



Electro-Optics Technology, Inc.

July 15, 2011

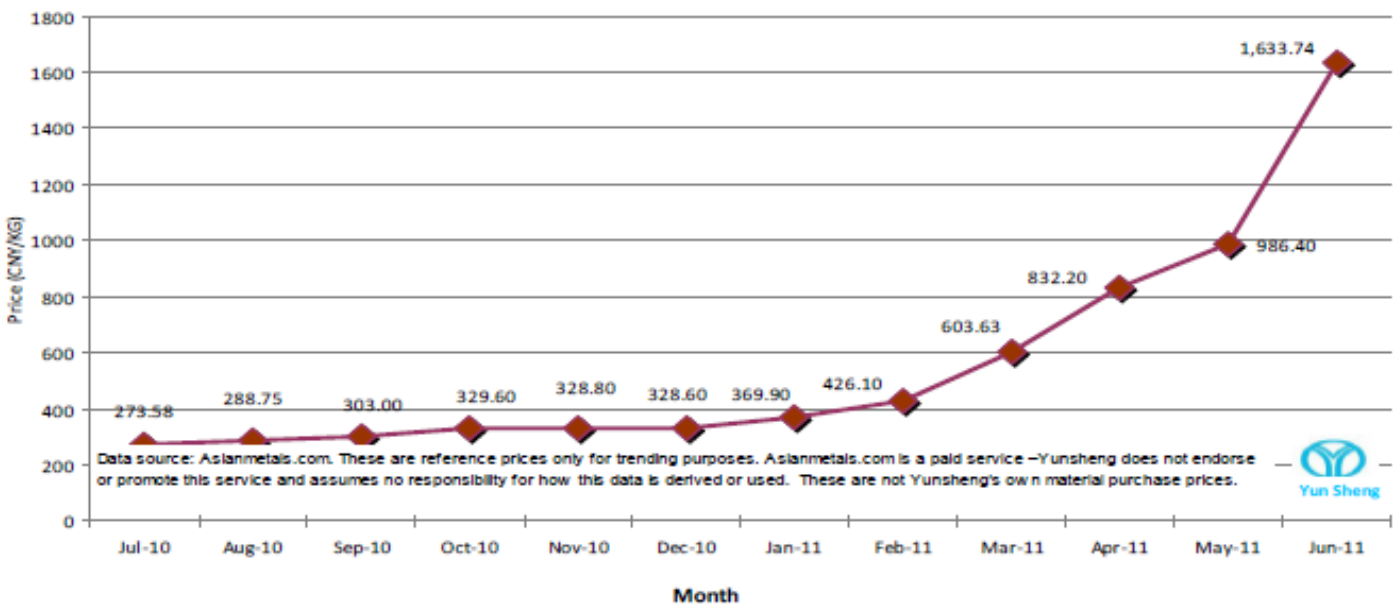
Re: Faraday Rotator/Isolator Price Increases Due to Rare Earth Cost Increases

To Our Valued Customers ,

As you may be aware, rare earth material costs have been increasing significantly over the last year. EOT has experienced cost increases of >450% for certain rare earth material based parts over the last six months, and every indication is that prices will continue to increase. Information of these price increases is available at www.metal-pages.com. Below is a graph that is representative of the rare earth price increases.

Price Tendency of Neodymium (Nd) in 2010-2011

July 2010 - June 2011



Yun Sheng USA Inc. 395 Oyster Point Blvd, Suite 230 South San Francisco, CA 94080 Tel: (650) 627-7926; Fax: (650) 627-7927, service@yunshengusa.com; www.yunshengusa.com

©Yunsheng copyright 2011

To date, EOT has absorbed these cost increases. The impact on our margins has been significant, and EOT can no longer absorb these cost increases. In the very near future, you will be contacted by EOT with respect to rare earth surcharges that will be applied to EOT's Faraday Rotator/Isolator products. This will apply to new orders and blanket purchase agreements. Additionally, at this point in time, EOT can only honor prices for up to 10 days after date of quote. At that point, quotes must be reviewed with respect to any changes in the rare earth surcharge.

EOT appreciates your support during this unprecedented situation. We hope this situation improves such that we can return to our normal terms and conditions. In the meantime we are exploring every avenue to mitigate this impact on EOT and our customers.

Please feel free to contact me should you wish to discuss this further.

Best Regards,

Mike Torrance
V.P. Business Development

5835 Shugart Lane Traverse City, MI 49684

231/935-4044 800/697-6782 FAX: 231-935-4046
email: sales@eotech.com Internet: www.eotech.com