



February 24, 2011

Dear Shareholder:

In a continuing effort to inform shareholders of the ongoing status of the business activities of Paradigm Medical Industries, Inc., your Company's management is providing the following update.

Current Financial Situation: The Company continues to actively search for an equity investor to assist in eliminating its debt and providing the Company with working capital to fund current and future growth objectives. The Company has recently obtained a commitment from an investor to provide \$150,000 in bridge funding through the sale of convertible notes. The Company has thus far received \$50,455 of this funding.

Product Development Updates: In the January 25, 2011 shareholder's letter, we stated that the FDA had requested additional information concerning the Paramax™, pursuant to a 510(k) application that had been filed with the FDA about a year ago. Over 80% of the additional information requested has now been provided to the FDA, the remaining support materials will be provided shortly. Your management remains confident that the FDA will approve this important new technology. There continues to be a strong interest in the Paramax™ and your management is hopeful that the Paramax™, when approved, will have a significant impact on the Company's sales. We will continue to provide you with any further updates in regards to the 510(k) application on the Paramax™.

Work on the new LD 500 autoperimeter has been completed and the new product has been released both as a new system, replacing the old LD 400, and as an upgrade for customers with existing LD 400s. We anticipate a dramatic increase in new orders and upgrades for this new system with improved features over its predecessor, the LD 400.

Work continues on a limited basis to upgrade both the Blood Flow Analyzer™ and the P60 UBM Ultrasound Biomicroscope. Important and significant updates on these products will move forward more rapidly once the Company's capital needs are effectively addressed.

Reverse Stock Split: On February 3, 2011, the Financial Industry Regulatory Authority (FINRA) announced a 1-for-100 reverse stock split. This reverse stock split had been approved by the Company's Board of Directors, but was subject to approval by FINRA. On February 1, 2011, FINRA notified the Company that the reverse stock split had been approved, effective the opening of business on February 3, 2011.

The Board of Directors believes that the reverse stock split was in the Company's best interests in that it increased the trading price of the common stock. An increase in the price of the common stock should, in turn, generate greater investor interest in the common stock, thereby enhancing the marketability of the common stock to the financial community. In addition, an increase in the price of the common stock should enhance the attractiveness of the Company's common stock for future acquisitions or mergers by the Company or to otherwise carry out the Company's business objectives.

Update on DTCC Chill on Common Shares: In the January 25, 2011 shareholder's letter that was posted on the Company's website, we discussed the "chill" that the Depository Trust & Clearing Corporation (DTCC) had imposed on the Company's common stock because of a significant number of shares that had been issued through the DTCC. This chill has adversely affected the ability of the Company to issue new common shares by means of electronic transfers, or DWACs. We also stated that the Company's counsel had submitted an opinion letter to the DTCC responding to earlier issues raised by it. On February 18, 2011, the Company's counsel received an e-mail from the DTCC stating that the materials submitted by the Company's counsel had been reviewed, and the matter was currently under review with senior management.

With these product updates, some new products that are under consideration, and the continuing development of working relationships with other ophthalmic manufacturers, your management believes the Company's future is looking much brighter for the remainder of 2011. Moreover, in view of the reverse stock split and the Company's growth potential from new products and product upgrades, your management believes that the prospects for obtaining additional funding are greatly enhanced.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen L. Davis". The signature is fluid and cursive, with the first name "Stephen" being the most prominent part.

Stephen L. Davis
President and Chief Executive Officer