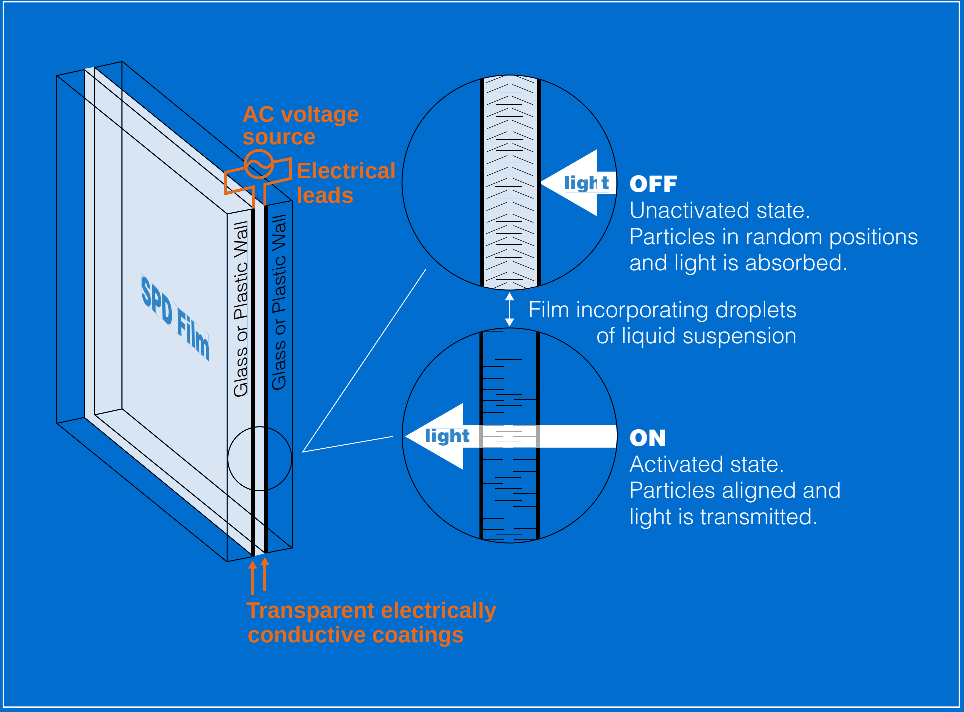
RESEARCH FRONTIERS

2002

ANNUAL REPORT

About the Company

Research Frontiers is the technological leader in the field of electrically operated light control devices which use films containing droplets of orientable particle suspensions. These devices are usually called either "light valves" or suspended particle devices ("SPDs"). When voltage is applied to the SPD, particles in the film align, enabling the operator to rapidly vary and control the amount of light transmitted through the device over a wide range. The amount of light transmitted depends on the voltage applied.



The illustration above shows the structure and operation of a Suspended Particle Device (SPD).

"The U.S. Department of Commerce and glass industry experts have predicted that the third significant development in the glass industry is none other than smart windows!...*Popular Science* and the Society of Automotive Engineers' *Aerospace Engineering*, each selected SPD-Smart™ light control technology as one of the most significant new technologies of 2002..."

— Letter to Our Shareholders,
Research Frontiers 2002 Annual Report

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Mass production of products utilizing the Company's SPD (suspended particle device) light control technology started in 2002 to meet the growing need for light, glare and heat control in buildings and vehicles. The first SPD film production facility came online at the Incheon, South Korea, factory of SPD Inc. (SPDI), a majority-owned subsidiary of our licensee, Hankuk Glass Industries Inc., Korea's largest glass company. Our licensees have introduced a variety of SPD-Smart™ end-products using SPD film produced by SPDI, including architectural, automotive, aircraft, marine, and appliance windows.

Licensee	Trademark
Cricursa Cristales Curvados	Cri-Regulite™
InspecTech Aero Service	SPD-Equipped™, I-Shade™
Razor's Edge Technologies	New-View™, Smart-Shade™
SPD Systems Inc.	Health Smart™, VectorLux™, InstaTint™
ThermoView Industries	Alter-Lite™

Innovations in the glass industry are few and far between. During the past 50 years, two major developments were recognized: the introduction of the float glass method of glass production, and the development of energy-efficient low-E glass. The U.S. Department of Commerce and glass industry experts have predicted that the third significant development in the glass industry is none other than smart windows!

Confirming this expectation, independent market research has predicted that electrically "switchable" windows will be the fastest growing segment of the flat glass industry. Moreover, our SPD-Smart windows have now gained the dominant position among all known types of switchable windows, because alternatives such as electrochromic or liquid crystal windows have been plagued with a host of technological problems as well as other challenges. The importance of SPD-Smart products has already been recognized by the media, as well as architects and designers. The editors of two magazines, *Popular Science* and the Society of Automotive Engineers' *Aerospace Engineering*, each selected SPD-Smart™ light control technology as one of the most significant new technologies of 2002. In addition, out of the 100 products *Popular Science* editors selected for their "Best of What's New" award, readers then voted SPD-Smart windows as their number one favorite.

SPDI is currently producing SPD film for itself and for sale to numerous other Research Frontiers' licensees, and the SPD film has been used to make both laminated glass and plastic window products, as well as multipane energy-conserving insulating glass units. SPDI's factory currently has an annual production capacity of 4.3 million square feet of SPD film, and this capacity can be expanded to 10 million square feet annually to meet demand. Because their factory can be replicated relatively inexpensively throughout the world, SPDI is in a position to bring multiple factories on-line once the present capacity of SPDI's Incheon factory fills up.

Four different types of SPD-Smart light-control film are now being produced at the SPD Inc. factory in Incheon, Korea.

Research Frontiers continues to build and strengthen its worldwide infrastructure of licensees. Our two Japanese licensees, Hitachi Chemical Company and Dainippon Ink and Chemicals, working closely with us, have greatly advanced and refined our SPD emulsions, from which SPD films will be manufactured. Both of these companies are now scaling up production of SPD emulsions for sale to our film-making licensees, expect to be able to supply substantial quantities of emulsion during the first half of 2003, and achieve even larger volume production in 2004. In early May 2003, Research Frontiers licensed Air Products and Chemicals to make SPD emulsions and films for sale to our other licensees. We have also added several new end-product licensees to our infrastructure, as well as two licensees with laminating capabilities to assist other businesses by facilitating the production and sale of SPD-Smart end products. We have also achieved an accelerating trend in our licensing which we attribute to our stronger supply chain infrastructure. As a result, in 2002 we had 21 licensees versus only eight in 1999 when the initial supply chain was first formed.

Some 2002 licensing and operational highlights include the following: In February we granted a license to make SPD-Smart sunshades and sunvisors to BOS Automotive, the world's leading designer and manufacturer of restraining systems, luggage covers and sun protection systems. They are currently working to develop a variety of SPD-Smart products in conjunction with several auto manufacturers. In March, Isoclima S.p.A., which has expertise in the areas of impact resistant and flat and curved glass and plastic products, was licensed for architectural and automotive SPD-Smart products. In July, Isoclima also became licensed to produce SPD emulsions and films. In August, Razor's Edge Technologies, Inc. was licensed to produce residential and commercial windows. They are rapidly setting up worldwide distributor and dealer networks, and are quickly developing highly functional and cost-effective windows for new, replacement and retrofit applications. In October, we licensed American Glass Products for architectural and automotive SPD products. AGP has approximately 30% of the world's armored glass market. In October 2002, AGP introduced at the Essen Security Show an SPD side window for the Volkswagen Passat. In October, we licensed Cricursa Cristales Curvados S.A., a premium manufacturer of curved and specialty glass, for architectural and automotive SPD products. Cricursa has produced the glass for many of the world's leading architectural projects, and at the GlassTec 2002 show in Düsseldorf, Germany introduced their Cri-Regulite™ SPD window product. In October, we also licensed SPD Systems, Inc., formerly an SPDI distributor, to manufacture and sell SPD products for a variety of applications. In December, BRG Group, whose principals come from the world's largest Tier-1 auto suppliers, became a licensee for SPD-Smart automotive and architectural glass products. To add expertise in the architectural window market, BRG has partnered with Reid Glass and has established a strategically-located showroom in the Detroit area. Also in December we granted a license to Laminated Technologies, Inc. of Melbourne, Florida, to provide SPD-Smart laminated plastic and glass, as well as insulating glass units (IGUs) to authorized Research Frontiers licensees. Pennsylvania-based Custom Glass Corporation obtained a similar laminating license in April 2003, as well as an additional license to make and sell SPD-Smart windows and sunroofs for trains and busses. This lamination capability aids other licensees in the fabrication of SPD-Smart end products, reduces the landed-cost of SPD materials, and also significantly speeds up end-product delivery.

In February, Joseph M. Harary was promoted to the position of President and Chief Operating Officer, and the following month Michael LaPointe was promoted to the position of Vice President-Marketing, moves intended to strengthen management and to reward excellent performance. In June, Research Frontiers established its Advisory Board of industry professionals to assist and advise the Company. In August Dr. Albert P. Malvino, who had served since June on the Company's Advisory Board, was also named to the Company's Board of Directors which has been expanded to consist of a majority of independent directors. Dr. Malvino is an internationally recognized expert in the field of electronics, and is the author of 10 textbooks which have been translated into 20 languages and sold more than two million copies. His expertise has already proven highly valuable to the Company and he has also worked closely with many of our licensees.

On the marketing and public relations front, steady progress has been made during the past year by both Research Frontiers and its licensees to increase the consumer, trade, and media's awareness of the many advantages that SPD-Smart products offer. A multi-faceted campaign has been implemented to raise awareness not only of the benefits of light and glare control, but heat reduction, energy conservation, UV blockage, noise reduction, impact resistance and privacy as well. In short, used in combination with other technologies SPDs will make possible a veritable "super window" that will offer the user greatly enhanced control of one's environment.

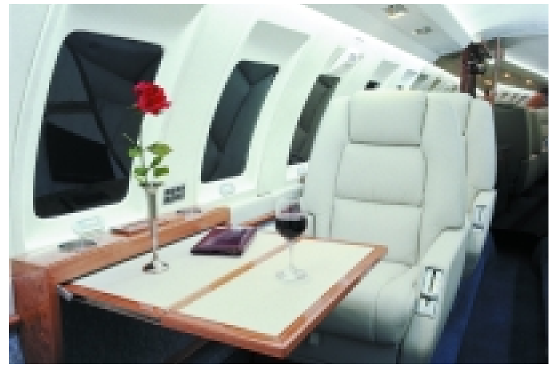
For SPD-Smart products, seeing is believing. At our June 2002 Annual Meeting of Shareholders, various portable, compact demonstration units for different SPD-Smart products made by our licensees were shown. These SPD Product Demonstration Kits ("PDKs") have been helpful in quickly and conveniently demonstrating the attractiveness of SPD-Smart products to manufacturers, architects, designers, specifiers, developers and prospective customers.

In November, Research Frontiers initiated its new interactive and greatly enhanced website at SmartGlass.com. If you have not already visited the site, we recommend that you do. From our website, you can also link to other important websites relating to SPD technology which are maintained by our licensees.

In late 2002 we launched a television advertising and public relations campaign targeted to reach 1.6 million upper income households in key markets. Five separate commercials were aired on CNN, CNBC, Fox News, The Food Channel, Home and Garden TV (HGTV), A&E, Lifetime and The Learning Channel.

In late 2002, Research Frontiers produced four 15-second and one 30-second television commercials which aired across the United States.

In the aircraft market for SPD technology, our licensee InspecTech Aero Service, Inc. has enhanced its SPD-Smart window product line with additional technology and materials to produce an outstanding new product called the I-Shade™ which provides all the essential features of a great aircraft window: light control/shading, heat and glare control, noise attenuation, and privacy, while also adding scarce space in the aircraft cabin interior and reducing weight (and therefore fuel consumption). InspecTech has already installed or is currently engineering at their customers' request SPD-Smart windows in many types of corporate and commercial jets, including the Learjet 20/30 series; Airbus A320/380; Boeing 737, 747, 757, and BBJ; Bombardier Global Ex; Cessna Citations 525, 525A, 550, Excel and CX; all Gulfstream models; the Piaggio P-180 Avanti and Pilatus PC-12; Raytheon King Air, Hawker and Beechjet aircraft; as well as Bell/Textron helicopters. More recently, InspecTech won an order to provide SPD windows for the Bombardier Challenger, an intercontinental business jet with a wide body cabin.



InspecTech's SPD-Smart aircraft windows installed on Raytheon's Hawker 800A corporate jet add interior space, reduce weight, fuel consumption and noise, and control light, glare and heat in an aesthetically pleasing manner.

Two of our licensees, SPD Systems and InspecTech Aero Service, have recently announced product offerings in the marine industry. Development projects for yachts and cruise ships with specific customers are already underway.

In the automotive industry, important SPD projects are currently being worked on by our licensees, together with several major automobile manufacturers including Bentley, BMW, Daimler-Chrysler, Ford, General Motors, as well as major Tier-1 automotive suppliers.

In addition, a number of architectural projects which will utilize SPD windows are at various stages of completion in the U.S., Asia and Europe. These projects vary in size from several windows for homeowners around the world that have a need for better light and glare control, to conference rooms, to large projects incorporating banks of SPD window panels that can use a thousand square feet or more of SPD glass. Some of these projects are high-profile smart "green" buildings using the latest in energy efficient technology throughout, and some are simply commercial projects that want our smart windows to distinguish their building facilities from others.

SPD-Smart products have been showcased at many of the world's important trade shows and industry conferences. In February 2002, the Neiman-Marcus Limited Edition Bell 430 Helicopter with SPD doors and windows debuted at the Heli Expo in Orlando, Florida. Several months earlier, this helicopter was also featured in the Neiman Marcus holiday catalog. Also in February, various SPD-Smart products were shown at the Kyeonghyang Housing Fair, which is the largest housing material exhibition held in Seoul, South Korea. In March, an SPD-Smart Model House was featured at the Singapore glass show and at the National Glass Association's show in Houston, Texas. In April, SPD-Smart products were shown at the Beijing glass show, and at the Hamburg Air Show. SPD Aircraft windows also appeared at the Aircraft Interiors Show in Dallas/Fort Worth, Texas in May. In June, SPD-Smart windows were shown at the Pacific Coast Builders Conference in San Francisco. In August, Research Frontiers was invited by the U.S. Government's National Renewable Energy

Laboratory (NREL) to speak at the Fifth International Meeting on Electrochromism in Golden, Colorado. Research Frontiers closed out a full year of trade shows and conferences by exhibiting at the world's largest glass show, GlassTec 2002, which was held in Düsseldorf, Germany in October.

The first few months of 2003 have also been filled with new SPD-Smart product introductions. In February, the I-Shade,™ a new SPD-Smart aircraft window that offers both light control and total privacy, was shown by InspecTech at the Aircraft Interiors Expo in Hamburg, Germany. In February and March, SPD Systems, in conjunction with Bent Glass Design and Maritime Services Corp., exhibited SPD-Smart marine window products at the Fort Lauderdale and Miami boat and cruise ship shows. In April, Road Rescue and Medtec Ambulance Corp. each debuted ambulances with SPD-Smart windows at the Fire Department Instructor Conference (FDIC) in Indianapolis, Indiana. The FDIC is the industry's largest fire truck, emergency vehicle, and ambulance show. New SPD aircraft window products were also shown in April at the Aircraft Interiors Show in Fort Lauderdale, Florida.

In early May 2003, Joe Harary will be speaking about the environmental and other benefits of SPD-Smart windows at the EnvironDesign 7 conference in Washington, D.C. It is estimated that buildings use one-third of all energy in the United States and two-thirds of all electricity. Office buildings consume about $150 billion in energy and lose 25% of their total energy through conventional windows. Use of smart windows in buildings can result in significant energy savings and reduced pollution.

As a result primarily of reductions in both operating and research and development expenses, the Company reduced its loss for 2002 to approximately $3.95 million from $4.54 million in 2001. The loss per share dropped to $0.33 in 2002 from $0.38 the prior year. This past year marked the third year in a row that our expenses and net loss have gone down. The Company had cash and cash equivalents and marketable securities of approximately $5.1 million at year-end 2002, and no debt.

The future potential for SPD-Smart products is tremendous. Worldwide annual new production of flat glass for all purposes is at about 40 billion square feet according to a market study by the Freedonia Group, and the Townsend Research Group has estimated that there may be 290 billion square feet of architectural windows in place from earlier years' production, some of which windows could be retrofitted (modified) by adding to the existing window a reinforced SPD film or an SPD window to make the window SPD-Smart. Now that our technology is in mass production, these large potential markets have become meaningful targets.

The initial job in building our supply infrastructure is done, and we are constantly striving to expand the number of end-product manufacturers, as well as improving and refining the core SPD emulsion and film suppliers in our supply chain. We expect that further improvements in the supply chain will be achieved. The addition of multiple sources of supply, especially by large companies with international operations, should further enhance product quality, pricing, and delivery times. It will also increase the collective investment being made to educate and promote the widespread sales of SPD-Smart products. We also expect that the pace of new companies adopting SPD technology for a wide variety of end-products will continue to accelerate.

We are concentrating our efforts on the twin goals of improving our supply chain and expanding our family of end-product licensees, as well as generating significant earned royalties derived from sales of

SPD-Smart products by our growing number of licensees. We have already noticed that earned royalties, while currently modest, are trending upward. Although results are not assured and quarters with non-recurring income or expense may occur, we anticipate that earned royalties will continue to trend upward strongly. Our goal remains to attain profitability as soon as possible.

There is no doubt that bringing a new technology not only to market, but to market in many different industries simultaneously, is a tough job. Larger companies have tried unsuccessfully to bring other types of smart windows to market. This makes our recent successes even more remarkable. Research Frontiers is now recognized as the first and only company in the world to have successfully introduced variable light controlling smart windows. Awareness is at an all time high, and we are very well known in the glass industry. We would like to personally thank our shareholders for their patience and support, especially through the most difficult markets in recollection. We also want to take this opportunity to thank our employees and licensees, many of whom have been working non-stop to build whole new businesses around SPD technology. We feel that the hard work and investment in developing SPD technology, and in building the initial infrastructure to supply it to the world, is now complete and we are moving forward with great anticipation and excitement into a future where one will find SPD-Smart technology "everywhere you look."

Sincerely,

Robert L. Saxe

Robert L. Saxe
Chairman and Chief Executive Officer

Joe Harary

Joseph M. Harary
President and Chief Operating Officer

Robert L. Saxe (right), and Joseph M. Harary.

Common Stock Information

Market Information

The Company's common stock is traded on the NASDAQ National Market. As of March 27, 2003, there were 12,247,879 shares of common stock outstanding.

The following table sets forth the range of the high and low selling prices (as provided by the National Association of Securities Dealers) of the Company's common stock for each quarterly period within the past two fiscal years:

Quarter Ended	Low	High
March 31, 2001	10.50	24.25
June 30, 2001	17.00	30.00
September 30, 2001	9.00	29.00
December 31, 2001	13.15	19.00
March 31, 2002	15.31	21.00
June 30, 2002	11.09	18.60
September 30, 2002	6.35	15.25
December 31, 2002	7.81	11.76

These quotations may reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not necessarily represent actual transactions.

Approximate Number of Security Holders

As of March 27, 2003, there were 624 holders of record of the Company's common stock. The Company estimates that there are approximately 9,800 beneficial holders of the Company's common stock.

Dividends

The Company did not pay dividends on its common stock in 2002 and does not expect to pay any cash dividends in the foreseeable future. There are no restrictions on the payment of dividends.

Selected Financial Data

The following table sets forth selected data regarding the Company's operating results and financial position. The data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto, all of which are contained in this Annual Report to Shareholders.

Year ended December 31		2002	2001	2000	1999	1998
Statement of Operations Data:	Fee income	$ 217,519	$ 142,002	$ 333,652	$ 128,096	$ 108,735
	Operating expenses (1)	2,631,139	3,155,305	3,375,638	2,008,611	1,750,674
	Research and development (1)	1,859,030	2,223,425	2,270,584	1,567,758	1,527,953
	Non-recurring non-cash compensation expense (2)	—	—	3,133,748	671,052	—
		4,490,169	5,378,730	8,779,970	4,247,421	3,278,627
	Operating loss	(4,272,650)	(5,236,728)	(8,446,318)	(4,119,325)	(3,169,892)
	Net investment income (3)	321,534	696,058	878,518	386,303	460,572
	Other income	—	—	—	—	91,379
	Net loss	(3,951,116)	(4,540,670)	(7,567,800)	(3,733,022)	(2,617,941)
	Basic and diluted net loss per common share	(.33)	(.38)	(.63)	(.34)	(.24)
	Dividends per share	—	—	—	—	—

As of December 31		2002	2001	2000	1999	1998
Balance Sheet Data:	Total current assets	$5,293,629	$8,272,677	$15,358,819	$ 9,695,137	$6,728,453
	Total assets	6,267,051	9,324,902	15,729,127	10,037,063	7,021,291
	Long-term debt, including accrued interest	—	—	—	—	—
	Total shareholders' equity	5,974,466	9,049,920	14,737,917	9,507,736	6,740,489

(1) *Research and development expenses for 1999 include $289,177 paid by the Company for 74 patents and patent applications acquired from Glaverbel, SA. During 2002, the Company reclassified costs associated with patents and patent applications from research and development expenses to operating expenses. The amount of patent costs reclassified from research and development expense to operating expense for the years ended December 31, 2001, 2000, 1999 and 1998 was approximately $411,000, $348,000, $404,000 and $119,000, respectively.*

(2) *During 1999, the Company granted 237,800 contingent performance options to employees, which vested only if a certain performance milestone in the price of the Company's common stock was achieved during 2000. The charges recorded as a result of the issuance of these performance options were calculated based upon changes in the Company's stock price as of the end of each quarter until the vesting date, and are non-cash compensation charges.*

(3) *Net investment income for 2002, 2001, 2000, 1999, and 1998 includes $64,608, $0, $0, $95,001, and $50,968, respectively, of interest income received from officers of the Company upon payment of notes receivable.*

Accounting Policies

The following accounting policies are important to understanding our financial condition and results of operations and should be read as an integral part of the discussion and analysis of the results of our operations and financial position. For additional accounting policies, see note 2 to our consolidated financial statements, "Summary of Significant Accounting Policies."

We have entered into a number of license agreements covering potential products using the Company's SPD technology. Under these agreements, we generally recognize income from royalties when earned in accordance with the terms of the agreements.

The Company expenses costs relating to the development or acquisition of patents due to the uncertainty of the recoverability of these items.

All of our research and development costs are charged to operations as incurred. Our research and development expenses consist of costs incurred for internal and external research and development. These costs include direct and indirect overhead expenses.

On occasion, the Company may issue to consultants either options or warrants to purchase shares of common stock of the Company at specified share prices. These options or warrants may vest based upon specific services being performed or performance criteria being met. In accordance with Emerging Issues Task Force Issue 96-18, *"Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,"* the Company would be required to record consulting expenses based upon the fair value of such options or warrants on the date that such options or warrants vest as determined using a Black-Scholes option pricing model. Depending upon the difference between the exercise price and the market price of the Company's common stock on the date that such options or warrants vest, the amount of non-cash expenses that could be recorded as a result of the vesting of such options or warrants can be material.

The Company applies the cost method of accounting for its minority equity interest in SPD Inc., a subsidiary of Hankuk Glass Industries, Inc. Because no public market exists for the common stock of SPD Inc., the Company reviews the operating performance, financing and forecasts for such entity in assessing the net realizable value of this investment. As a result, any significant adverse change in the above could lead to an impairment charge in future periods.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. An example of a critical estimate is the full valuation allowance for deferred taxes that was recorded based on the uncertainty that such tax benefits will be realized in future periods.

Controls and Procedures

We maintain a system of controls and procedures designed to provide reasonable assurance as to the reliability of the financial statements and other disclosures included in this report, as well as to safeguard assets from unauthorized use or disposition. We evaluated the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of management, including our Chief Executive Officer, within 90 days prior to the filing date of of our Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission filings. No significant changes were made to our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation.

Results of Operations

2002 vs. 2001 The Company's fee income from licensing activities for 2002 was $217,519, as compared to $142,002 for 2001. This increase in fee income was primarily the result of new license agreements entered into in 2002 and minimum annual royalties paid by end-product licensees. In addition, the Company recorded a small amount of royalty income related to sales of licensed products by its licensees in the fourth quarter of 2002 which exceeded their minimum annual royalty payments. Certain license fees, which are paid to the Company in advance of the accounting period in which they are earned resulting in the recognition of deferred revenue for the current accounting period, will be recognized as fee income in future periods. Also, licensees may offset some or all of their royalty payments on sales of licensed products for a given period by applying these advance payments towards such earned royalty payments.

Operating expenses decreased by $524,166 for 2002 to $2,631,139 from $3,155,305 for 2001. This decrease was primarily the result of lower payroll, patent, insurance, office, public relations, and directors expenses, offset somewhat by increased legal, consulting and marketing expenses.

Research and development expenditures decreased by $364,395 to $1,859,030 for 2002 from $2,223,425 for 2001. This decrease was primarily the result of lower payroll expenses and materials costs.

Operating expenses and research and development expenses listed above included amounts paid under a performance bonus plan of $496,790 and $288,710, respectively, during 2001. No amounts were accrued under a similar bonus plan with respect to 2002.

The Company's net gain from its investing activities for 2002 was $256,926 as compared to a net gain from its investing activities of $696,058 for 2001. This difference was primarily due to a lower level of average investment balances in 2002 compared to 2001, lower prevailing interest rates, and a decline in the market value of an equity security. In addition, during 2002 the Company recorded $64,608 of interest income on notes receivable from its officers which were repaid in the fourth quarter.

As a consequence of the factors discussed above, the Company's net loss was $3,951,116 ($0.33 per share) for 2002 as compared to $4,540,670 ($0.38 per share) for 2001.

2001 vs. 2000 The Company's fee income from licensing activities for 2001 was $142,002 as compared to $333,652 for 2000. Certain license fees, which are paid to the Company in advance of the accounting period in which they are earned resulting in the recognition of deferred revenue for the current accounting period, will be recognized as fee income in future periods. Also, licensees may offset some or all of their royalty payments on sales of licensed products for a given period by applying these advance payments towards such earned royalty payments.

Operating expenses decreased by $220,333 for 2001 to $3,155,305 from $3,375,638 for 2000. This decrease was primarily the result of a lower non-cash accounting charge of $43,596 which was recorded by the Company during 2001 compared to a non-cash accounting charge of $598,758 which was recorded by the Company during 2000, relating to the vesting of warrants based upon performance criteria being achieved or services performed, which expense was based upon the fair value of such warrants on the date the warrants vested as determined using a Black-Scholes option pricing model. Partially offsetting this decrease were increases with respect to payroll, marketing, public relations, patent and insurance expenses.

Research and development expenditures decreased modestly in 2001 to $2,223,425 from $2,270,584 for 2000. This decrease was primarily the result of lower costs of materials and lower consulting expenses, offset partially by higher payroll and insurance expenses.

Operating expenses and research and development expenses listed above included amounts paid under a performance bonus plan of $496,790 and $288,710, respectively during 2001 and $477,500 and $277,500, respectively during 2000. The Company also recorded a non-cash compensation charge of $3,133,748 during 2000 which did not recur during 2001 which is related to the non-recurring grant of certain contingent performance options issued to employees and directors during 1999. Because of the performance milestones which must have been achieved in order for these options to vest, the Company was required to account for these options as variable plan under APB Opinion No. 25.

The Company's net gain from its investing activities for 2001 was $696,058, as compared to a net gain from its investing activities of $878,518 for 2000. This difference was primarily due to a lower level of average investment balances in 2001 compared to 2000, and lower prevailing interest rates.

As a consequence of the factors discussed above, the Company's net loss was $4,540,670 ($0.38 per share) for 2001 as compared to $7,567,800 ($0.63 per share) for 2000. Without taking into account the non-cash accounting charge associated with the contingent performance options described above and the performance warrants described above, the Company's net loss would have been $4,497,074 ($0.37 per share) for 2001 as compared to $3,835,294 ($0.32 per share) for 2000.

Financial Condition, Liquidity and Capital Resources

During 2002, the Company's cash and cash equivalent balance increased by $4,264,361, principally as a result of proceeds received from sale of $6,991,771 of available-for-sale securities, and $3,175,362 of proceeds received, net of expenses, from the issuance of common stock upon the exercise of options and warrants, and the repayment by two executive officers in cash of $217,569 in principal and interest on loans previously made to such officers, offset by cash used to fund the Company's operating activities of $3,730,366, and the repurchase and subsequent retirement of $2,354,608 worth of the Company's common stock in the open market. At December 31, 2002, the Company had working capital of $5,001,044 and its shareholders' equity was $5,974,466.

The Company occupies premises under an operating lease agreement which expires on January 31, 2004 and requires minimum annual rent which rises over the term of the lease to approximately $143,500.

On October 1, 1998, the Company announced that Ailouros Ltd., a London-based institutional money management fund, has committed to purchase up to $15 million worth of common stock of the Company through December 31, 2001. This commitment is in the form of a Class A Warrant issued to Ailouros Ltd. which gives the Company the option in any three-month period to deliver a put notice to Ailouros requiring them to purchase an amount of common stock specified by the Company at a price equal to the greater of (A) 92% of the seven-day average trading price per share of common stock, or (B) a minimum or "floor" price per share set by the Company from time to time. The pricing was initially subject to an overall cap of $15 per share, which cap has now been eliminated by mutual agreement so that the Company may put stock to Ailouros at selling prices in excess of $15 per share. However, the Company is not required to sell any shares under the agreement. Before the beginning of each of a series of three-month periods specified by the Company, the Company determines the amount of common stock that the Company wishes to issue during such three-month period. The Company also sets the minimum selling or "floor" price, which can be reset by the Company in its sole discretion prior to the beginning of any subsequent three-month period. Therefore, at the beginning of each three-month period, the Company will determine how much common stock, if any, is to be sold (the amount of which can range from $0 to $1.5 million during such three-month period), and the minimum selling price per share. In March 2000, Ailouros agreed to expand its commitment beyond the original $15 million, thereby giving the Company the right to raise additional funds from Ailouros so long as the Company does not have to issue more shares than were originally registered with the Securities and Exchange Commission, and in December 2001 the expiration date of the Class A Warrant was extended to December 31, 2003. As of March 27, 2003, 456,717 shares remained registered for future issuance under the Class A Warrant.

During the second quarter of 2001, the Company, through its wholly-owned subsidiary, SPD Enterprises, Inc., invested approximately $750,000 for a minority equity interest in SPD Inc., a subsidiary of Hankuk Glass Industries Inc., Korea's largest glass manufacturer, which is dedicated exclusively to the production of suspended particle device (SPD) light-control film and a wide variety of end-products using SPD film.

In December 2000, the Company's Board of Directors approved a performance bonus plan which provides for a bonus to be paid on or after July 2, 2001 and on or after January 2, 2002 equal to 1% of the increase, if any, in the Company's market value during the first and second halves of 2001. Bonuses were capped at a recipient's salary in the case of employees of the Company, and were capped at $60,000 in the case of non-employee directors and certain employees of the Company. The Company's Board of Directors approved a similar bonus plan for 2002 but with higher thresholds to be met before a bonus is payable under such plan. In addition to the payment caps described above, under the 2002 bonus plan, in order to insure that bonuses are not paid based upon temporary fluctuations in the market value of the Company, bonuses under the 2002 bonus plan would only be paid to the various participants under this plan if and when the market value of the Company exceeds $280,489,009 (and in the case of any bonus paid to Robert L. Saxe, if and when the market value of the Company exceeds $304,207,362). No bonuses were paid in 2002 in connection with these plans, and on November 6, 2002, the Company's Board of Directors voted to terminate this bonus plan with respect to 2003 and replace it with a general bonus plan under which bonuses are awarded to employees of the Company for outstanding achievement including technical accomplishments, sales and revenue growth, and other performance milestones. All employees of the Company are eligible to receive bonuses under this plan and the bonuses shall not exceed $300,000 in the aggregate for 2003.

The Company expects to use its cash and the proceeds from maturities of its investments to fund its research and development of SPD light valves and for other working capital purposes. The Company's working capital and capital requirements depend upon numerous factors, including the results of research and development activities, competitive and technological developments, the timing and cost of patent filings, the development of new licensees and changes in the Company's relationships with its existing licensees. The degree of dependence of the Company's working capital requirements on each of the foregoing factors cannot be quantified; increased research and development activities and related costs would increase such requirements; the addition of new licensees may provide additional working capital or working capital requirements, and changes in relationships with existing licensees would have a favorable or negative impact depending upon the nature of such changes. Based upon existing levels of expenditures, assumed ten percent annual increases therein, existing cash reserves and budgeted revenues, the Company believes that it would not require additional funding for the next 15 months (without giving effect to any new financing raised). There can be no assurance that expenditures will not exceed the anticipated amounts or that additional financing, if required, will be available when needed or, if available, that its terms will be favorable or acceptable to the Company. Eventual success of the Company and generation of positive cash flow will be dependent upon the commercialization of products using the Company's technology by the Company's licensees and payments of continuing royalties on account thereof.

Inflation

The Company does not believe that inflation has a significant impact on its business.

New Accounting Standards

In July 2002, the Financial Accounting Standards Board issued Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS No. 146"). SFAS No. 146 will spread out the reporting of expenses relating to restructurings initiated after 2002, because commitment to a plan to exit an activity or dispose of long-lived assets will no longer be enough to record a liability for the anticipated costs. Instead, companies will record exit and disposal costs when they are "incurred" and can be measured at fair value, and they will subsequently adjust the recorded liability for changes in estimated cash flows. The Company is required to adopt the provisions of SFAS No. 146 as of January 1, 2003. The Company does not believe that the adoption of SFAS No. 146 will have any impact on the Company's consolidated financial statements as no planned restructuring charges currently exist.

Related Party Transactions

Statement of Financial Accounting Standards No. 57, *"Related Party Disclosures"* requires the Company to identify and describe material transactions involving related persons or entities and to disclose information necessary to understand the effects of such transactions on our consolidated financial statements. The Company loaned two officers an aggregate of $152,961. Each of the aforementioned loans were made in April 1997 or prior thereto; were due in January 2003; relate to the purchase of common stock of the Company; were collateralized by the pledge of shares of common stock of the Company; could be prepaid in part or in full without notice or penalty; were represented by a promissory note which bears interest at a rate per annum equal to the broker call rate in effect on the first day of each calendar quarter; and permited repayment of the loan by delivery of securities of the Company having a fair market value equal to the balance of the loan outstanding. On November 8, 2002, one of these officers, Joseph M. Harary, paid the Company $192,171 in cash in payment in full of all principal and accrued interest on the loans made by the Company to Mr. Harary. On December 16, 2002, the other officer, Robert L. Saxe, paid the Company $25,398 in cash in payment in full of all principal and accrued interest on the loans made by the Company to Mr. Saxe.

Forward Looking Statements

The information set forth in this Report and in all publicly disseminated information about the Company, including the narrative contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" above, includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe harbor created by that section. Readers are cautioned not to place undue reliance on these forward-looking statements as they speak only as of the date hereof and are not guaranteed.

Quantitative and Qualitative Disclosure About Market Risk

The Company invests available cash and cash equivalents in money market funds or in short-term U.S. treasury securities with maturities that are generally two years or less. Although the rate of interest paid on such investments may fluctuate over time, each of the Company's investments, other than in money market funds whose interest yield varies, is made at a fixed interest rate over the duration of the investment. Accordingly, the Company does not believe it is materially exposed to changes in interest rates as it generally holds these treasury securities until maturity.

The Company does not have any sales, purchases, assets or liabilities determined in currencies other than the U.S. dollar, and as such, is not subject to foreign currency exchange risk.

The Shareholders and Board of Directors
Research Frontiers Incorporated:

We have audited the accompanying consolidated balance sheets of Research Frontiers Incorporated and subsidiary as of December 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Research Frontiers Incorporated and subsidiary at December 31, 2002 and 2001 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
Melville, New York
February 21, 2003

Consolidated Balance Sheets

December 31			2002	2001
Assets	**Current assets:**	Cash and cash equivalents	$ 5,117,571	853,210
		Marketable investment securities-available for sale	11,250	7,083,606
		Receivable from warrant exercise pending settlement	—	164,311
		Royalty receivables	138,147	37,500
		Prepaid expenses and other current assets	26,661	134,050
		Total current assets	5,293,629	8,272,677
		Investment in SPD Inc., at cost	750,002	750,002
		Fixed assets, net	200,815	279,618
		Deposits and other assets	22,605	22,605
		Total assets	$6,267,051	9,324,902
Liabilities and Shareholders' Equity	**Current liabilities:**	Accounts payable	$88,609	79,197
		Deferred revenue	12,000	37,500
		Accrued expenses and other	191,976	158,285
		Total liabilities	292,585	274,982
	Shareholders' equity:	Common stock, par value $0.0001 per share; authorized 100,000,000 shares, issued and outstanding 12,215,879 and 12,108,195 shares for 2002 and 2001	1,222	1,211
		Additional paid-in capital	52,124,811	51,359,036
		Accumulated other comprehensive income (loss)	(1,250)	41,835
		Accumulated deficit	(46,150,317)	(42,199,201)
			5,974,466	9,202,881
		Notes receivable from officers	—	(152,961)
		Total shareholders' equity	5,974,466	9,049,920
		Commitments and contingency		
		Total liabilities and shareholders' equity	$6,267,051	9,324,902

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Years ended December 31	2002	2001	2000
Fee income	$ 217,519	142,002	333,652
Operating expenses	2,631,139	3,155,305	3,375,638
Research and development	1,859,030	2,223,425	2,270,584
Non-recurring non-cash compensation expense	—	—	3,133,748
	4,490,169	5,378,730	8,779,970
Operating loss	(4,272,650)	(5,236,728)	(8,446,318)
Net investment income	256,926	696,058	878,518
Interest income on notes receivable from officers	64,608	—	—
Net loss	$ (3,951,116)	(4,540,670)	(7,567,800)
Basic and diluted net loss per common share	$ (0.33)	(0.38)	(0.63)
Weighted average number of common shares outstanding	12,152,506	12,085,609	12,096,108

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Years ended December 31, 2002, 2001 and 2000

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock, at Cost	Accumulated Other Comprehensive Income (Loss)	Notes Receivable	Total
Balance, December 31, 1999	11,523,900	$1,152	39,750,276	(30,090,731)	—	—	(152,961)	9,507,736
Issuance of common stock	758,945	76	12,172,093	—	—	—	—	12,172,169
Purchase of treasury stock	—	—	—	—	(3,314,169)	—	—	(3,314,169)
Retirement of treasury stock	(182,600)	(18)	(3,314,151)	—	3,314,169	—	—	—
Issuance of performance options	—	—	3,133,748	—	—	—	—	3,133,748
Comprehensive loss:								
Net loss	—	—	—	(7,567,800)	—	—	—	(7,567,800)
Unrealized loss on available for sale securities	—	—	—	—	—	(46,094)	—	(46,094)
Total Comprehensive Loss								(7,613,894)
Issuance of stock and warrants for services performed	3,438	—	852,327	—	—	—	—	852,327
Balance, December 31, 2000	12,103,683	$1,210	52,594,293	(37,658,531)	—	(46,094)	(152,961)	14,737,917
Issuance of common stock	407,175	41	6,778,991	—	—	—	—	6,779,032
Purchase of treasury stock	—	—	—	—	(8,144,693)	—	—	(8,144,693)
Retirement of treasury stock	(407,065)	(40)	(8,144,653)	—	8,144,693	—	—	—
Comprehensive loss:								
Net loss	—	—	—	(4,540,670)	—	—	—	(4,540,670)
Unrealized gain on available for sale securities	—	—	—	—	—	87,929	—	87,929
Total Comprehensive Loss								(4,452,741)
Issuance of stock and warrants for services performed	4,402	—	130,405	—	—	—	—	130,405
Balance, December 31, 2001	12,108,195	$1,211	51,359,036	(42,199,201)	—	41,835	(152,961)	9,049,920
Issuance of common stock	297,875	30	3,011,021	—	—	—	—	3,011,051
Purchase of treasury stock	—	—	—	—	(2,354,608)	—	—	(2,354,608)
Retirement of treasury stock	(190,441)	(19)	(2,354,589)	—	2,354,608	—	—	—
Comprehensive loss:								
Net loss	—	—	—	(3,951,116)	—	—	—	(3,951,116)
Unrealized loss on available for sale securities	—	—	—	—	—	(43,085)	—	(43,085)
Total Comprehensive Loss								(3,994,201)
Loan repayment from officers	—	—	—	—	—	—	152,961	152,961
Issuance of stock, options and warrants for services performed	250	—	109,343	—	—	—	—	109,343
Balance, December 31, 2002	12,215,879	$1,222	52,124,811	(46,150,317)	—	(1,250)	—	5,974,466

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31	2002	2001	2000
Cash flows from operating activities:			
Net loss	$(3,951,116)	(4,540,670)	(7,567,800)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	114,170	118,657	109,137
Expense relating to issuance of stock, options and warrants for services performed	109,343	112,817	852,327
Impairment loss on marketable securities	37,500	—	—
Expense relating to issuance of contingent performance options	—	—	3,133,748
Marketable securities received as license fee	—	—	(50,000)
Cashless exercise of options and warrants	—	17,588	—
Changes in assets and liabilities:			
Salary advance to officer	—	—	66,445
Royalty receivables	(100,647)	(37,500)	—
Prepaid expenses and other current assets	107,389	106,939	(223,498)
Deferred revenue	(25,500)	(2)	(8,652)
Accounts payable and accrued expenses	43,103	(716,226)	470,535
Net cash used in operating activities	(3,665,758)	(4,938,397)	(3,217,758)
Cash flows from investing activities:			
Proceeds from sale and maturity of held-to-maturity securities	—	1,319,572	2,526,363
Proceeds from sale of available-for-sale securities	6,991,771	2,996,409	—
Purchases of held-to-maturity treasury securities	—	—	(12,588,032)
Investment in SPD, Inc., at cost	—	(750,002)	—
Purchases of fixed assets	(35,367)	(50,572)	(137,519)
Net cash provided by (used in) investing activities	6,956,404	3,515,407	(10,199,188)
Cash flows from financing activities:			
Repayment of principal on officer's loans	152,961	—	—
Proceeds from issuances of common stock and warrants	3,175,362	6,614,721	12,394,718
Purchase of treasury stock	(2,354,608)	(8,144,693)	(3,314,169)
Net cash provided by (used in) financing activities	973,715	(1,529,972)	9,080,549
Net increase (decrease) in cash and cash equivalents	4,264,361	(2,952,962)	(4,336,397)
Cash and cash equivalents at beginning of year	853,210	3,806,172	8,142,569
Cash and cash equivalents at end of year	$ 5,117,571	853,210	3,806,172

See accompanying notes to consolidated financial statements.

1. Business

Research Frontiers Incorporated (the "Company" or "Research Frontiers") operates in a single business segment which is engaged in the development and marketing of technology and devices to control the flow of light. Such devices, often referred to as "light valves" or suspended particle devices (SPDs), use colloidal particles that are either incorporated within a liquid suspension or a film, which is usually enclosed between two sheets of glass or plastic having transparent, electrically conductive coatings on the facing surfaces thereof. At least one of the two sheets is transparent.

During the second quarter of 2001, the Company, through its wholly-owned subsidiary, SPD Enterprises, Inc., invested $750,002 for a minority equity interest in SPD Inc., a subsidiary of Hankuk Glass Industries Inc., Korea's largest glass manufacturer, which is dedicated exclusively to the production of suspended particle device (SPD) light-control film and a wide variety of end-products using SPD film.

The Company has historically utilized its cash and the proceeds from maturities of its investments to fund its research and development of SPD light valves and for other working capital purposes. The Company's working capital and capital requirements depend upon numerous factors, including the results of research and development activities, competitive and technological developments, the timing and cost of patent filings, and the development of new licensees and changes in the Company's relationships with its existing licensees. The degree of dependence of the Company's working capital requirements on each of the foregoing factors cannot be quantified; increased research and development activities and related costs would increase such requirements; the addition of new licensees may provide additional working capital or working capital requirements, and changes in relationships with existing licensees would have a favorable or negative impact depending upon the nature of such changes. There can be no assurance that expenditures will not exceed the anticipated amounts or that additional financing, if required, will be available when needed or, if available, that its terms will be favorable or acceptable to the Company. Eventual success of the Company and generation of positive cash flow will be dependent upon the commercialization of products using the Company's technology by the Company's licensees and payments of continuing royalties on account thereof.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents The Company considers securities purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of short-term investments in money market accounts at December 31, 2002 and 2001.

Marketable Investment Securities Marketable investment securities at December 31, 2002 consisted of an equity security, and at December 31, 2001 consisted of U.S. Treasury and an equity security. The Company classifies its securities into available-for-sale which are recorded at fair value with unrealized holding gains and losses excluded from earnings and are reported as a separate component of shareholders' equity until realized. Dividend and interest income are recognized when earned. Cost is maintained on a specific identification basis for purposes of determining realized gains and losses on sales of investments. A decline in the market value of any available-for-sale security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair market value. The impairment is charged to earnings and a new cost basis for this security is established. During the fourth quarter, the Company reduced the carrying amount of its equity security by $37,500 because of a sustained reduction in the market price of the stock.

Fixed Assets Fixed assets are carried at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Fee Income Fee income represents amounts earned by the Company under various license and other agreements (note 9) relating to technology developed by the Company. During fiscal 2002, four licensees of the Company accounted for 23%, 23%, 17% and 11%, respectively of fee income recognized during the year. During fiscal 2001, three licensees of the Company accounted for 35%, 26% and 26%, respectively of fee income recognized during the year. During fiscal 2000, four licensees of the Company accounted for 56%, 15%, 15% and 14%, respectively of fee income recognized during the year.

Basic and Diluted Loss Per Common Share Basic earnings (loss) per share excludes any dilution. It is based upon the weighted average number of common shares outstanding during the period. Dilutive earnings (loss) per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company's dilutive earnings (loss) per share equals basic earnings (loss) per share for each of the years in the three-year period ended December 31, 2002 because all common stock equivalents (*i.e.*, options and warrants) were antidilutive in those periods. The number of options and warrants that was not included because their effect is antidilutive was 2,667,701, 2,542,576, and 2,224,201 for 2002, 2001 and 2000, respectively.

Research and Development Costs Research and development costs are charged to expense as incurred.

Patent Costs The Company expenses costs relating to the development or acquisition of patents due to the uncertainty of the recoverability of these items.

Use of Estimates The preparation of the Company's consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during this period. Significant items subject to such estimates and assumptions include the recoverability of patent costs and the valuation of deferred income tax assets. Actual results could differ from those estimates.

Income Taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Fair Value of Financial Instruments The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amounts of all financial instruments classified as a current asset or current liability are deemed to approximate fair value because of the short maturity of those instruments.

The fair value of the notes receivable from officers approximates the carrying value as their stated interest rate, the broker call rate, is similar to other rates currently offered by local brokerage institutions for loans of similar terms to individuals with comparable credit risk.

Stock Option Plan The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25 *"Accounting for Stock Issued to Employees,"* and related interpretations, including FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB Opinion No. 25,* issued in March 2000, to account for its fixed-plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, *Accounting for Stock Based Compensation,* established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123. The following table illustrated the effect on net income if the fair-value-based method had been applied to all outstanding and unvested awards in each period.

		2002	2001	2000
Net loss, as reported		$(3,951,116)	$(4,540,670)	$(7,567,800)
Add: Stock-based employee compensation expense included in reported net loss		—	—	3,133,748
Deduct: Total stock-based employee compensation determined under fair-value based method for all awards		(5,393,206)	(2,011,685)	(3,609,064)
	Pro forma	$(9,344,322)	$(6,552,355)	$(7,843,116)
Basic and diluted net loss per common share	As reported	$ (0.33)	$ (0.38)	$ (0.63)
	Pro forma	$ (0.77)	$ (0.54)	$ (0.65)

The per share weighted average fair value of warrants issued to directors and stock options granted during 2002, 2001, and 2000 was approximately $7.41, $12.41, and $9.00, respectively, on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Grant Date	Expected Dividend Yield	Risk-Free Interest Rate	Expected Stock Volatility	Expected Life in Years
December 2002	0%	3.268%	78.340%	3.77
September 2002	0%	3.268%	78.340%	3.77
June 2002	0%	3.754%	78.280%	3.77
September 2001	0%	3.787%	90.190%	3.62
June 2001	0%	4.768%	85.170%	3.62
December 2000	0%	5.200%	64.659%	3.62
October 2000	0%	5.760%	65.076%	3.62
June 2000	0%	6.290%	64.532%	3.62
February 2000	0%	6.600%	56.400%	3.62

Accumulated Other Comprehensive Income (loss) The change in accumulated other comprehensive income (loss) relating to available-for-sale securities of $43,085 for the year ended December 31, 2002 is comprised of reclassification adjustments for gains realized in net income of $80,585 and an impairment loss in the amount of $37,500 for a decline in value that is other than temporary. The unrealized gains on available-for-sale securities of $87,929 for the year ended December 31, 2001 is comprised of $168,985 of unrealized holding gains arising during the period less reclassification adjustments for gains realized in net income of $81,056 during the period.

Revenue Recognition The Company has entered into a number of license agreements covering potential products. The Company receives minimum annual royalties under certain license agreements and records fee income for the amounts earned by the Company. Certain of the fees are paid to the Company in advance of the period in which they are earned resulting in deferred revenue.

Reclassifications During 2002, the Company has reclassified costs associated with patents and patent applications from research and development expenses to operating expenses. The amount of patent costs for the year ended December 31, 2002 was approximately $372,000. The reclassification was also reflected in the consolidated statement of operations for the years ended December 31, 2001 and 2000 to conform to the current period's presentation. The amount of patent costs reclassified from research and development expense to operating expense for the years ended December 31, 2001 and 2000 was approximately $411,000 and $348,000 respectively.

Recently Issued Accounting Standards In June 2002, the Financial Accounting Standards Board issued Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS No. 146"). SFAS No. 146 will spread out the reporting of expenses relating to restructurings initiated after 2002, because commitment to a plan to exit an activity or dispose of long-lived assets will no longer be enough to record a liability for the anticipated costs. Instead, companies will record exit and disposal costs when they are "incurred" and can be measured at fair value, and they will subsequently adjust the recorded liability for changes in estimated cash flows. The Company is required to adopt the provisions of SFAS No. 146 as of January 1, 2003. The Company does not believe that the adoption of SFAS No. 146 will have any impact on the Company's consolidated financial statements as no restructurings are planned.

In December 2002, the Financial Accounting Standards Board issued Statement No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure, an Amendment of FASB Statement No. 123* ("SFAS No. 148"). SFAS No. 148 amends Financial Accounting Standards Board Statement No. 123, *Accounting for Stock-Based Compensation,* to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of FASB Statement No. 123 to require prominent disclosures in both annual and interim financial statements. Certain of the disclosure modifications are required for fiscal years ending after December 15, 2002 and are included in the notes to these consolidated financial statements.

Impairment of Long-Lived Assets The Company adopted on January 1, 2002 Financial Accounting Standards Board Statement No. 144, *Accounting for the Impairment of Long-Lived Assets* ("SFAS No. 144"),which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes Financial Accounting Standards Board Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of* ("SFAS No. 121"), while retaining the fundamental recognition and measurement provisions of that statement. SFAS No. 144 requires that a long-lived asset to be abandoned, exchanged for a similar productive asset or distributed to owners in a spinoff to be considered held and used until it is disposed of. However, SFAS No. 144 requires that management consider revising the depreciable life of such long-lived asset. The implementation of SFAS No. 144 had no impact on the Company's financial position or results of operations.

Supplemental Cash Flow Information The following is supplemental information relating to the Company's consolidated statement of cash flows:

	2002	2001	2000
Non-cash financing activities:			
Receivable from warrant exercise	$ —	164,311	—

3. Marketable Investment Securities

The fair value of marketable investment securities is based upon quoted market prices. The amortized cost, gross unrealized holding gains and fair value for the Company's securities at December 31, 2002 and 2001 were as follows:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding (Losses)	Fair Value
At December 31, 2002:				
Available-for-sale securities:				
Equity securities	$ 12,500	—	(1,250)	11,250
At December 31, 2002:				
Available-for-sale securities:				
U.S. treasury securities	$6,991,771	80,960	—	7,072,731
Equity securities	$ 50,000	—	(39,125)	10,875

Maturities of all U.S. treasury securities were less than two years at December 31, 2001.

4. Notes Receivable from Officers

During the fourth quarter of 2002, executive officers Joseph M. Harary and Robert L. Saxe repaid loans made previously by the Company in the principal amount of $152,961, plus all accrued interest through the date of payment. These loans were repaid in cash by these individuals. In connection with the aforementioned loan repayments, the Company recorded $64,608 in interest income in 2002. It is the Company's policy to record interest income on these notes when repaid.

5. Fixed Assets

Fixed assets and their estimated useful lives, are as follows:

	2002	2001	Estimated useful life
Equipment and furniture	$1,084,708	1,057,126	5 years
Leasehold improvements	277,145	269,360	Life of lease or estimated life if shorter
	1,361,853	1,326,486	
Less accumulated depreciation and amortization	1,161,038	1,046,868	
	$ 200,815	279,618	

6. Accrued Expenses and Other

Accrued expenses consist of the following at December 31, 2002 and 2001:

	2002	2001
Payroll, bonuses and related benefits	$ 85,974	91,942
Professional services	91,846	34,285
Other	14,156	32,058
	$191,976	158,285

7. Income Taxes

There was no income tax expense in 2002, 2001 and 2000 due to losses incurred by the Company.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2002 and 2001 are presented below.

	2002	2001
Deferred tax assets:		
Net operating loss carryforwards	$14,334,000	12,922,000
Research and other credits	873,000	860,000
Total gross deferred tax assets	15,207,000	13,782,000
Less valuation allowance	15,207,000	13,782,000
	—	—

The Company has recorded a valuation allowance against the deferred tax assets as they will not be realized unless the Company achieves profitable operations in the future.

At December 31, 2002, the Company had a net operating loss carryforward for federal income tax purposes of approximately $35,836,000, varying amounts of which will expire in each year from 2003 through 2022. Research and other credit carryforwards of $873,000 are available to the Company to reduce income taxes payable in future years principally through 2022. Net operating loss carryforwards of $758,695 and research and other credit carryforwards of $0 are scheduled to expire during fiscal 2003, if not utilized.

8. Shareholders' Equity

Sale of Common Stock and Warrants During 2000, the Company received $12,172,169 of net cash proceeds from the issuance of 758,945 shares of common stock from the exercise of options and warrants, as follows: the issuance of 95,962 shares of common stock issued upon the exercise of options resulting in net proceeds of $706,299 and the issuance of 662,983 shares of common stock issued upon the exercise of warrants, principally related to the Class A Warrant, resulting in net proceeds of $11,465,870. In addition, 3,438 shares were issued to a director in payment of $68,000 in directors fees.

During 2001, the Company received $6,614,721 of net cash proceeds from the issuance of 407,175 shares of common stock from the exercise of options and warrants, as follows: (i) the issuance of 48,175 shares of common stock issued upon the exercise of options resulting in net proceeds of $385,472 and (ii) 359,000 shares of common stock issued upon the exercise of warrants, principally related to the Class A Warrant, resulting in net proceeds (inclusive of a receivable described below of $164,311) of $6,393,560. In addition, 3,715 shares were issued to directors in payment of $69,221 in directors fees, and 687 shares were issued through the cancellation of 1,000 warrants, resulting in non-cash consulting expense of $17,588 being recorded.

The Company recorded a receivable of $164,311 representing a warrant exercise that occurred prior to the end of 2001, that was scheduled to settle in January 2002. The Company received the cash for the settlement of this warrant in January 2002.

During 2002, the Company received $3,175,362 of net cash proceeds from (i) the issuance of 33,875 shares of common stock issued upon the exercise of options resulting in net proceeds of $243,767; (ii) 253,500 shares of common stock issued upon the exercise of warrants, principally related to the Class A Warrant, resulting in net proceeds of $2,728,084; and (iii) $164,311 of cash received in early January for the settlement of a warrant exercised in late December 2001. In addition, 2,816 shares with a value of $39,200 were delivered to the Company and immediately retired in payment of the exercise price of options to purchase 10,500 shares, and 250 shares of common stock were issued in connection with the acquisition by the Company of the domain name "SmartGlass.com" resulting in non-cash marketing expenses of $1,518.

Options and Warrants / *Options* In 1992, the shareholders approved a stock option plan (1992 Stock Option Plan) which provides for the granting of both incentive stock options at the fair market value at the date of grant and nonqualified stock options at or below the fair market value at the date of grant to employees or non-employees who, in the determination of the Board of Directors, have made or may make significant contributions to the Company in the future. The Company initially reserved 468,750 shares of its common stock for issuance under this plan. In 1994 and 1996, the Company's shareholders approved an additional 300,000 shares and 450,000 shares, respectively, for issuance under this plan. As of December 31, 2001, no options were available for issuance under this Plan and this Plan expired during 2002.

In 1998, the shareholders approved a stock option plan (1998 Stock Option Plan) which provides for the granting of both incentive stock options at the fair market value at the date of grant and nonqualified stock options at or below the fair market value at the date of grant to employees or non-employees who, in the determination of the Board of Directors, have made or may make significant contributions to the Company in the future. The Company may also award stock appreciation rights or restricted stock under this plan. The Company initially reserved 540,000 shares of its common stock for issuance under this plan. In 1999, the

Company's shareholders approved an additional 545,000 shares for issuance under this Plan, and in 2000, the Company's shareholders approved an additional 600,000 shares for issuance under this Plan. As of December 31, 2002, awards for 28,322 shares of common stock were available for issuance under this Plan.

At the discretion of the Board of Directors, options expire in ten years or less from the date of grant and are generally fully exercisable upon grant but in some cases may be subject to vesting in the future. Full payment of the exercise price may be made in cash or in shares of common stock valued at the fair market value thereof on the date of exercise, or by agreeing with the Company to cancel a portion of the exercised options. When an employee exercises a stock option through the surrender of options held, rather than of cash for the option exercise price, compensation expense is recorded in accordance with APB Opinion No. 25. Accordingly, compensation expense is recorded for the difference between the quoted market value of the Company's common stock at the date of exchange and the exercise price of the option.

Activity in stock options is summarized below:

	Number of Shares Subject to Option	Weighted Average Exercise Price
Balance at December 31, 1999	1,718,663	$7.98
Granted	332,500	$19.80
Cancelled	(6,700)	$14.85
Exercised	(95,962)	$7.36
Balance at December 31, 2000	1,948,501	$10.00
Granted	416,550	$20.20
Cancelled	—	—
Exercised	(48,175)	$ 8.00
Balance at December 31, 2001	2,316,876	$11.88
Granted	168,000	$12.76
Cancelled	—	—
Exercised	(44,375)	$6.38
Balance at December 31, 2002	2,440,501	$12.04

The following table summarizes information about stock options at December 31, 2002:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
$3.00–$6.00	109,802	3.92	$5.97	109,802	$5.97
$6.01–$7.50	671,326	4.88	$7.29	671,326	$7.29
$7.51–$9.00	552,501	5.72	$8.35	552,501	$8.35
$9.01–$12.00	317,025	5.81	$9.87	298,025	$9.80
$12.01–$15.00	338,547	7.64	$13.52	171,797	$14.24
$15.01–$19.00	113,000	7.92	$18.99	106,000	$19.00
$19.01–$37.03	338,300	8.21	$27.70	308,300	$26.79
	2,440,501	6.13	$12.04	2,217,751	$11.63

Options to purchase 186,750 shares become exercisable during 2003.

During 2002, the Company issued options to its five Advisory Board members to purchase a total of 5,000 shares of common stock at an exercise price of $12.775 per share. The Company recorded $37,050 of non-cash expense based on the fair value of these options determined using a Black-Scholes option pricing model. In addition, the Company issued options to purchase 1,250 shares of common stock in connection with the acquisition by the Company of the domain name "SmartGlass.com,"and for web design services, resulting in non-cash marketing expense of $6,775.

During 2000, the Company granted 14,000 options to consultants which vested immediately. The Company recorded consulting expenses of $246,961 based upon the fair value of such options on the date the options vested as determined using a Black-Scholes option pricing model.

During 1999, the Company granted 237,800 contingent performance options to employees, which vested only, if a certain performance milestone in the price of the Company's common stock was achieved during 2000. This milestone was achieved during 2000 and these options vested. The Company is required to account for these options as a variable plan under APB Opinion No. 25. Accordingly, from the point in time that it appears probable that such milestone will be achieved, the Company is required to recognize non-cash compensation expense each period from the date of grant through the vesting date based on the quoted market price of the stock at the end of each period. Non-cash compensation expense recognized during 1999 and 2000 in connection with these options was $671,052 and $3,133,748, respectively. The charges recorded as a result of the issuance of these performance options are calculated based upon changes in the Company's stock price as of the end of each quarter, and are non-cash compensation charges.

Options and Warrants / *Warrants* Activity in warrants is summarized below, excluding the effect of the Class A and Class B warrants discussed below:

	Number of Shares Underlying Warrants Granted	Exercise Price
Balance at December 31, 1999	276,700	$5.88–21.00
Exercised	(1,000)	9.00–10.00
Terminated	—	—
Issued	—	—
Balance at December 31, 2000	275,700	$5.88–21.00
Exercised	(30,000)	7.99–11.00
Terminated	(20,000)	16.00–21.00
Issued	—	—
Balance at December 31, 2001	225,700	$5.88–13.50
Exercised	(8,500)	7.99–8.98
Terminated	—	—
Issued	10,000	12.19
Balance at December 31, 2002	227,200	$5.88–13.50

Warrants generally expire from two to ten years from the date of issuance. At December 31, 2002 the number of warrants exercisable was 222,200 at a weighted average exercise price of $8.31 per share.

During 2002, the Company issued warrants to SPD Inc. to purchase 10,000 shares of common stock at an exercise price of $12.19 per share as an award for being the first licensee of the Company to produce and sell commercial quantities of SPD film. The Company recorded $64,000 of non-cash expense in connection with the issuance of these warrants.

During 2001 and 2000, certain warrants granted to consultants in 1995 and 1994 to purchase 7,000 and 25,000 shares, respectively of common stock became vested due to services performed and performance criteria being met. The Company recorded consulting expense of $43,596 and $528,198, respectively, based upon the fair value of such warrants on the date the warrants vested as determined using a Black-Scholes option pricing model.

Treasury Stock During 2002, the Company purchased in the open market and subsequently retired 187,625 shares of treasury stock with an aggregate cost of $2,315,408. In addition, 2,816 shares with a value of $39,200 was delivered to the Company and immediately retired in payment of the exercise price of options to purchase 10,500 shares. During 2001, the Company purchased in the open market and subsequently retired 407,065 shares of treasury stock with an aggregate cost of $8,144,693. During 2000, the Company purchased in the open market and subsequently retired 182,600 shares of treasury stock with an aggregate cost of $3,314,169.

Class A and Class B Warrants On October 1, 1998, the Company announced that Ailouros Ltd., a London-based institutional money management fund, has committed to purchase up to $15 million worth of common stock of the Company through December 31, 2001. This commitment is in the form of a Class A Warrant issued to Ailouros Ltd. which gives the Company the option in any three-month period to deliver a put notice to Ailouros requiring them to purchase an amount of common stock specified by the Company at a price equal to the greater of (A) 92% of the seven-day average trading price per share of common stock, or (B) a minimum or "floor" price per share set by the Company from time to time. The pricing was initially subject to an overall cap of $15 per share, which cap has now been eliminated by mutual agreement so that the Company may put stock to Ailouros at selling prices in excess of $15 per share. However, the Company is not required to sell any shares under the agreement. Before the beginning of each of a series of three-month periods specified by the Company, the Company determines the amount of common stock that the Company wishes to issue during such three-month period. The Company also sets the minimum selling or "floor" price, which can be reset by the Company in its sole discretion prior to the beginning of any subsequent three-month period. Therefore, at the beginning of each three-month period, the Company will determine how much common stock, if any, is to be sold (the amount of which can range from $0 to $1.5 million during such three-month period), and the minimum selling price per share. In March 2000, Ailouros agreed to expand its commitment beyond the original $15 million, thereby giving the Company the right to raise additional funds from Ailouros so long as the Company does not have to issue more shares than were originally registered with the Securities and Exchange Commission, and in December 2001 the expiration date of the Class A Warrant was extended to December 31, 2003. As of March 27, 2003, 456,717 shares remained registered for future issuance under the Class A Warrant.

In connection with the financing, the Company also issued Ailouros Ltd. a Class B Warrant which expires on September 30, 2008. The Class B Warrant is exercisable at $8.25 per share which represents 120% of average of the closing bid and ask price of the Company's common stock on the date of the Class B Warrant's issuance. The Class B Warrant is exercisable into 65,500 shares. Ailouros paid the Company $10,000 upon issuance of the Class A Warrant and the Class B Warrant.

9. License and Other Agreements

The Company has entered into a number of license agreements covering various products using the Company's SPD technology. Licensees of Research Frontiers who incorporate SPD technology into end products will pay Research Frontiers an earned royalty of 5-10% of net sales of licensed products under license agreements currently in effect, and may also be required to pay Research Frontiers minimum annual royalties. To the extent that products have been sold resulting in earned royalties under these license agreements in excess of these minimum advance royalty payments, the Company has recorded additional royalty income. Licensees who sell products or components to other licensees of Research Frontiers do not pay a royalty on such sale and Research Frontiers will collect such royalty from the licensee incorporating such products or components into their own end-products. Research Frontiers' license agreements typically allow the licensee to terminate the license after some period of time, and give Research Frontiers only limited rights to terminate before the license expires. Most licenses are non-exclusive and generally last as long as our patents remain in effect.

10. Commitments

The Company has an employment agreement with one of its officers which provides for an annual base salary of $420,000 through December 31, 2003.

In December 2000, the Company's Board of Directors approved a performance bonus plan which provides for a bonus to be paid on or after July 2, 2001 and on or after January 2, 2002 equal to 1% of the increase, if any, in the Company's market value during the first and second halves of 2001. Bonuses were capped at a recipient's salary in the case of employees of the Company, and were capped at $60,000 in the case of non-employee directors and certain employees of the Company. The Company's Board of Directors approved a similar bonus plan for 2002 but with higher thresholds to be met before a bonus is payable under such plan. In addition to the payment caps described above, under the 2002 plan, in order to insure that bonuses are not paid based upon temporary fluctuations in the market value of the Company, bonuses under this plan will only be paid to the various participants under this plan if and when the market value of the Company exceeds $280,489,009 (and in the case of any bonus paid to the Company's Chief Executive Officer, if and when the market value of the Company exceeds $304,207,362). The Company recorded $0 and $785,500 of expenses in connection with these plans for the years ended December 31, 2002 and 2001, respectively. On November 6, 2002, the Company's Board of Directors voted to terminate this bonus plan with respect to 2003 and replace it with a general bonus plan under which bonuses are awarded to employees of the Company for outstanding achievement including technical accomplishments, sales and revenue growth, and other performance milestones. All employees of the Company are eligible to receive bonuses under this plan and the bonuses shall not exceed $300,000 in the aggregate for 2003.

The Company occupies premises under an operating lease agreement which expires on January 31, 2004 and requires minimum annual rent which rises over the term of the lease to approximately $143,500. Rent expense, including other expenses, amounted to approximately $148,000, $152,000, and $142,000, for 2002, 2001, and 2000, respectively.

11. Rights Plan

In February 2003, the Company's Board of Directors adopted a Stockholders' Rights Plan and declared a dividend distribution of one Right for each outstanding share of Company common stock to stockholders of record at the close of business on March 3, 2003. Subject to certain exceptions listed in the Rights Plan, if a person or group has acquired beneficial ownership of, or commences a tender or exchange offer for, 15% or more of the Company's common stock, unless redeemed by the Company's Board of Directors, each Right entitles the holder (other than the acquiring person) to purchase from the Company $120 worth of common stock for $60. If the Company is merged into, or 50% or more of its assets or earning power is sold to, the acquiring company, the Rights will also enable the holder (other than the acquiring person) to purchase $120 worth of common stock of the acquiring company for $60. The Rights will expire at the close of business on February 18, 2013, unless the Rights Plan is extended by the Company's Board of Directors or unless the Rights are earlier redeemed by the Company at a price of $.0001 per Right. The Rights are not exercisable during the time when they are redeemable by the Company.

12. Selected Quarterly Financial Data (Unaudited)

	Quarter			
2002	**First**	**Second**	**Third**	**Fourth**
Fee income	$53,125	$28,125	$31,519	$104,750
Operating loss	(1,029,689)	(1,160,201)	(1,083,823)	(998,937)
Net loss	(920,867)	(1,041,761)	(1,031,318)	(957,170)
Basic and diluted net loss per common share (1)	(.08)	(.09)	(.08)	(.08)
2001	**First**	**Second**	**Third**	**Fourth**
Fee income	$68,752	$12,500	$28,656	$32,094
Operating loss	(1,187,734)	(1,909,782)	(1,177,408)	(961,804)
Net loss	(993,822)	(1,748,444)	(985,529)	(812,875)
Basic and diluted net loss per common share (1)	(.08)	(.14)	(.08)	(.07)

(1) Since per share information is computed independently for each quarter and the full year, based on the respective average number of common shares outstanding, the sum of the quarterly per share amounts does not necessarily equal the per share amounts for the year.

Licensees of Research Frontiers

Licensee	Products Covered	Territory
Air Products and Chemicals	SPD emulsions and films for other licensees	Worldwide
American Glass Products	Architectural and automotive windows	Worldwide (except Korea)
AP Technoglass Co.	Sunroof glass for other licensees	Worldwide
Avery Dennison Corp.	SPD displays	Worldwide
BOS GmbH	Variable light transmission SPD sunshades and sunvisors.	Worldwide
BRG Group, Ltd.	Architectural and automotive windows	Worldwide (except Korea)
Cricursa Cristales Curvados	Architectural and automotive windows	Worldwide (except Korea)
Custom Glass Corp.	SPD windows and sunroofs for busses and trains; SPD film for other licensees and prospective licensees	U.S., Canada and Mexico
Dainippon Ink and Chemicals	SPD emulsions for other licensees	Worldwide
Film Technologies International	SPD film for other licensees and prospective licensees	Worldwide
General Electric Company	SPD film for other licensees and prospective licensees	Worldwide
Glaverbel, S.A.	Automotive vehicle rear-view mirrors, transportation vehicle sunvisors, and architectural and automotive windows	Worldwide (except Korea for windows)
Global Mirror GmbH	Rear-view mirrors and sunvisors	Worldwide
Hankuk Glass Industries Inc. SPD Inc.	Broad range of SPD light control products including windows, flat panel displays, automotive vehicle rear-view mirrors and sunvisors (installed as original equipment on Korean-made cars), and sunroofs; SPD film for licensees and prospective licensees	Worldwide
Hitachi Chemical Co., Ltd.	SPD emulsions and films for other licensees	Worldwide
InspecTech Aero Service, Inc.	Aircraft windows and cabin dividers	Worldwide (except Korea)
Isoclima S.p.A.	Architectural and automotive windows; SPD emulsion and film for other licensees	Worldwide (except Korea)
Laminated Technologies Inc.	SPD film lamination for other licensees	Worldwide
N.V. Bekaert S.A (acquired from Material Sciences Corp.)	Architectural and automotive windows,SPD film for other licensees, prospective licensees and architectural and automotive window companies	Worldwide
Polaroid Corporation	SPD emulsions and films for other licensees	Worldwide
Razor's Edge Technologies	Architectural windows	Worldwide (except Korea)
SPD Systems, Inc.	Architectural, appliance and marine windows	Worldwide (except Korea)
ThermoView Industries, Inc.	Architectural windows	Worldwide (except Korea)

Corporate Directory

Officers and Directors	**Robert L. Saxe** *Chairman of the Board of Directors* *Chief Executive Officer and Treasurer* *(E-Mail: Saxe@SmartGlass.com)*
	Joseph M. Harary *Director, President and Chief Operating Officer* *General Counsel, Assistant Secretary* *(E-Mail: Harary@SmartGlass.com)*
	Michael R. LaPointe *Vice President–Marketing* *(E-Mail: LaPointe@SmartGlass.com)*
	Robert M. Budin *Director*
	Victor F. Keen *Director, Secretary*
	Albert P. Malvino *Director*
Investor Relations	**Patricia A. Bryant** *Manager of Investor Relations* *(E-Mail: Bryant@SmartGlass.com)*
Automotive Applications	**John N. Tobias** *Director of Automotive Marketing* *(E-Mail: Tobias@SmartGlass.com)*
Patent Counsel	***Cooper & Dunham LLP*** 1185 Avenue of the Americas New York NY 10036
Auditors	**KPMG LLP** 1305 Walt Whitman Road Melville NY 11747
Transfer Agent and Registrar	**Continental Stock Transfer & Trust Company** 17 Battery Place, 8th floor New York NY 10004 www.continentalstock.com
Headquarters	Research Frontiers Incorporated 240 Crossways Park Drive Woodbury NY 11797-2033
Tel	516 364 1902 / 888 SPD REFR
Fax	516 364 3798
E-mail	info@SmartGlass.com
Web	www.SmartGlass.com

Research Frontiers Incorporated
240 Crossways Park Drive
Woodbury NY 11797-2033