



Vuzix Corp. receives \$24.8 million from Intel Corp.

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Vuzix Corp. (VUZI), one of the leading suppliers of video eyewear and smart glasses products in the consumer, commercial and entertainment markets, revealed that Intel Corp. has made a \$24.8 million investment into the company. Vuzix's wearable display technology is focused on next generation optics and displays that have the potential to fit in fashion-based wearable glasses. Intel's investment will be used for general working capital to accelerate the introduction of Vuzix's next generation fashion-based wearable display products into the consumer market.

Intel purchased 49,626 of Vuzix's Series A Preferred Stock, which are convertible into 4,962,600 shares of Vuzix's common stock at an initial conversion price of \$5 per share, subject to adjustment in the event of stock splits, dividends or other combinations. The shares issuable upon conversion of the Series A Preferred Stock represent 30% of Vuzix's total outstanding stock, assuming full conversion of the Series A Preferred Stock.

As holders of Series A Preferred Stock, Intel has the right to vote with the holders of Common Stock on an as-converted basis, and has the right to appoint two members to Vuzix' board of directors, in addition to the company's current five members.

In connection with the sale of its Series A Preferred Stock, holders of all of the convertible notes issued by Vuzix in June 2014 and holders of approximately 86% of the warrants issued in connection with Vuzix' July 2013 public offering and simultaneous debt conversion, agreed to irrevocably waive their rights to anti dilution protection under their respective instruments, thereby eliminating \$10 million of derivative liability from Vuzix' balance sheet.

The foregoing description of Intel's investment is qualified in its entirety by reference to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 2, 2015 and the agreements attached as exhibits thereto.

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