



PRECISION OPTICS CORPORATION
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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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***Precision Optics Corporation Announces
Receipt of \$1M New Medical Instrument Order***

GARDNER, Massachusetts - Precision Optics Corporation, Inc. (OTC Bulletin Board: POCI.OB) Since February of 2006 Precision Optics Corporation has shipped numerous prototypes of an advanced surgical visualization system to a significant new customer. As a result of successful evaluations of these prototypes and a rigorous audit of the Company's quality system and processes, Precision Optics Corporation is pleased to announce the receipt of initial production orders totaling over \$1 million. Production activities in support of this effort are to begin during the quarter ending 30 December 2006 and to be completed by 1 June 2007. Possible follow-on orders after 1 June will be dependent upon market acceptance and other considerations at that time and no assurances regarding any such orders can be made.

About Precision Optics

Precision Optics Corporation, a leading developer and manufacturer of advanced optical instruments since 1982, designs and produces high-quality medical instruments, optical thin film coatings, and other advanced optical systems. The Company's medical instrumentation line includes laparoscopes, arthroscopes and endocouplers and a world-class product line of 3-D endoscopes for use in minimally invasive surgical procedures. The Company continues to advance products through technical innovation, including development of: the next generation (patent pending) of 3-D endoscopes; the extension of Lenslock™ technology (patent pending) to its entire line of endoscopes; instrumentation utilizing the Company's micro-precision™ lens technology (patent pending) for optical components; assemblies and endoscopes under 1 mm. Precision Optics Corporation is registered to ISO 9001:2000, ISO 13485:2003, and CMDCAS Quality Standards, and complies with the FDA Good Manufacturing Practices and the European Union Medical Device Directive for CE Marking of its medical products. The Company's Internet Website is www.poci.com.

Forward-looking statements contained in this news release, including those related to the future success of Company's newly released products and products under development are made under "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties that could materially affect future results. These risks and uncertainties, many of which are not within the Company's control, include, but are not limited to, the uncertainty and timing of the successful development of the Company's new products; decisions by customers to place orders for the Company's products; the risks associated with reliance on a few key customers; the Company's ability to attract and retain personnel with the necessary scientific and technical skills; the timing and completion of significant orders; the timing and amount of the Company's research and development expenditures; the timing and level of market acceptance of customers' products for which the Company supplies components; performance of the Company's vendors; the ability of the Company to control costs associated with performance under fixed price contracts; the continued availability to the Company of essential supplies, materials and services; and the other risk factors and cautionary statements listed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission, including but not limited to, the Company's Annual Report on Form 10-KSB for the year ended June 30, 2006.

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