



**Transcript of  
LightPath Technologies (LPTH)  
Second Quarter Fiscal 2011 Results Conference Call  
February 3, 2011**

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## Participants

Dorothy Cipolla, Chief Financial Officer  
Jim Gaynor, President & Chief Executive Officer  
Brian Soller, Vice President of Business Development

## Presentation

### Operator

Greetings and welcome to the LightPath Technologies second quarter fiscal 2011 results conference call. At this time all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press \*0 on your telephone keypad. It is now my pleasure to introduce your host Dorothy Cipolla, CFO of LightPath Technologies. Ma'am, you may begin.

### Dorothy Cipolla – LightPath Technologies - CFO

Thank you and good afternoon. I would like to thank everyone for joining us today for LightPath Technologies fiscal 2011 second quarter financial results conference call. If anyone participating on the call does not have a copy of the earnings release you can find a copy on our website at [lightpath.com](http://lightpath.com) or if you are unable to access these materials online you may call LightPath at 407-382-4003.

I would like to start by reviewing the company's safe harbor statement. Statements in this conference call that are not descriptions of historical facts are forward-looking statements relating to future events and as such all forward-looking statements are made pursuant to the Security Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and actual results may differ materially. Forward-looking statements when used in this call can be defined by the words anticipates, could, enable, estimates, intend, expect, belief, potential, will, should, project and similar expressions as they relate to LightPath Technologies. Investors are cautioned that all forward-looking statements involve risks and uncertainties which may cause actual results to differ from these anticipated by LightPath Technologies at this time. Factors that could cause or contribute to such differences include those risks fully described in our public filings with the Securities and Exchange Commission which can be reviewed on [SEC.gov](http://SEC.gov).

It is now my pleasure to turn the call over to our CEO Jim Gaynor.



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**Jim Gaynor – LightPath Technologies – President & CEO**

Thank you and good afternoon ladies and gentleman. I would like to thank everyone for joining us today on LightPath Technologies fiscal 2011 second quarter financial results conference call. I would also like to take a minute to introduce Dr. Brian Soller, our new VP of Business Development and Sales. Dr. Soller recently joined LightPath from Luna Innovations Incorporated and he has his doctorate in optical sciences from the University of Rochester and he brings a wealth of experience to LightPath. So we are very pleased to add him to our team and we look forward to working with him.

LightPath continues to make significant progress in the execution of our business strategy. We are continuing to increase penetration into the low cost high volume markets as reflected by the record production second quarter of fiscal 2011 with over 450,000 lenses produced for our customers.

We have introduced eleven new catalogue lenses and more than twenty-five custom design lenses for our customer in the last several months. Our revenue and backlogs are growing albeit at a slower rate than planned. While we see moderate improvement in the marketplace, our customers remain cautious and are keeping inventories tight. Net cash flow from operations was positive for the second quarter of fiscal 2011. The majority of the overall decrease in cash was due to purchasing capital equipment to support our growth and continue our cost reduction efforts. Gross margin improved to 40% in the second quarter of fiscal 2011 as compared to 37% for the first quarter of fiscal 2011.

This improvement in gross margin was due to the increase in production volume but was partially offset by the mix of products shipped during the second quarter. We produced and sold higher volumes of isolators and other telecom products that have higher material content and lower margin. We also experienced slightly higher labor costs in Shanghai as we brought on new operators in anticipation of the higher production volumes and the cost increases were associated with training and higher labor costs.

We continue to position the company to take advantage of larger markets with low cost high volume applications value added services and thermal imaging and sensing application designs and products. LightPath is transitioning its business to focus on providing low cost high volume lenses for products such as laser levels, range finders, gun sights and projectors. We are targeting multiple markets including industrial tools, biomedical instruments, communications and imaging with a focus in Asia.

During the second quarter we also continued to reduce our debt to the conversion of debentures to shares of common stock by certain debenture holders. As we continue to execute our revenue growth, production efficiencies and cost reduction efforts, our margins and cash flows will continue to improve. We are confident in our strategy and we see the improvements occurring in the coming quarters. We remain optimistic and in the long run believe our strategy offers significant financial rewards for the company and our stockholders.

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I would now like to turn the call over to Ms. Dorothy Cipolla, CFO to discuss our financial results for fiscal 2011 second quarter ended and the six-month ended December 31<sup>st</sup> in greater detail.

**Dorothy Cipolla – LightPath Technologies - CFO**

Thank you, Jim. I'll first talk about the three months which ended December 31<sup>st</sup>, which is our second quarter.

Revenue for the second quarter of fiscal 2011 was approximately \$2.53 million compared to approximately \$2.23 million for the second quarter of last year. This is an increase of 14%. This increase was primarily attributable to higher sale volumes of isolators, collimators and gradient lenses. Sales of precision molded optics increased as a result of our increased production capability and our pursuit of low cost, high volume lens business. Growth in sales going forward is expected to be derived primarily from the precision molded optics product line, particularly our low cost lenses sold in Asia.

Our growth margin percentage in the second quarter compared to the second quarter of last year decreased to 40% from 43% so manufacturing costs of \$1.53 million were approximately \$250,000 higher in the second quarter compared to the same period last year. The increase in manufacturing costs as compared to the same period of last year is a reflection of a product mix change associated with increased sales of isolators and collimators which have a higher material cost.

Unit shipment volumes in precision molded optics increased by 30% in the second quarter compared to last year. Direct costs which include material, labor and services increased to 28% of revenue second quarter as compared to 26% of revenue the second quarter last year due to this product mix change. Growth margins were also lower due to higher material costs as a result of this product mix change.

During the second quarter total costs and expenses increased to approximately \$500,000 to approximately \$1.25 million compared to approximately \$754,000 for the same period last year. This increase is due to a \$40,000 increase in wages, \$50,000 for industrial relation fees and \$26,000 increase in stock compensation expense due to stock options which were granted in the third quarter of fiscal 2010.

During the second quarter of last year we benefitted from a one-time payment of \$280,000 from our D&O insurance carrier. That's a reimbursement of previously paid legal costs.

Also included in total costs and expenses for the second quarter were \$997,000 SG&A expenses. As a result, total operating loss for the second quarter was approximately \$254,000 compared to income of \$204,000 for the same period last year.

Net interest expense was approximately \$120,000 in the second quarter as compared to approximately \$163,000 in the second quarter last year. This lower interest expense resulted from conversion by certain investors of their debentures into shares of common stock and included the conversions in the second quarter of 2011 which

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reduced the company's debt by \$100,000 and resulted in the write-off of approximately \$56,000 of debt issuance cost, debt discount and pre-paid interest related to those conversions. The 8% convertible debentures issued in August of 2008 account for nearly all of the interest expense during the quarter ended December 31, 2010 for the balance attributable to amortization of the related debt issuance cost on debt discount and write-off of debt issuance cost, pre-paid interest and debt discount for debentures converted into shares in the second quarter.

Debt loss for the second quarter was approximately \$373,000, four cents per basic and diluted share compared to a net income of \$42,000 or one cent per basic and zero per diluted share for the same period last year. The \$415,000 increase in the net loss resulted primarily from the \$56,000 charge for interest and debt issuance cost associated with the accelerated conversions of the debentures. The \$280,000 reimbursement received last year from our D&O carrier and an increase in wages. Weighted average basic shares outstanding increased to 9.7 million in the second quarter of this year compared to 8.2 million in the second quarter of last year, which is primarily due to the issuance of shares of common stock for private placements in debenture conversions.

But now I'd like to talk about the six months ended December 31<sup>st</sup>. Revenue for the first half of this year totaled approximately \$4.78 million compared to approximately \$3.78 million for the first half of last year. This is an increase of 26%. This increase from last year was primarily attributable to higher sales volumes in all product lines with the majority of the increase in precision molded optics, which accounted for 78% of our revenue. This increase in the number of units of precision molded optics sold was due to our increased production capability and our pursuit of low cost, high volume lens. Gross in sales going forward is expected to be derived primarily from our precision molded product lines, primarily our low cost lenses sold in Asia.

Our gross margin percentage in the first half compared to the first half of last year decreased to 38% from 43%. Total manufacturing costs of \$2.96 million were approximately \$799,000 higher in the first half compared to last year. This increase in manufacturing costs has resulted from the increase necessary to support higher production, sales volume and a product mix change to products of a higher material cost such as isolators and collimators.

Unit shipment volumes in precision molded optics increased by 22% in the first half compared to last year. Direct costs which include material, labor and services increased to 28% of revenue in the first half as compared to 22% of revenue last year. This is due to the product mix change. Growth margins were lower due to higher material costs to the exchange.

During the first half total cost in expenses increased \$606,000 to approximately \$2.56 million compared to approximately \$1.95 million for the same period last year. This increase was due to \$124,000 increase in wages, \$100,000 increase in sales tax, \$38,000 in recruiting fees, \$24,000 in outside services for information technology, \$11,000 in commissions to our sales force and \$45,000 increase in stock comp due to new stock options which were granted last year and a \$20,000 increase in investor relation fees. In addition in the first half of last year we benefitted from a one-time

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payment from our D&O insurance carrier in the set amount to \$244,000 for legal expenses incurred in connection with litigation. Also included in total costs and expenses for the first half for approximately \$2.07 million is G&A expenses. As a result total operating loss for the first half increased to a loss of approximately \$279,000 compared to a loss of \$323,000 for the same period last year. Net interest expense approximately \$498,000 in the first half as compared to approximately \$342,000 in the first half of last year. This increase was due to conversion \$832,500 of our aggregate outstanding principle due on the debentures and the related write-offs of \$256,000 of debt issuance costs of debt discounts and prepaid interest. Our interest expense included interest on our debentures and amortization of the debt issuance costs, debt discounts and write-offs of the converted debentures. This increase is partially offset by the reduced interest and amortization that has resulted from the conversions. Net loss for the first half of approximately \$1.2 million, 13 cents per basic and diluted share compared to a net loss of approximately \$665,000 or 9 cents per basic and diluted common share last year. The \$552,000 increase in net loss is primarily from the \$256,000 charge for interest and debt issuance costs associated with the accelerated conversion of the debentures and the reimbursement of \$244,000 from our D&O insurance carrier for legal expenses which was received last year and an increase of \$124,000 in wages. Weighted average basic shares outstanding increased to 9.4 million in the first half compared to 7.7 last year, primarily due to the issuance of shares related to private placements and the debenture conversion.

I would now like to talk about two areas on the balance sheet. Cash and cash equivalents sold approximately \$1.1 million as of December 31<sup>st</sup> 2010. Total current assets and total assets as at December 31<sup>st</sup> were approximately \$4.44 million and \$7.14 million compared to \$4.79 million and \$7.46 million respectively in June. Our current liabilities and total liabilities as of December 31<sup>st</sup> were approximately \$2.47 million and \$2.99 million compared to \$1.08 million and \$3.21 million respectively as of June. This is due to approximately \$1.1 million of the outstanding amounts owed to certain holders of convertible debentures which we issued in August 2008 becoming a short term debt obligation for accounting purposes. As a result, the current ratio as at December 31<sup>st</sup> was 1.8:1 compared to 4.1:1 at June 30, 2010. Total stockholders' equity at December 31<sup>st</sup> totaled approximately \$4.16 million compared to \$4.2 million as of June 30, 2010. As of December 31, 2010 our backlog of orders scheduled to ship in the next twelve months was \$3.27 million compared to \$2.95 million as of June 30, 2010.

I would now like to turn the call back over to Jim for closing comments.

**Jim Gaynor – LightPath Technologies – President & CEO**

Thank you, Dorothy. I am pleased with the progress the company has made in the second quarter of fiscal 2011 but I'm even more excited by the opportunity LightPath has going forward. We have positioned the company well to participate in some very large markets that total in the billions of dollars with our existing and recently released new products. Our strategy of lowering our costs to access high volume markets and industrial tools and value added assemblies is working well and we are gaining share and increasing penetration every day. At the same time we are developing an infrared product line with the molding technology that we believe is an enabling

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technology to further commercialize infrared imaging and sensing devices. The growth opportunity this presents is very exciting for our company and we believe in the long run offers significant financial rewards for the company and our shareholders.

This concludes my comments at this time and I would like to open the call for questions. Alexis if you would please start the Q&A portion of our call.

**Operator**

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press \*1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press \*2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the \* keys. Once again it is \*1 to ask a question. One moment please while we poll for questions. Our first question is coming from the line of Bob Ainbinder of JP Turner, please state your question.

<Q>: Good afternoon, Jim, Dorothy.

**Jim Gaynor – LightPath Technologies – President & CEO**

Hey Bob.

**Dorothy Cipolla – LightPath Technologies - CFO**

Hi Bob.

<Q>: How are you? First, let me congratulate you on the progress, Jim, Dorothy, you and the team have made. This is a very exciting time for LightPath as we move into the beginning of 2011 second half of your fiscal year. Could you give us, Jim, a little color as to the money spent to build some capacity, some additional capacity in the China facility and where that brings that facility in terms of its capabilities?

**Jim Gaynor – LightPath Technologies – President & CEO**

Sure. I think you know the first thing I would like to say is for the first half of the year you know, cash provided by operations is positive which I think is a very good milestone for LightPath. Now we did consume some cash during that period but all of that cash was used to buy capital equipment to expand our capacity particularly as we see this low cost, high volume product line particularly associated with industrial tools in these laser based applications starting to really take off. So that was where the money was spent and what we have done and we will have I think full online I expect by the end of this month, if not the beginning of March, the eighty-eight new presses we installed in Shanghai and this effectively doubles our capacity, unit volume capacity in that facility and you know with the kinds of business we see coming at us in terms of unit volume from these low cost opportunities as well as the other business we have, it won't be long before that capacity is being utilized. So I'm very excited about that.

<Q>: Very good. Okay, and as far as the infrared business and that's starting to gain some traction here in the US with some of the defense contractors, could you give us

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a little idea as to where that business is headed and some -- an idea of what we could look forward to in 2011?

**Jim Gaynor – LightPath Technologies – President & CEO**

I tell you what I'm going to do Bob. I've got Brian Soller here and I'm going to let him answer that question.

**Brian Soller – LightPath Technologies – VP, Business Development**

Hi Bob, it's Brian. Well, what I can tell you is that we have seen over the course of the last quarter or so an uptake in interest from the defense side in those IR lens products and in particular we have two of the larger primes that we're working with on some early stage prototyping in development to get those lenses into some bigger projects, so you may know that will be you know new entrants for us as far as those lenses go into the defense market, so we are looking for some positive traction within defense to the second half of the fiscal year for those IR products.

<Q>: Okay. And as far as some projections going forward, could you give us an idea of where you see revenues headed as we move forward? I mean, do you think that the low for the year is -- was the first quarter and it's up from here?

**Brian Soller – LightPath Technologies – VP, Business Development**

Well, I believe that we will see a continuing growth in revenue quarter to quarter. I do believe the first quarter was probably going to be the weakest one this year and you know I think, you know, we went through a little dip where we lost some customers early in the year in that first quarter where they lost some business based on the market conditions and then we had an issue with another customer who we decided that we just didn't match in terms of doing business with, so we parted company, which was a painful parting, but what we have seen since that time the major Chinese customer is one of our bigger high volume customers has come back into the marketplace, has actually placed orders which we began shipping again in January and so we're seeing that business come back. We also see an opportunity where we could increase the volume in that business two to three times as we go into some other applications and now we're talking -- you know, an opportunity to start doing several million more units in that industrial tool space. So we're pretty excited about that and that means the capacity is coming on right on cue to be able to support that. The other thing that we see is we've also seen recently books of pretty substantial orders on the gun sight business which is a good business also in that high volume area and so we see those customers now coming back from their inventories have been adjusted and so we expect to see the orders that we're seeing put us back very close to the run race that we were running prior to the slowdown. So we see quite a bit of volume coming very quickly and I think you will fully see that recognized in the fourth or fiscal fourth quarter and we'll see a partial recognition of it in this current quarter.

<Q>: Fantastic. Okay, would that include some of the custom designs that you announced you had developed and done work on in terms of -- you said you had 25 new products, custom designs, that you had developed over the past six months. Is some of that -- some of those designs included in that work?

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**Brian Soller – LightPath Technologies – VP, Business Development**

Those designs are starting to come to market. They tend to be a little lower volume type stuff but higher price and they're moving into product qualification phase and those kinds of things, so they'll be coming on very shortly.

<Q>: Fantastic. So when we're looking out we're not -- we're actually not taking into account some of those other designs?

**Brian Soller – LightPath Technologies – VP, Business Development**

I'm not sure what you mean by that Bob.

<Q>: Analyst: I mean, when you're looking out in terms of your production volumes with the applications, the industrial applications that you're talking about, you're not including any type of volumes from some of those custom designs?

**Brian Soller – LightPath Technologies – VP, Business Development**

I think we're including some but it's you know, many of them haven't gone beyond the prototyping stage so we haven't seen production type orders from them, but we certainly do anticipate those. So those haven't quite hit the run rate of the backlog at this point.

<Q>: Fantastic. That's what I was looking for. All right, very good, well congratulations once again. The team has done a fantastic job to get the Company to this point and I look forward to the next quarter.

**Jim Gaynor – LightPath Technologies – President & CEO**

All right, thanks Bob.

<Q>: Thank you.

**Operator**

Our next question is coming from the line of Steven Donovan, a private investor. Please state your question.

<Q>: Hi, Jim and Dorothy.

**Jim Gaynor – LightPath Technologies – President & CEO**

Hi Steven.

**Dorothy Cipolla – LightPath Technologies - CFO**

Hi Steven.

<Q>: And hi, Brian, I spoke with you briefly at the optics show in San Francisco last week.

**Brian Soller – LightPath Technologies – VP, Business Development**

Hi Steven. Of course, it's good to talk to you again.

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<Q>: I have a couple of questions. First of all, could you -- I think Jim could answer this. Jim, could you give me a sense of the capacity of Orlando versus China, like I don't know how you would express it, but the number of presses or the total lens capacity per month?

**Jim Gaynor – LightPath Technologies – President & CEO**

I guess, Steven, the vast majority of our lens capacity is now in our Shanghai facility. Just doubled the number of presses that we have on the floor there and you know we've moved the majority of those press machines, the first batch of press machines that are in Shanghai moved from Orlando to there. Now what we have kept in Orlando and what we're currently doing, you know, we have capacity here probably to make a couple of hundred thousand lenses which was our historical capacity, and we're really targeting that for a few of the very custom, very low volume, high end type performance lenses that we've done historically but the majority of the capacity here is now being converted to manufacture infrared lenses. So the presses are, there's a little modification to the presses and the glove boxes that we used for that to run similar but different process in terms of what it takes to press that different material system. So Orlando is really being set up to run the volume that we anticipate coming in infrared, you know, and that's going to be the kinds of quantities that we historically did before we got into the high volume business, and that's really the way we're going to set up Orlando. To do that plus do the design development and prototyping, custom type work that we may or may not transfer to China.

<Q>: The infrared is primarily defense?

**Jim Gaynor – LightPath Technologies – President & CEO**

Well, the market that we've initially targeted is really commercial. Now when we look at the market it's the defense segment of that market, it is probably half of it in rough terms, but the other half, you know when you get into thermography or imaging, sensing devices for whether it's predictive maintenance or fire-fighting safety or those types of applications, those are all commercial applications and what we really see and what we see in the market studies that we've been looking at is that that type of volume, those types of devices we expect to start coming into production as we approach 2012 and 13 and be in full force by 14, so that's where we really see that volume of business from the infrared. So we believe we got ourselves positioned very well to be able to address that market space when the demand from the market is there and you know the work we're doing now is really design development, process development of those processes so that we can address that very lucrative market that we believe and in my opinion, Steve, that's a gain changer for LightPath. That's the next big thing and you know the other stuff is all well and good, and it's what we've got today and we're going to grow it and you know it has gotten us to a point where we can now focus our resources on that type of new product and new process so that we have, you know, a continued evolution of the company.

<Q>: Well, thank you for making that very clear statement. In terms of the capacity in China with 88 presses, how many lenses could that produce on a single or double shift, whatever you're running over there?

**Jim Gaynor – LightPath Technologies – President & CEO**

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Well the 88 presses are just the new ones, that's about 11 new press stations and that adds, you know, at least another 3 to 4 million potential capacity to our capacity, Steve, of units.

<Q>: Per year or per ...?

**Jim Gaynor – LightPath Technologies – President & CEO**

Per year.

<Q>: Wow. Okay, let me ask -- I think Brian could answer this, this next question. Brian, could you talk a little bit about the marketing in Asia and how you're covering that, how you're -- because it's so enormously complex and how you're doing that from Orlando and how it's going?

**Brian Soller – LightPath Technologies – VP, Business Development**

Sure, yeah, no problem. Because the design that we've implemented for our sales infrastructure in China has been too Korea hybrid sales force, we have like the hybrid, we have the combination of direct employees of LightPath, and it's on your half a dozen or so, and then manage direct sales in China, and in partnership with those employees we've also partnered with a manufactured direct and distributors so we have a network of, I believe the network is 4 or 5 now of distributors for our products and between the direct sales force and the distributors but what we are able to take advantage of is the customer intimacy that is required in the Chinese marketplace to sell successfully and then we manage that organization through our headquarters here in my organization in Orlando and that's really worked well for us, and as Jim and Dorothy both stated on the call earlier, we do see that as being, you know, one of our main growth areas here in the next several quarters.

**Jim Gaynor – LightPath Technologies – President & CEO**

Brian do you have experience in Asia?

**Brian Soller – LightPath Technologies – VP, Business Development**

I do, yes, I do in fact in managing

<Q>: Can you talk about that?

**Brian Soller – LightPath Technologies – VP, Business Development**

I'm sorry?

<Q>: Can you just mention briefly what that might be?

**Brian Soller – LightPath Technologies – VP, Business Development**

My experience in the market in Asia has been in finding, establishing and enabling distribution channels for the type of measurement products that I sold in my previous positions and that includes China, Japan and Asia Pacific rim.

<Q>: So it really fits?

**Brian Soller – LightPath Technologies – VP, Business Development**

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Yes, absolutely.

<Q>: Wonderful.

**Brian Soller – LightPath Technologies – VP, Business Development**

Very much so.

**Jim Gaynor – LightPath Technologies – President & CEO**

The other thing that I would add to that is, you know, we took this model where we'd pulled our direct force out of Europe and we replaced it with a master distributor and expanded the offices through a single distributor and the success that we've had there is that the business that we're generating in Europe has doubled since we've done that. So now we're trying to implement that same model in Asia, only we're going to do it on a little bit bigger scale, as we'll have more than one distributor and you know we've signed four to date and I think, you know, I think we've got some pretty good distributors. Brian has had a good experience with a couple of them and a relationship with them, so that's greasing the skid so to speak as we get started over there with that channel expansion. So we're kind of excited about that, you know, and it just gives us a lot more feet on the street, a lot more contacts to the customers to spread, you know, to find those contacts and the right applications for us. In the meantime the direct guys have been building this relationship and gotten LightPath as a recognized entity in China as a company, as a Chinese presence, an American company but a Chinese presence in that market and we are now becoming recognized through those efforts in the trade shows that we're doing over there. So in that, you can see that reflected in the growth of the direct sales in China, if we look at the first six months of 2010 compared to the second, you know, we saw a doubling in that volume if I look at Q1 of this year compared to Q2, we saw an increase of about 75/76% so we're really starting to ramp up that business as we've now got, I guess what I would say, enough traction that we can now start to build on it at a much more rapid pace.

<Q>: Excellent.

**Jim Gaynor – LightPath Technologies – President & CEO**

So it's looking pretty good.

<Q>: Yes, things are probably going to start really popping in about six months.

**Jim Gaynor – LightPath Technologies – President & CEO**

I certainly hope so. That's the plan.

<Q>: Dorothy, one final question for you. I always want to ask you this. Can you tell me what the headcount is in Orlando and in China?

**Dorothy Cipolla – LightPath Technologies - CFO**

Sure, there's 130 in Shanghai and 52 in Orlando.

<Q>: Wow, so you're really adding employees.

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**Dorothy Cipolla – LightPath Technologies - CFO**

Yes.

<Q>: Fantastic. Well, I'm really encouraged and I really am grateful for all the hard work you folks are doing.

**Jim Gaynor – LightPath Technologies – President & CEO**

Well, Steve, we appreciate your support and you know we're working our best to make it pay off.

<Q>: I can see that. Thank you.

**Jim Gaynor – LightPath Technologies – President & CEO**

That's Steve.

**Operator**

Once again if you would like to ask a question, you may do so by pressing \*1 on your telephone keypad. It may be necessary to pick up your handset before pressing the \* keys. There seems to be no further questions at this time. Do you have any closing comments?

**Jim Gaynor – LightPath Technologies – President & CEO**

Yes. Thank you. I would like to thank our shareholders and everyone who has participated on today's call. I would also like to thank the team at LightPath for their hard work and dedication. I look forward to updating all of you again on our fiscal 2011 third quarter conference call. If you have any further questions please feel free to contact myself or Dorothy and you may also visit us online at [www.lightpath.com](http://www.lightpath.com). So I wish everybody a great day.

**Operator**

Thank you. This does conclude today's teleconference. You may disconnect your lines at this time and thank you for your participation.

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