, now owned or hereafter existing, relating to any of the items listed in Sections (a) through (k) above;
- (n) All of Lender's rights as a seller of goods under Article 2 of the UCC with respect to the Inventory, and as to goods represented by or securing any of the Accounts, all of Debtor's rights therein including, without limitation, rights of stoppage in transit, replevin and reclamation; and
- (o) All guarantees, mortgages and real or personal property leases or other written or oral agreements or property securing or relating to any of the items referred to above, or acquired for the purpose of securing and enforcing any of such items; and
- (p) All sums at any time standing to Lender's credit on Secured Party's books, and all moneys, securities and other property of Maker at any time in Secured Party's possession or in which Lender has a lien or security interest, and all proceeds thereof.

SECURITY AGREEMENT

This Security Agreement is entered into this 21th day of May , 2010, by and between Vuzix Corporation, a Delaware corporation, with an address at 75 Town Centre Drive, Rochester, NY 14623 (the "Debtor") and Kopin Corporation, a Delaware Corporation having an address at 200 John Hancock Road, Taunton, Massachusetts 02780(the "Secured Party").

ARTICLE I
DEFINITIONS

All words and terms used in this Agreement shall have the meanings as set forth in the following Sections; and where not otherwise defined herein, they shall be deemed to have the meanings accorded to them in the New York Uniform Commercial Code, as amended from time to time (the "UCC").

Section 1.1 "Agreement" shall mean this Security Agreement and all documents and instruments executed and delivered in conjunction herewith.

Section 1.2 "Collateral" shall mean the property subject to the security interest created by this Agreement, being all of the Debtor's personal property of every kind and nature and wherever located, now owned or hereafter acquired, and the proceeds thereof, as follows:

(a) All of Debtor's Accounts (as defined in Section 9-106 of the UCC) whether secured or unsecured, now existing or hereafter acquired, and the proceeds thereof (the "Accounts");

(b) All of Debtor's Instruments (as defined in Section 9-105(1)(i) of the UCC), now owned or hereafter acquired and the proceeds thereof;

(c) All of Debtor's Chattel Paper (as defined in Section 9-105(1)(b) of the UCC), now owned or hereafter acquired and the proceeds thereof;

(d) All of Debtor's General Intangibles (as defined in Section 9-106 of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "General Intangibles");

(e) All of Debtor's Inventory (as defined in Section 9-109(4) of the UCC), now existing or hereafter acquired and the proceeds thereof (the "Inventory");

(f) All of Debtor's Equipment (as defined in Section 9-109(2) of the UCC), all attachments, accessories, parts or tooling related thereto and all replacements for the foregoing, in each case now existing or hereafter acquired, and the proceeds thereof (the "Equipment");

(g) All of Debtor's Insurance with respect to the Inventory, General Intangibles, Fixtures, Equipment, Goods and other Collateral against risks of fire, theft or any other physical damage or loss, now owned or hereafter acquired and the proceeds thereof, and all insurance insuring the payment of Accounts, now owned or hereafter acquired, and the proceeds thereof (collectively, the "Insurance");

(h) All goodwill, trade names, trademarks, trade secrets, know-how, inventions, patents, patent applications, copyrights and other intellectual property now owned or hereafter acquired by Debtor, or any rights of Debtor with respect to any of the foregoing, whether or not any of the same are covered in other categories of this Section 1.2, and the proceeds thereof;

(i) All of Debtor's Documents of Title (as defined in Section 1-201-(15) of the UCC), now existing or hereafter acquired, and the proceeds thereof;

(j) All of Debtor's Goods (as defined in Section 2-105(1) of the UCC), now owned or hereafter acquired, whether or not any of the same are covered in other categories of this Section 1.2, and the proceeds thereof (the "Goods");

(k) All of Debtor's Fixtures (as described in Section 9-313 of the UCC), now existing or hereafter acquired and the proceeds thereof (the "Fixtures");

(l) All of Debtor's Investment Property (as defined in Section 9-115 of the UCC), now owned or hereafter acquired, and all proceeds and General Intangibles arising therefrom (the "Investment Property");

(m) All of Debtor's right, title and interest in all of its books, records, ledger sheets, files and other data and documents, now owned or hereafter existing, relating to any of the items listed in Sections (a) through (l) above;

(n) All of Debtor's rights as a seller of goods under Article 2 of the UCC with respect to the Inventory, and as to goods represented by or securing any of the Accounts, all Debtor's rights therein including, without limitation, rights of stoppage in transit, replevin and reclamation;

(o) All guarantees, mortgages or real or personal property leases or other agreements or property securing or relating to any of the items referred to above, or acquired for the purpose of securing and enforcing any of such items; and

(p) All sums at any time standing to Debtor's credit on Secured Party's books, and all moneys, securities and other property of Debtor at any time in Secured Party's possession or in which Secured Party has a lien or security interest, and all proceeds thereof.

Section 1.3 "Obligation" shall mean any and all liabilities and obligations of the Debtor to the Secured Party pursuant to or represented by a Secured Promissory Note (the "Note") of even date herewith, issued to Secured Party pursuant to a Revolving Line of Credit Trade Agreement between Debtor and Secured Party, also of even date herewith.

ARTICLE II
SECURITY INTEREST

As security for the payment of the Obligation, the Debtor hereby grants to Secured Party a security interest in the Collateral.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

The Debtor represents, warrants and covenants, and shall be deemed to do so continually as long as this Agreement shall remain in force, that:

Section 3.1 Ownership of Collateral. It is the owner of the Collateral, with good, marketable and indefeasible title thereto, free of all liens, security interests, claims, liabilities, mortgages, leases, pledges, encumbrances, restrictions, charges or imperfections of title whatsoever, except for the security interest of the Secured Party and as otherwise indicated on Schedule A.

Section 3.2 Authority. The Debtor is authorized to enter into and implement this Agreement and has taken all necessary actions, corporate or otherwise, in relation to such authorization.

Section 3.3 Maintenance of Collateral. The Debtor shall continually take such steps as may be necessary and prudent to protect the interest of Secured Party in the Collateral including, but not limited to the following:

(a) Maintain and records relating to the Collateral and allow Secured Party or its representatives access to such records and the Collateral at all reasonable times for the purpose of examination, verification, copying, extracting and other reasonable purposes as Secured Party may require;

(b) Execute and deliver to Secured Party such financing statements and/or other and further documentation as Secured Party may deem reasonably necessary or advisable in order to evidence, effectuate or perfect its security interest in the Collateral;

(c) Defend the Collateral against all claims and demands of third parties at any time claiming the same or any interest therein, except buyers of Inventory in the ordinary course of the Debtor's business; provided, however, that the Debtor may grant security interests in some or all of the Collateral in order to secure the payment of Senior Debt, as such term is defined in Section 6.1;

(d) Not without prior written consent of Secured Party sell, transfer or otherwise dispose of the Collateral or any interest therein, in bulk or otherwise, except for (i) the sale of Inventory in the ordinary course of business, (ii) the granting of security interests to secure the repayment of Senior Debt, as such term is defined in Section 6.1 and (iii) the factoring of accounts receivable for the purpose of obtaining funds for use in the ordinary course of Debtor's business;

(e) Notify Secured Party in the event of material loss or damage to the Collateral or of any material adverse change in the Debtor's business or the Collateral, or of any other occurrences which could materially and adversely affect the security of Secured Party;

(f) Pay all expenses incurred in the manufacture, delivery, storage or other handling of the Collateral and all taxes which are or may become a lien on the Collateral, promptly when due, and in any event reimburse Secured Party, on demand, for any expenses which she might incur in satisfying such expenses or taxes; and

(g) Maintain insurance on the Collateral of such types, coverage, form and amount as is usually carried on similar property by similar enterprises and shall supply Secured Party with certificates as to the continuance of such insurance, at its request. All such insurance shall be payable to Secured Party and the Debtor as their interests shall appear. Insurance proceeds received by Secured Party shall be applied by its against the Obligations, whether or not then due. Debtor shall timely make, file, settle and adjust all claims under all such insurance, provided, that Secured Party shall have the right at its election, to do so directly or to direct the Debtor in taking such action.

Section 3.6 Reimbursement to Secured Party. All expenses of Debtor paid by Secured Party pursuant to paragraphs (f) or (g) of Section 3.5 shall be reimbursed by Debtor on demand, shall be Obligations secured hereby, and shall bear interest, payable on demand, from the date of Secured Party's payment of such expenses until payment in full is made by Debtor, at the highest rate charged from time to time on the Obligation.

ARTICLE IV EVENTS OF DEFAULT

Any of the following events or occurrences shall constitute an "event of default" under this Agreement:

(a) The failure to pay when due any amount due under the Obligation, whether upon demand, at maturity, by acceleration or otherwise; or the occurrence of an Event of Default as specified in the Note.

- (b) The attachment or restraint of any of the Collateral or the same being subject at any time to any mandatory court order or other legal process;
- (c) The failure of the Debtor to perform its duties as specified in, or the breach of any representation, warranty or covenant contained in or made pursuant to, this Agreement;
- (d) The failure in business, dissolution or termination of the existence of the Debtor;
- (e) Any petition in bankruptcy being filed by or against the Debtor, or any proceedings in bankruptcy or under any law relating to the relief of debtors, being commenced for the relief or readjustment of any indebtedness of the Debtor, either through reorganization, composition, extension or otherwise; provided that, in the case of a petition or proceeding being commenced against the Debtor, it shall not have been dismissed within sixty (60) days of being filed or commenced.;
- (f) The making by the Debtor of an assignment for the benefit of creditors, or the taking advantage by Debtor of any insolvency law;
- (g) The appointment of any receiver of any property of the Debtor; or
- (h) The failure of the Debtor to perform its duties as specified in, or the breach of any representation, warranty or covenant contained in or made pursuant to, or any default, Event of Default or event which, with notice or lapse of time or both would constitute a default or Event of Default under, (i) any agreement, document or instrument evidencing or representing the Obligation, or (ii) any agreement, document, instrument, mortgage or guaranty executed in connection with or in any way securing or related to the Obligation.

ARTICLE V
RIGHTS OF SECURED PARTY

Section 5.1 General Rights. The rights of Secured Party shall at all times be those of a secured party under the New York UCC in addition to and not in limitation of the rights provided under this Security Agreement.

ARTICLE VI
SUBORDINATION

Section 6.1 (a) The security interest granted by this Agreement shall be and hereby is subordinated to any security interest granted in respect of Senior Debt and in respect of those obligations listed on Schedule A, until the full and final payment in cash of all such Senior Debt, whether now or hereafter incurred or owed by Debtor and all of those obligations listed on Schedule A. Secured Party will not take or omit to take any action or assert any claim with respect to the Collateral which is inconsistent with the provisions of this Section 6.1. Without limiting the foregoing, Secured Party will not take any action to foreclose or realize upon the Collateral or any part thereof except in connection with any action to foreclose or realize upon the Collateral by the holder of any Senior Debt but subject, in such event, to the payment of or satisfaction of the Senior Debt, or as may be permitted with the consent of the holders of all Senior Debt. "Senior Debt" means all principal, interest, fees, costs, enforcement expenses (including legal fees and disbursements), collateral protection expenses and other reimbursement or indemnity obligations created in favor of any lender to the Debtor in respect of money borrowed by the Debtor from such lender for use in the ordinary course of its business.

(b) The security interest granted by this Agreement shall be and hereby is declared to be pari passu with any security interest granted by the Debtor in all or any part of the Collateral to any trade creditor of Debtor to secure the payment of the purchase price of goods or services provided by such trade creditor to the Debtor in the ordinary course of the Debtor's business, and the Secured Party agrees to share its security interest in and the proceeds of any Collateral with any such trade creditor in proportion to the amount of the obligation of Debtor to Secured Party and all such trade creditors.

ARTICLE VI
MISCELLANEOUS

Section 7.1 Waivers. The Debtor expressly waives notice of nonpayment, demand, presentment, protest or notice of protest in relation to the Obligations or the Collateral. No delay or omission of Secured Party in exercising or enforcing any of its rights, powers, privileges, options or remedies under this Agreement shall constitute a waiver thereof, and no waiver by Secured Party of any default by the Debtor shall operate as a waiver of any other default. This Agreement constitutes the entire agreement between the Debtor and Secured Party with respect to the security interest created and supersedes all prior written or oral communications or understandings with respect to the subject matter hereof. No term or provision of this Agreement shall be waived, altered or modified except by written amendment signed by the parties. All rights and remedies of Secured Party under this Agreement shall be cumulative and not alternative or exclusive, may be exercised by Secured Party at such time or times and in such order as Secured Party, in its sole discretion, may determine, and are for the sole benefit of Secured Party. The exercise or failure to exercise such rights and remedies shall not result in liability to the Debtor or others except in the event of willful misconduct or bad faith by Secured Party, and in no event shall Secured Party be liable for more than it actually receives as a result of the exercise or failure to exercise such rights and remedies.

Section 7.2 Successors and Survival. This Agreement shall be binding upon and shall inure to the benefit of the respective parties, their successors and assigns, and shall remain in force and effect until terminated by written agreement of the parties. All representations, warranties and covenants shall survive the execution hereof.

Section 7.3 Notices. Any notices under or pursuant to this Agreement shall be in writing and shall be delivered personally, or sent by registered or certified mail to the address of the parties as set forth above or to such other address as each Party may designate to the other from time to time. Notices to the Debtor shall be effective when received or receipted for or three (3) days following mailing, whichever is sooner.

Section 7.4 Headings. The headings of Articles and Sections in this Agreement are for convenience only. They form no part of this Agreement and shall not affect its interpretation.

Section 7.5 Severability. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

Section 7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly within New York State, without giving effect to conflict of laws principles.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

Vuzix Corporation

By: /s/ Paul Travers
Name: Paul Travers
Title: President

Kopin Corporation

By: /s/ John C. C. Fan
Name: John C. C. Fan
Title: Chief Executive Officer

STATE OF NEW YORK
COUNTY OF MONROE SS.:

On the ____ day of May, 2010, before me, personally appeared Paul Travers personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A

PRIOR SECURITY INTERESTS

- Loan Payable to Bank of America - \$100,000
- Loan Payable to JP Morgan Chase - \$112,500
- Note Payable to Paul Travers - \$209,208
- Note Payable to Paul Travers - \$215,500
- Note Payable to Grant Russell - \$100,000
- Note Payable to John Burtis - \$75,000
- Note Payable to Vicente Gavieres - \$50,000
- Note Payable to Sally Burdick - \$123,718
- Note Payable to Vast Corporation - \$1,000,000
- Note Payable to Kopin Corporation - \$746,500
- End

SCHEDULE A TO UCC-1 FINANCING STATEMENT

All of the Debtor's personal property of every kind and nature and wherever located, now owned or hereafter acquired, and the proceeds thereof, as follows:

- (a) All of Debtor's Accounts (as defined in Section 9-106 of the UCC) whether secured or unsecured, now owned or hereafter acquired, and the proceeds thereof (the "Accounts");
- (b) All of Debtor's Instruments (as defined in Section 9-105(1)(i) of the UCC), now owned or hereafter acquired, and the proceeds thereof;
- (c) All of Debtor's Chattel Paper (as defined in Section 9-105(1)(b) of the UCC), now owned or hereafter acquired, and the proceeds thereof;
- (d) All of Debtor's General Intangibles (as defined in Section 9-106 of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "General Intangibles");
- (e) All of Debtor's Inventory (as defined in Section 9-109(4) of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "Inventory");
- (f) All of Debtor's Equipment (as defined in Section 9-109(2) of the UCC) and all attachments, accessories, parts or tooling relating thereto and all replacements for the foregoing, in each case now owned or hereafter acquired, and the proceeds thereof (the "Equipment");
- (g) All of Debtor's Insurance with respect to the Inventory, General Intangibles, Fixtures, Equipment and Goods against risks of fire, theft or any other physical damage or loss, now owned or hereafter acquired, and the proceeds thereof, and all insurance insuring the payment of Accounts, now owned or hereafter acquired, and the proceeds thereof;
- (h) All goodwill, trade names, trademarks, trade secrets, know-how, inventions, patents, patent applications, copyrights and other intellectual property, now owned or hereafter acquired by Debtor, or any rights of Debtor with respect to any of the foregoing, now owned or hereafter acquired, whether or not any of the same are covered in other categories of this Schedule, and the proceeds thereof;
- (i) All of Debtor's Documents of Title (as defined in Section 1-201-(15) of the UCC), now owned or hereafter acquired, and the proceeds thereof;
- (j) All of Debtor's Goods (as defined in Section 2-105(1) of the UCC), now owned or hereafter acquired, whether or not any of the same are covered in other categories of this Schedule, and the proceeds thereof (the "Goods");
- (k) All of Debtor's Fixtures (as described in Section 9-313 of the UCC), now owned or hereafter acquired, and the proceeds thereof (the "Fixtures");

- (l) All of Debtor's Investment Property (as defined in Section 9-115 of the UCC), now owned or hereafter acquired, and all proceeds and General Intangibles arising therefrom (the "Investment Property");
- (m) All of Debtor's right, title and interest in all of its books, records, ledger sheets, files and other data and documents, now owned or hereafter existing, relating to any of the items listed in Sections (a) through (k) above;
- (n) All of Debtor's rights as a seller of goods under Article 2 of the UCC with respect to the Inventory, and as to goods represented by or securing any of the Accounts, all of Debtor's rights therein including, without limitation, rights of stoppage in transit, replevin and reclamation; and
- (o) All guarantees, mortgages and real or personal property leases or other written or oral agreements or property securing or relating to any of the items referred to above, or acquired for the purpose of securing and enforcing any of such items; and
- (p) All sums at any time standing to Debtor's credit on Secured Party's books, and all moneys, securities and other property of Debtor at any time in Secured Party's possession or in which Secured Party has a lien or security interest, and all proceeds thereof.

Vuzix Receives Expanded Trade Credit From Key Supplier

ROCHESTER, NEW YORK - 05/21/10 - Vuzix Corporation (TSX VENTURE: VZX) announced today that it had entered into an agreement with one of its key suppliers, Kopin Corporation, to provide Vuzix with a US\$250,000 revolving line of credit. The line of credit will be used to purchase from Kopin micro-displays used in the Company's products. The line of credit matures on May 21, 2011. Advances are required to be paid 75 days after delivery of products by Kopin. Advances not paid within 30 days will carry interest from the due date at an annual rate of 12%. Kopin will receive warrants to purchase 555,555 common shares of Vuzix, with an exercise price of Cdn \$0.12 share. The Warrants are exercisable until the earlier of the expiration of the line of credit and repayment of all advances made thereunder or May 21, 2015.

The Warrants and the common shares issuable upon exercise thereof will be subject to resale restrictions under the policies of the TSX Venture Exchange for a period of 4 months following the date hereof. The Warrants and the common shares can be resold in the United States only if they are registered or sold pursuant to Rule 144 promulgated by the US Securities and Exchange Commission, in the case of the warrants after 6 months from the date of issue and, in the case of shares purchased by exercising the Warrants, after 6 months from the date of exercise.

The transactions referred to herein remain subject to receipt of regulatory approval, including final approval of the TSX Venture Exchange.

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 VENTURE: VZX) with offices in Rochester, NY, London, UK and Tokyo, Japan.

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 may relate to, among other things, future products, product features and applications. 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.

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.

Contacts:

Press Contact:

Vuzix Corporation

Steve Glaser

585-359-7563

Stephen_glaser@vuzix.com

Investor Relations Contact:

Vuzix Corporation

Grant Russell

CFO

585 359-7562

IR@vuzix.com
