

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) - December 23, 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)

(Zip Code)

(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 (see General Instruction A.2. below):

- 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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INFORMATION TO BE INCLUDED IN THE REPORT

SECTION 1 REGISTRANT'S BUSINESS AND OPERATIONS

ITEM 1.01. Entry into a Material Definitive Agreement.

Kopin Deferral

On December 21, 2009, Vuzix Corporation ("Vuzix") and Kopin Corporation ("Kopin") entered into a letter agreement pursuant to which payment of \$746,000 of the amount then due Kopin from Vuzix was deferred until January 15, 2011, at which time the amount deferred, together with interest accrued at the rate of ten percent (10%) per annum would be payable in full. On December 20, 2010, Vuzix and Kopin entered into a letter agreement effective as of December 23, 2010 (the "Kopin Agreement") further deferring payment of the deferred amount and deferring payment of interest accrued thereon of \$79,709.59. The aggregate amount deferred, \$825,709.59, will bear interest at the rate of twelve percent (12%) per annum from and after January 15, 2011, and will be payable, together with such interest, in twenty-five (25) equal monthly installments of \$37,108.44 each, commencing on January 15, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on January 15, 2013. In connection with such deferral, Vuzix issued to Kopin a Warrant to purchase up to 1,651,419 shares of Vuzix \$.001 par value Common Stock ("Common Stock") at an exercise price of \$0.09965 per share (the "Kopin Warrant"). The Kopin Warrant expires on January 15, 2013.

Vast Deferral

On December 21, 2009, Vuzix and Vast Technologies Inc. ("Vast") entered into a letter agreement pursuant to which payment of \$1,000,000 of the amount then due Vast from Vuzix was deferred until January 15, 2011, at which time the amount deferred, together with interest accrued at the rate of ten percent (10%) per annum would be payable in full. On December 13, 2010, Vuzix and Vast entered into a letter agreement effective as of December 23, 2010 (the "Vast Agreement") further deferring payment of the deferred amount and interest accrued thereon of \$106,849.32. The aggregate amount deferred, \$1,106,849.32, will bear interest at the rate of twelve percent (12%) per annum from and after January 15, 2011, and will be payable, together with such interest, in thirty-seven (37) equal monthly installments of \$35,573.43 each, commencing on January 15, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on January 15, 2014. In connection with such deferral, Vuzix issued to Vast a Warrant to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share (the "Vast Warrant"). The Vast Warrant expires January 15, 2014.

Travers Deferral

On October 17, 2008, Vuzix and Paul J. Travers, the President of Vuzix ("Travers") entered into a revolving loan agreement. As of December 23, 2010 the amount of principal and accrued interest due Travers under the Travers Agreement was \$258,658.20, which was payable on or before December 31, 2010. On December 23, 2010, Vuzix and Travers entered into a letter agreement (the "Travers Agreement") agreeing that such amount will be payable, together with interest thereon, in thirty-six (36) equal monthly installments of \$8,504.12 each, commencing on January 31, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on December 31, 2013. In connection with such deferral, Vuzix issued to Travers a Warrant to purchase up to 1,034,633 shares of Common Stock at an exercise price of \$0.09965 per share (the "Travers Warrant"). The Travers Warrant expires on December 31, 2013.

Burtis Deferral

On May 7, 2010 and on September 17, 2010, Vuzix and John Burtis entered into certain loan agreements. As of December 23, 2010 the amount of principal and accrued interest due Burtis under the Burtis Agreements was \$135,763.01, which was payable on or before December 31, 2010. On December 23, 2010, Vuzix and Burtis entered into a letter agreement (the "Burtis Agreement") agreeing that such amount will be payable, together with interest thereon at a rate of twelve percent (12%) per annum, in thirty-six (36) equal monthly installments of \$4463.80 each, commencing on January 31, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on December 31, 2013. In connection with such deferral, Vuzix issued to Travers a Warrant to purchase up to 543,052 shares of Common Stock at an exercise price of \$0.09965 per share (the "Burtis Warrant"). The Burtis Warrant expires on the December 31, 2013.

SECTION 2 – FINANCIAL INFORMATION

ITEM 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

Kopin Loan Deferral

- (1) On December 20, 2010, Vuzix and Kopin entered into a letter agreement effective as of December 23, 2010 (the "Kopin Agreement") deferring payment of certain amounts due Kopin from Vuzix.
 - (2) The amount deferred, \$825,709.59, will bear interest at the rate of twelve percent (12%) per annum from and after January 15, 2011, and will be payable, together with such interest, in twenty-five (25) equal monthly installments of \$37,108.44 each, commencing on January 15, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on January 15, 2013.
 - (3) In connection with such deferral, Vuzix issued to Kopin a Warrant to purchase up to 1,651,419 shares of Vuzix \$.001 par value Common Stock ("Common Stock") at an exercise price of \$0.09965 per share (the "Kopin Warrant"). The Kopin Warrant expires on January 15, 2013.
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Vast Loan Deferral

- (1) On December 13, 2010, Vuzix and Vast entered into a letter agreement effective as of December 23, 2010 (the "Vast Agreement") deferring payment of certain amounts due Vast from Vuzix
- (2) The amount deferred, \$1,106,849.32, will bear interest at the rate of twelve percent (12%) per annum from and after January 15, 2011, and will be payable, together with such interest, in thirty-seven (37) equal monthly installments of \$35,573.43 each, commencing on January 15, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on January 15, 2014.
- (3) In connection with such deferral, Vuzix issued to Vast a Warrant to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share (the "Vast Warrant"). The Vast Warrant expires on January 15, 2014.

Travers Loan Deferral

- (1) On December 23, 2010, Vuzix and Travers entered into a letter agreement (the "Travers Agreement") deferring payment of certain amounts due Travers from Vuzix.
- (2) The amount deferred, \$258,658.20, will be payable, together with interest thereon, in thirty-six (36) equal monthly installments of \$8504.12 each, commencing on January 31, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on December 31, 2013.
- (3) In connection with such deferral, Vuzix issued to Travers a Warrant to purchase up to 1,034,633 shares of Common Stock at an exercise price of \$0.09965 per share (the "Travers Warrant"). The Travers Warrant expires on December 31, 2013.

Burtis Loan Deferral

- (1) On December 23, 2010, Vuzix and Burtis entered into a letter agreement (the "Burtis Agreement") deferring payment of certain amounts due Burtis from Vuzix.
 - (2) The amount deferred, \$135,763.012, will be payable, together with interest thereon at a rate of twelve percent (12%) per annum, in thirty-six (36) equal monthly installments of \$4463.80 each, commencing on January 31, 2011. The entire unpaid amount, and interest accrued thereon, will be due and payable on December 31, 2013.
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(3) In connection with such deferral, Vuzix issued to Burtis a Warrant to purchase up to 543,052 shares of Common Stock at an exercise price of \$0.0992 per share (the "Burtis Warrant"). The Burtis Warrant expires on December 31, 2013.

SECTION 3 - SECURITIES AND TRADING MARKETS

ITEM 3.02. Unregistered Sales of Equity Securities

(a) Pursuant to the Kopin Agreement, on December 23, 2010, Vuzix issued to Kopin its Warrant to purchase up to 1,651,419 shares of Common Stock at an initial exercise price of \$0.09965 per share, subject to limitation and adjustment as provided therein.

Pursuant to the Vast Agreement, on December 23, 2010, Vuzix issued to Vast its Warrant to purchase up to 1,662,274 shares of Common Stock at an initial exercise price of \$0.09965 per share, subject to limitation and adjustment as provided therein.

Pursuant to the Travers Agreement, on December 23, 2010, Vuzix issued to Travers its Warrant to purchase up to 1,034,633 shares of Common Stock at an initial exercise price of \$0.09965 per share, subject to limitation and adjustment as provided therein.

Mr. Travers is a related party within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") of the Canadian Securities Administrators. Consequently, the issuance of the Travers Warrant in connection with the deferral of indebtedness owing to Mr. Travers constitutes a related party transaction within the meaning of MI 61-101 requiring Vuzix, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of, the related party transaction. Vuzix has determined that an exemption is available from the formal valuation requirements under MI 61-101, specifically under section 5.5(a) thereof, which provides that at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves related parties, exceeds 25% of Vuzix's market capitalization. Vuzix has determined that an exemption is also available from the minority shareholder approval requirements under the exemption in Section 5.7(a) of MI 61-101.

The Vuzix board of directors consists of five "independent directors" as defined in MI 61-101 and approval of all five independent directors in respect of the related party transaction (insofar as it related to the issuance of warrants to Mr. Travers) was obtained by resolution in writing dated December 23, 2010. All of the independent directors approved of the related party transaction and there were no materially contrary views of any director. The Vuzix board of directors determined that the debt deferral transactions, including the related party transaction, are in the best interests of Vuzix. In its determination, the board of directors came to its conclusion on the basis that: (i) the debt deferral transactions (including the related party transaction) were necessary to enable Vuzix to enter into a term credit facility; and (ii) the exercise price of the warrants is above the market price of the Vuzix shares of common stock.

Vuzix disclosed all relevant information with respect to the related party transaction as part of its press release dated December 23, 2010. The disclosure of the related party transaction in the news release and this material change report is less than 21 days prior to the closing of such related party transaction. The disclosure of the related party transaction in the news release and this material change report is reasonable given that the related party transaction was negotiated in the context of the negotiation and completion of the term credit facility, which negotiation concluded on the closing date of such transactions.

On December 23, 2010, Vuzix issued to John Burtis its Warrant to purchase up to 543,052 shares of Common Stock at an initial exercise price of \$0.09965 per share, subject to adjustment as provided therein.

(b) All of the securities specified in the preceding subparagraph (a) were issued in consideration for the deferral by the persons to whom such warrants were issued of certain obligations of Vuzix to them. No cash was received by Vuzix in connection with such transactions. No commissions were paid or are payable with respect to such issuances.

(c) Exemption from registration of the securities specified in the preceding subparagraph (a) is claimed under Section 4(2) of the Securities Act of 1933, as amended (the "Act"). Vuzix reasonably believes that each of the persons to whom such warrants were issued has knowledge and experience in finance and business matters sufficient to evaluate the risks and merits of the investment and does not intend to resell or distribute the securities to the public.

(d) The Kopin Warrant expires on January 15, 2013.

The Vast Warrant expires on January 15, 2014.

The Warrants issued to Travers and Burtis expire on December 31, 2013.

SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

ITEM 9.01. Exhibits

Following is the Index of Exhibits furnished in accordance with Item 601 of Regulation S-K, filed as part of this Current Report on Form 8-K or incorporated by reference herewith:

10.1 Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Kopin.

10.2 Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Vast.

- 10.3 Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Travers
 - 10.4 Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Burtis
 - 10.5 Warrant issued by Vuzix to Vast entitling Vast to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share
 - 10.6 Warrant issued by Vuzix to Kopin entitling Kopin to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share
 - 10.7 Warrant issued by Vuzix to Travers entitling Travers to purchase up to 1,034,633 shares of Common Stock at an exercise price of \$0.09965 per share
 - 10.8 Warrant issued by Vuzix to Burtis entitling Burtis to purchase up to 543,052 shares of Common Stock at an exercise price of \$0.09965 per share
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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.

VUZIX CORPORATION

Date: December 30, 2010

By: /s/ Paul Travers

Name: Paul Travers

Title: President

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Kopin
10.2	Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Vast
10.3	Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Travers
10.4	Letter Agreement, dated as of December 23, 2010, by and between Vuzix and Burtis
10.5	Warrant issued by Vuzix to Vast entitling Vast to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share
10.6	Warrant issued by Vuzix to Kopin entitling Kopin to purchase up to 1,662,274 shares of Common Stock at an exercise price of \$0.09965 per share
10.7	Warrant issued by Vuzix to Travers entitling Travers to purchase up to 1,034,633 shares of Common Stock at an exercise price of \$0.09965 per share
10.8	Warrant issued by Vuzix to Burtis entitling Burtis to purchase up to 543,052 shares of Common Stock at an exercise price of \$0.09965 per share

December 23, 2010

BY EMAIL

Mr. John C.C. Fan, President and Chief Executive Officer
Kopin Corporation
200 John Hancock Road
Taunton, Massachusetts 02780

Attention: Mr. John C.C. Fan, President and Chief Executive Officer
Mr. Richard Snider, Treasurer and Chief Financial Officer

Dear Sirs,

Reference is made to a letter agreement between Kopin Corporation ("Kopin") and Vuzix Corporation ("Vuzix") dated December 21, 2009 (the "Letter Agreement"). Pursuant to the Letter Agreement, the parties agreed that, among other things, \$746,000 (the "Deferred Portion") of the amount then due Kopin from Vuzix would be deferred until January 15, 2011, at which time the Deferred Amount, together with interest accrued at the rate of ten percent (10%) per annum, would be payable in full.

Vuzix is entering into certain financing arrangements (the "New Financing") with Lampe Conway (by their LC CAPITAL MASTER FUND LTD fund) to provide a \$4,000,000 term loan. It is a condition of the closing of such financing arrangements that payment of the Deferred Portion be further deferred.

Kopin believes that it is in its best interest that the New Financing be closed. Therefore, in order to enable Vuzix to close the New Financing, the parties agree that the Letter Agreement shall be, and it hereby is, amended as follows:

1. The effective date of this amendment (the "Effective Date") shall be the closing date of the New Financing (the "Closing Date").
 2. The date of January 15, 2011 in the second and third paragraphs of the Letter Agreement shall be substituted with January 15, 2013.
 3. The interest rate in the third paragraph of the Letter Agreement on the Deferred Portion shall be increased to twelve (12%) per annum commencing on January 16, 2011.
 4. The Deferred Portion and all accrued interest thereon shall be as follows:
 - a. Interest shall accrue at the increased rate from and after January 16, 2011 and shall be paid monthly as part of the blended payment in 4(b) below.
 - b. The Deferred Portion, together with interest accrued of \$79,709.59 through to its original due date of January 15, 2011, totaling \$825,709.59 in principal and interest, shall be paid in twenty five (25) equal monthly installments of Thirty Seven Thousand One Hundred and Eight Dollars and Forty Four Cents (\$37,108.44) beginning on January 15, 2011.
 5. As additional compensation, on the Effective Date, Vuzix Corporation will issue to Kopin warrants (the "Warrants") to purchase 1,651,419 common shares of Vuzix at an exercise price equal to US\$0.09965 per share. The Warrants shall be exercisable until January 15, 2013. The final terms and conditions of the Warrants are subject to the approval of the Toronto Venture Stock Exchange.
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6. Kopin herein agrees to execute and enter into a Intercreditor Agreement with The Private Bank of the Peninsula Bank and Lampe Conway simultaneous with the closing of the New Financing, the form of which is substantially represented in Appendix A herein.
7. The fourth paragraph of the Letter Agreement is amended by replacing the amount "US\$2.0M" in each place in which it appears with the amount of "US\$10.0 million" and by replacing the words "apply not less than 50% of the proceeds from the Qualified Offering in excess of US\$2.0M to the prepayment of the Deferred Portion" with the words "apply not less than 50% of the proceeds from the Qualified Offering in excess of US\$10.0 million to the payment of amounts due all parties (including Kopin) who have entered Intercreditor Agreements with the Lenders, pro rata to the amounts due them."
8. Except as herein provided, the Letter Agreement shall otherwise remain in full force and effect.

Please acknowledge your agreement to the foregoing by signing a copy of this letter in the spaces provided below and returning it to the undersigned.

Yours truly,

VUZIX CORPORATION

By: /s/ Paul Travers

Name: Paul Travers

Title: President & CEO

Confirmed and Agreed to as of the date first above written.

KOPIN CORPORATION

By: /s/ Richard Snyder

Name: Richard Snyder

Title: CFO

December 23, 2010

BY EMAIL

Vast Technologies Inc.
7F, No 80 SEC 1 Kuang Fu RD
San Chung, Taipei, 24158
Taiwan

Dear Mr. Wei Chuan Liao,

Reference is made to a letter agreement between Vast Technologies Inc. ("Vast") and Vuzix Corporation ("Vuzix") dated December 21, 2009 (the "Letter Agreement"). Pursuant to the Letter Agreement, the parties agreed that, among other things, \$1,000,000 (the "Deferred Portion") of the amount then due Vast from Vuzix would be deferred until January 15, 2011, at which time the Deferred Portion, together with interest accrued at the rate of ten percent (10%) per annum, would be payable in full.

Vuzix is entering into certain financing arrangements (the "New Financing") with Lampe, Conway & Co., LLC to provide a \$4,000,000 three year term loan. It is a condition of the closing of such financing arrangements that payment of the Deferred Portion be further deferred.

Vast believes that it is in its best interest that the New Financing be closed. Therefore, in order to enable Vuzix to close the New Financing, the parties agree that the Letter Agreement shall be, and it hereby is, amended as follows:

1. The effective date of this amendment (the "Effective Date") shall be the closing date of the New Financing (the "Closing Date").
 2. The date of January 15, 2011 in the second and third paragraphs of the Letter Agreement shall be substituted with January 15, 2014.
 3. The interest rate in the third paragraph of the Letter Agreement on the Deferred Portion shall be increased to twelve (12%) per annum commencing on January 16, 2011.
 4. The Deferred Portion and all accrued interest thereon shall be as follows:
 - a. Interest shall accrue at the increased rate from and after January 16, 2011 and shall be paid monthly as part of the blended payment in 4(b) below.
 - b. The Deferred Portion, together with interest accrued of \$106,949.32 through to its original due date of January 15, 2011, totaling \$1,106,849.32 in principal and interest, shall be paid in thirty-seven (37) equal monthly installments of Thirty Five Thousand Five Hundred and Seven Three Dollars and Forty Three Cents (\$35,573.43) beginning on January 15, 2011.
 5. As additional compensation, on the Effective Date, Vuzix Corporation will issue to Vast (or its named nominee) warrants (the "Warrants") to purchase 1,662,274 common shares of Vuzix at a exercise price equal to Cdn\$0.10 per share. The Warrants shall be exercisable until January 15, 2014. The final terms and conditions of the Warrants are subject to the approval of the Toronto Venture Stock Exchange.
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6. Vast herein agrees to execute and enter into a Intercreditor Agreement with Lampe Conway simultaneous with the closing of the New Financing, the form of which is substantially represented in Appendix A herein.
7. The fourth paragraph of the Letter Agreement is amended by replacing the amount “US\$2.0M” in each place in which it appears with the amount of “US\$10.0 million” and by replacing the words “apply not less than 50% of the proceeds from the Qualified Offering in excess of US\$2.0M to the prepayment of the Deferred Portion” with the words ““apply not less than 50% of the proceeds from the Qualified Offering in excess of US\$10.0 million to the payment of amounts due all parties who have entered Intercreditor Agreements with the Lenders, pro rata to the amounts due them.”
8. Except as herein provided, the Letter Agreement shall otherwise remain in full force and effect.

Please acknowledge your agreement to the foregoing by signing a copy of this letter in the spaces provided below and returning it to the undersigned.

Yours truly,

VUZIX CORPORATION

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

Confirmed and Agreed to as of the date first above written.

VAST CORPORATION

By: /s/ Johnny Liao
Name: Johnny Liao
Title: President

BY EMAIL

Paul J Travers
71 Boughton Hill Road
Honeoye New York 14472

Dear Mr. Travers,

Reference is made to a revolving loan agreement between Paul J Travers ("Travers") and Vuzix Corporation ("Vuzix") dated October 17, 2008 (the "Loan Agreement"). The outstanding principal balance as of the date of this letter is \$215,500. The Loan Agreement is payable on demand and was to be repaid before December 31, 2010.

Vuzix is entering into certain financing arrangements (the "New Financing") with Lampe, Conway & Co., LLC to provide a \$4,000,000 three year term loan. It is a condition of the closing of such financing arrangements that payment on the Loan Agreement be further deferred.

Travers believes that it is in its best interest that the New Financing be closed. Therefore, in order to enable Vuzix to close the New Financing, the parties agree that the Loan Agreement shall be, and it hereby is, amended as follows:

1. The effective date of this amendment (the "Effective Date") shall be the closing date of the New Financing (the "Closing Date").
 2. The date of December 31, 2010 in Section 2.01 of the Loan Agreement shall be substituted with December 31, 2013.
 3. The outstanding principal and all accrued interest to December 31, 2010, totaling \$258,658.20, shall be paid in thirty-six (36) equal monthly blended payments of Eight Thousand Five Hundred and Four Dollars and Twelve Cents (\$8,504.12) beginning on January 31, 2011.
 4. As additional compensation, on the Effective Date, Vuzix Corporation will issue to Travers (or its named nominee) warrants (the "Warrants") to purchase 1,034,633 common shares of Vuzix at a exercise price equal to US\$0.0992 per share. The Warrants shall be exercisable until December 31, 2013. The final terms and conditions of the Warrants are subject to the approval of the Toronto Venture Stock Exchange.
 5. Travers herein agrees to execute and enter into a Intercreditor Agreement with Lampe Conway simultaneous with the closing of the New Financing, the form of which is substantially represented in Appendix A herein.
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6. Except as herein provided, the Letter Agreement shall otherwise remain in full force and effect.

Please acknowledge your agreement to the foregoing by signing a copy of this letter in the spaces provided below and returning it to the undersigned.

Yours truly,

VUZIX CORPORATION

By: /s/ Grant Russell
Name: Grant Russell
Title: EVP & CFO

Confirmed and Agreed to as of the date first above written.

Paul Travers

By: /s/ Paul Travers

BY EMAIL

John Burtis
178 Seymour Road
Rochester, New York 14609

Dear Mr. Burtis,

Reference is made to loan agreements between John Burtis ("Burtis") and Vuzix Corporation ("Vuzix") dated May 7, 2010 and September 17, 2010 (the "Loan Agreement"). The outstanding principal balance as of the date of this letter is \$125,000. The Loan Agreement was payable on November 30, 2010.

Vuzix is entering into certain financing arrangements (the "New Financing") with Lampe, Conway & Co., LLC to provide a \$4,000,000 three year term loan. It is a condition of the closing of such financing arrangements that payment on the Loan Agreement be further deferred.

Burtis believes that it is in its best interest that the New Financing be closed. Therefore, in order to enable Vuzix to close the New Financing, the parties agree that the Loan Agreement shall be, and it hereby is, amended as follows:

1. The effective date of this amendment (the "Effective Date") shall be the closing date of the New Financing (the "Closing Date").
 2. The date of December 31, 2010 in Section 2.01 of the Loan Agreement shall be substituted with December 31, 2013.
 3. The interest rate shall be decreased to twelve (12%) per annum commencing on January 1, 2011.
 4. The outstanding principal and all accrued interest to December 31, 2010, totaling \$135,763.01, shall be paid in thirty-six (36) equal monthly blended payments of Eight Thousand Five Hundred and Four Dollars and Twelve Cents (\$4,463.60) beginning on January 31, 2011.
 5. As additional compensation, on the Effective Date, Vuzix Corporation will issue to Burtis (or its named nominee) warrants (the "Warrants") to purchase 543,052 common shares of Vuzix at an exercise price equal to US\$0.0992 per share. The Warrants shall be exercisable until December 31, 2013. The final terms and conditions of the Warrants are subject to the approval of the Toronto Venture Stock Exchange.
 6. Burtis herein agrees to execute and enter into a Intercreditor Agreement with Lampe Conway simultaneous with the closing of the New Financing, the form of which is substantially represented in Appendix A herein.
-

7. Except as herein provided, the Letter Agreement shall otherwise remain in full force and effect.

Please acknowledge your agreement to the foregoing by signing a copy of this letter in the spaces provided below and returning it to the undersigned.

Yours truly,

VUZIX CORPORATION

By: /s/ Grant Russell
Name: Grant Russell
Title: EVP & CFO

Confirmed and Agreed to as of the date first above written.

John Burtis

By: /s/ John Burtis
Name:
Title:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF OR OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

WARRANT TO PURCHASE STOCK

Corporation:	Vuzix Corporation
Number of Shares:	Up to 1,662,274
Class of Stock:	Common
Exercise Price:	USD \$0.09965 per Share
Issue Date:	December 23, 2010
Expiration Date:	January 15, 2014

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, the receipt of which is hereby acknowledged, Vast Technologies Inc. ("Holder") is entitled to purchase the number of fully paid and nonassessable shares (the "Shares") of Common Stock of VUZIX CORPORATION (the "Company"), in the number, at the price, and for the term specified above, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE

1.1 Maximum Number of Shares. This number of Shares purchasable upon exercise of this Warrant shall be up to 1,662,274.

1.2 Method of Exercise. Holder may exercise this Warrant by delivering this Warrant and a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Holder shall concurrently deliver to the Company a check for the aggregate price for the Shares being purchased (the "Warrant Price").

1.3 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised and has not expired, a new Warrant representing the right to purchase the Shares not so acquired.

1.4 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, surrender for cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

ARTICLE 2. ADJUSTMENTS TO THE SHARES; REGISTRATION RIGHTS.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its common stock payable in common stock, or other securities, or subdivides the outstanding common stock into a greater amount of common stock, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification, Exchange or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise of this Warrant, Holder shall be entitled to receive, upon exercise of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Upon the closing of any sale, license, or other disposition of all or substantially all of the assets (including intellectual property) of the Company, or any reorganization, consolidation, or merger of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction, the successor entity shall assume the obligations of this Warrant, and this Warrant thereafter shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Exercise Price shall be adjusted accordingly. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased.

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a 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 to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If the Company takes any action affecting the Shares or its common stock other than as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that the aggregate Warrant Price of this Warrant is unchanged.

2.5 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price.

2.6 Registration Rights. The Holder shall have the right to cause the Company to register the Shares issuable upon exercise of this Warrant in one (1) or more piggy-back registrations. The Company shall provide notice to the Holder of any registration of its securities not less than thirty (30) days prior to any filing of a registration statement. Upon the Company's receipt of any notice from the Holder that the Holder has requested a piggyback registration or demand registration in accordance with its rights hereunder, the Company shall use its best efforts to (a) in respect of a piggyback registration, including the Shares issuable upon exercise of this Warrant in the contemplated registration by the Company (subject to the rights of holders of piggyback registration rights granted prior to the date of this warrant and to underwriters' cutbacks). Upon any registration contemplated hereunder, the Company shall bear the entire expense of such registration, and shall indemnify the Holder for any inaccuracies or omissions contained in such registration statement (other than such inaccuracies or omissions which are directly related to the information provided by the Holder).

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder that:

II Shares that may be issued upon the exercise of the purchase right represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) to offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 20 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) and (d) above at least 20 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.4 No Rights as Shareholder until Exercise. Prior to the exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of any of the Shares that may be acquired upon exercise of this Warrant 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 until such Shares are purchased by the Holder in accordance with the terms of this Warrant; 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 shall not accrue to the Holder until the Warrant shall have been exercised as provided herein (and then such rights shall only be applicable to the Shares purchased by the Holder). However, at the time of the exercise of this Warrant pursuant to Section 1 hereof, the 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, and the Holder shall have full and unrestricted rights as a common shareholder of the Company with respect to such Shares.

ARTICLE 4. MISCELLANEOUS.

4.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above.

4.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form (which legend shall be removed following the registration of the Shares issuable upon exercise of this Warrant):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

4.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable Canadian, federal and state securities laws by the transferor and the transferee and with the rules of any stock exchange on which the share of the Company's common stock is traded.

4.4 Transfer Procedure. Subject to the provisions of Section 4.3, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) by giving the Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder, if applicable).

4.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, return receipt requested, at such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or such Holder from time to time.

4.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

4.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.8 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its principles regarding conflicts of law.

VUZIX CORPORATION

By: /s/ Paul Travers

Name: Paul Travers

Title: President

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of VUZIX CORPORATION pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

c/o
[ADDRESS]

and issue to the undersigned a new warrant, in like tenor to the attached Warrant, for any shares as to which the attached Warrant has not been exercised.

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

_____, or Registered Assignee

(Signature)

(Date)

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF OR OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

WARRANT TO PURCHASE STOCK

Corporation: Vuzix Corporation
Number of Shares: Up to 1,034,633
Class of Stock: Common
Exercise Price: USD \$0.09965 per Share
Issue Date: December 23, 2010
Expiration Date: December 31, 2013

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, the receipt of which is hereby acknowledged, Paul J Travers ("Holder") is entitled to purchase the number of fully paid and nonassessable shares (the "Shares") of Common Stock of VUZIX CORPORATION (the "Company"), in the number, at the price, and for the term specified above, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE

1.1 Maximum Number of Shares. This number of Shares purchasable upon exercise of this Warrant shall be up to 1,034,633.

1.2 Method of Exercise. Holder may exercise this Warrant by delivering this Warrant and a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Holder shall concurrently deliver to the Company a check for the aggregate price for the Shares being purchased (the "Warrant Price").

1.3 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised and has not expired, a new Warrant representing the right to purchase the Shares not so acquired.

1.4 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, surrender for cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

ARTICLE 2. ADJUSTMENTS TO THE SHARES; REGISTRATION RIGHTS.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its common stock payable in common stock, or other securities, or subdivides the outstanding common stock into a greater amount of common stock, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification, Exchange or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise of this Warrant, Holder shall be entitled to receive, upon exercise of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Upon the closing of any sale, license, or other disposition of all or substantially all of the assets (including intellectual property) of the Company, or any reorganization, consolidation, or merger of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction, the successor entity shall assume the obligations of this Warrant, and this Warrant thereafter shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Exercise Price shall be adjusted accordingly. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased.

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a 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 to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If the Company takes any action affecting the Shares or its common stock other than as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that the aggregate Warrant Price of this Warrant is unchanged.

2.5 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price.

2.6 Registration Rights. The Holder shall have the right to cause the Company to register the Shares issuable upon exercise of this Warrant in one (1) or more piggy-back registrations. The Company shall provide notice to the Holder of any registration of its securities not less than thirty (30) days prior to any filing of a registration statement. Upon the Company's receipt of any notice from the Holder that the Holder has requested a piggyback registration or demand registration in accordance with its rights hereunder, the Company shall use its best efforts to (a) in respect of a piggyback registration, including the Shares issuable upon exercise of this Warrant in the contemplated registration by the Company (subject to the rights of holders of piggyback registration rights granted prior to the date of this warrant and to underwriters' cutbacks). Upon any registration contemplated hereunder, the Company shall bear the entire expense of such registration, and shall indemnify the Holder for any inaccuracies or omissions contained in such registration statement (other than such inaccuracies or omissions which are directly related to the information provided by the Holder).

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder that:

II Shares that may be issued upon the exercise of the purchase right represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) to offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 20 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) and (d) above at least 20 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.4 No Rights as Shareholder until Exercise. Prior to the exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of any of the Shares that may be acquired upon exercise of this Warrant 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 until such Shares are purchased by the Holder in accordance with the terms of this Warrant; 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 shall not accrue to the Holder until the Warrant shall have been exercised as provided herein (and then such rights shall only be applicable to the Shares purchased by the Holder). However, at the time of the exercise of this Warrant pursuant to Section 1 hereof, the 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, and the Holder shall have full and unrestricted rights as a common shareholder of the Company with respect to such Shares.

ARTICLE 4. MISCELLANEOUS.

4.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above.

4.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form (which legend shall be removed following the registration of the Shares issuable upon exercise of this Warrant):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

4.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable Canadian, federal and state securities laws by the transferor and the transferee and with the rules of any stock exchange on which the share of the Company's common stock is traded.

4.4 Transfer Procedure. Subject to the provisions of Section 4.3, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) by giving the Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder, if applicable).

4.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, return receipt requested, at such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or such Holder from time to time.

4.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

4.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.8 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its principles regarding conflicts of law.

VUZIX CORPORATION

By: /s/ Grant Russell

Name: Grant Russell

Title: EVP and CFO

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of VUZIX CORPORATION pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

c/o
[ADDRESS]

and issue to the undersigned a new warrant, in like tenor to the attached Warrant, for any shares as to which the attached Warrant has not been exercised.

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

_____, or Registered Assignee

(Signature)

(Date)

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF OR OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

WARRANT TO PURCHASE STOCK

Corporation:	Vuzix Corporation
Number of Shares:	Up to 543,052
Class of Stock:	Common
Exercise Price:	USD \$0.09965 per Share
Issue Date:	December 23, 2010
Expiration Date:	December 31, 2013

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, the receipt of which is hereby acknowledged, John Burtis (“Holder”) is entitled to purchase the number of fully paid and nonassessable shares (the “Shares”) of Common Stock of VUZIX CORPORATION (the “Company”), in the number, at the price, and for the term specified above, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE

1.1 Maximum Number of Shares. This number of Shares purchasable upon exercise of this Warrant shall be up to 543,052.

1.2 Method of Exercise. Holder may exercise this Warrant by delivering this Warrant and a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Holder shall concurrently deliver to the Company a check for the aggregate price for the Shares being purchased (the “Warrant Price”).

1.3 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised and has not expired, a new Warrant representing the right to purchase the Shares not so acquired.

1.4 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, surrender for cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

ARTICLE 2. ADJUSTMENTS TO THE SHARES; REGISTRATION RIGHTS.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its common stock payable in common stock, or other securities, or subdivides the outstanding common stock into a greater amount of common stock, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification, Exchange or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise of this Warrant, Holder shall be entitled to receive, upon exercise of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Upon the closing of any sale, license, or other disposition of all or substantially all of the assets (including intellectual property) of the Company, or any reorganization, consolidation, or merger of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction, the successor entity shall assume the obligations of this Warrant, and this Warrant thereafter shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Exercise Price shall be adjusted accordingly. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased.

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a 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 to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If the Company takes any action affecting the Shares or its common stock other than as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that the aggregate Warrant Price of this Warrant is unchanged.

2.5 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price.

2.6 Registration Rights. The Holder shall have the right to cause the Company to register the Shares issuable upon exercise of this Warrant in one (1) or more piggy-back registrations. The Company shall provide notice to the Holder of any registration of its securities not less than thirty (30) days prior to any filing of a registration statement. Upon the Company's receipt of any notice from the Holder that the Holder has requested a piggyback registration or demand registration in accordance with its rights hereunder, the Company shall use its best efforts to (a) in respect of a piggyback registration, including the Shares issuable upon exercise of this Warrant in the contemplated registration by the Company (subject to the rights of holders of piggyback registration rights granted prior to the date of this warrant and to underwriters' cutbacks). Upon any registration contemplated hereunder, the Company shall bear the entire expense of such registration, and shall indemnify the Holder for any inaccuracies or omissions contained in such registration statement (other than such inaccuracies or omissions which are directly related to the information provided by the Holder).

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder that:

II Shares that may be issued upon the exercise of the purchase right represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) to offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 20 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) and (d) above at least 20 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.4 No Rights as Shareholder until Exercise. Prior to the exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of any of the Shares that may be acquired upon exercise of this Warrant 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 until such Shares are purchased by the Holder in accordance with the terms of this Warrant; 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 shall not accrue to the Holder until the Warrant shall have been exercised as provided herein (and then such rights shall only be applicable to the Shares purchased by the Holder). However, at the time of the exercise of this Warrant pursuant to Section 1 hereof, the 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, and the Holder shall have full and unrestricted rights as a common shareholder of the Company with respect to such Shares.

ARTICLE 4. MISCELLANEOUS.

4.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above.

4.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form (which legend shall be removed following the registration of the Shares issuable upon exercise of this Warrant):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR IN ACCORDANCE WITH APPLICABLE LAW.

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 APRIL 24, 2011.

4.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable Canadian, federal and state securities laws by the transferor and the transferee and with the rules of any stock exchange on which the share of the Company's common stock is traded.

4.4 Transfer Procedure. Subject to the provisions of Section 4.3, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) by giving the Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder, if applicable).

4.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, return receipt requested, at such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or such Holder from time to time.

4.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

4.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.8 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its principles regarding conflicts of law.

VUZIX CORPORATION

By: /s/ Paul Travers

Name: Paul Travers

Title: President

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of VUZIX CORPORATION pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

c/o
[ADDRESS]

and issue to the undersigned a new warrant, in like tenor to the attached Warrant, for any shares as to which the attached Warrant has not been exercised.

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

_____, or Registered Assignee

(Signature)

(Date)

