

**LightPath Technologies, Inc. Announces
Third Quarter Fiscal 2008 Financial Results**

For Immediate Release

(May 15, 2008) ORLANDO, FL LightPath Technologies, Inc. (NASDAQ: LPTH), manufacturer and integrator of families of precision molded aspheric optics, precision molded infrared optics, GRADIUM® glass products, and high performance fiber-optic collimators and isolators, today announced results for its third quarter of fiscal 2008 ending March 31, 2008.

Financial Quick Reference
(in millions, except for per share data)

	Three months ended		Nine months ended	
	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2008	Mar. 31, 2007
Revenues	\$ 2.11	\$ 2.90	\$ 6.44	\$ 11.08
Gross Profit	\$ 0.42	\$ 0.72	\$ 0.66	\$ 3.00
Net Loss	\$ (1.19)	\$ (0.52)	\$ (4.34)	\$ (1.32)
Loss per share (basic & diluted)	\$ (0.22)	\$ (0.12)	\$ (0.81)	\$ (0.29)

Financial Highlights and Nine-Month Impact of One Time Charges on Cost of Sales

Revenue Summary
(in millions)

	3/31/2008	3/31/2007	3/31/2008	3/31/2007
	<u>Q3 2008</u>	<u>Q3 2007</u>	<u>Q3 YTD</u>	<u>Q3 YTD</u>
Industrial	\$ 1.81	\$ 1.65	\$ 5.37	\$ 5.33
Telecom	\$ 0.30	\$ 1.25	\$ 1.07	\$ 5.75
Total	<u>\$ 2.11</u>	<u>\$ 2.90</u>	<u>\$ 6.44</u>	<u>\$ 11.08</u>

Revenue from our industrial base is growing and is up over 9% in the third quarter of fiscal 2008 compared to the same period last year and up slightly for the nine months ended March 31, 2008 compared to the same period last year. Our revenue shortfall is primarily due to the weakness in the telecommunications market and a slow down of defense orders. Revenues from telecommunications customers was 14% of total revenue in fiscal third quarter 2008 compared to 43% of total revenue in fiscal third quarter 2007. Revenues from telecommunications customers was only 17% of total revenue in the nine months ended March 31, 2008 compared to 52% of total revenue in the nine months ended March 31, 2007.

Disclosure Backlog
(in millions)

	3/31/2008	3/31/2007
	<u>Q3 2008</u>	<u>Q3 2007</u>
Industrial	\$ 2.67	\$ 1.56
Telecom	\$ 0.38	\$ 0.52
Total	<u>\$ 3.05</u>	<u>\$ 2.08</u>

Our disclosure backlog at March 31, 2008 has increased 47% from the March 31, 2007 and increased 65% from the fourth quarter of fiscal year ended June 30, 2007, when backlog was \$1.85 million. We are beginning to see the results of our efforts to enter the high volume lower cost commercial markets with orders for laser tools now in our backlog. With the continuing diversification of our backlog and the smaller percentage of telecom business in our backlog we expect to show increases in revenue starting with the fiscal fourth quarter 2008.

Cost of Sales Analysis
(in millions)

	Q3 FY 2008	Q3 FY 2007	Nine Months FY 2008	Nine Months FY 2007
Direct Costs	0.52	0.81	1.72	4.12
Overhead	1.18	1.37	3.54	3.96
One time adjustment	-	-	0.52	-
	<u>1.70</u>	<u>2.18</u>	<u>5.78</u>	<u>8.08</u>
Direct cost as a % of revenue	24%	28%	27%	37%
Gross margin	20%	25%	10%	27%

Direct costs, which include material, labor and services, were 24% of revenue in the third quarter of fiscal 2008 compared to 28% of revenue in the third quarter of fiscal 2007. We have continued to improve our direct costs as a result of the cost reduction programs we are implementing. During the second and third quarters of fiscal year 2008, 83% of our precision molded optics were produced at our Shanghai facility. Material costs are improving with the use of in-house built holders, the conversion to lower cost glass preforms and improved production yields in both Shanghai and Orlando. However, the direct cost improvement did not completely offset the effect of the lower revenue. Gross margin was negatively impacted by unabsorbed overhead costs. As we replace the revenue shortfall we expect to see significant improvement in our margins.

The gross margin was negatively impacted by a total of \$524,000 for one-time inventory charges in September and December of 2007, including a \$150,000 charge for inventory, which was declared obsolete in September 2007, and a \$374,000 charge for re-valuation of our inventory as a result of adjusting our standard costs to reflect our lower current costs in December 2007. The impact of the \$524,000 charge was to reduce gross margin by 8 percentage points for the nine months of fiscal 2008, from 18% to the reported gross margin of 10%. Cost of goods sold, excluding the one-time inventory charges, reflects the continued improvements we are making in managing and controlling our direct costs.

We have taken several actions since July 2007 to reduce manufacturing costs and overhead. We also have reduced Orlando facility lease costs by 50%.

Operating and Other Expenses
(in millions)

	Three months ended		Nine months ended	
	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2008	Mar. 31, 2007
Stock options	\$ 0.09	\$ 0.09	\$ 0.28	\$ 0.22
Severance/Public Company/Building	0.31	0.10	1.65	1.34
All other	1.21	1.05	3.07	2.75
	<u>\$ 1.61</u>	<u>\$ 1.24</u>	<u>\$ 5.00</u>	<u>\$ 4.31</u>

Operating and other expense include sales, new product development, amortization, interest expense, interest income and corporate executive salaries and overhead. Severance/public company/building expenses include severance to the former CEO and executive search fees, accounting and legal fees, transfer agent fees, rent, utilities and depreciation on leasehold improvements. Total operating and other expenses were higher by \$686,000 in the nine months ended March 31, 2008 due to a non-recurring charge of \$150,000 for a termination fee to re-negotiate our Orlando facility lease and \$476,000 for severance and executive search fees related to the resignation of our former CEO and \$148,000 for legal fees related to litigation and our joint venture in China executed in January 2008. These non-recurring charges were partially offset by reductions in various general & administrative expenses.

Cash Status: We are continuing to invest in equipment and facilities for our China operations which management believes will achieve both cost reductions and growth opportunities. For the nine months ended March 31, 2008, net cash used for operating and investing activities was \$3.75 million. Cash was used to support operations as a result of the low revenue levels and investment in future growth. In anticipation of a summer start up of the joint venture, we invested \$240,000 for capital equipment with longer lead time for the joint venture, \$18,000 for legal fees for representation related to the joint venture, and severance expenses of \$150,000 for work force reductions implemented in the first nine months of fiscal year 2008.

Comments: Jim Gaynor, CEO of LightPath, stated, “With our lower cost structure in place our near term focus is on growing our revenue through increasing sales in Asia, implementation of the joint venture and expansion of our Black Diamond product line. Our backlog is up and with lower cost of manufacturing for materials, tooling and glass, LightPath is well positioned to increase volumes in all segments of our business.”

“The work on improving our gross margins continues. Additional sales volume will positively impact gross margin, as will the overhead reductions and facility lease reduction actions that have been taken. The benefits of these actions have not fully materialized in the first nine months of fiscal 2008, but we believe they will have a positive impact in the next quarter and beyond.”

Mr. Gaynor, continued “LightPath is continuing to implement its business strategy to diversify its served markets and position itself to participate in lower cost, higher volume opportunities. We have demonstrated lower direct costs for the last two quarters. We have reached agreement with our Chinese partner, CDGM Optical Glass Co., to open a joint venture business focused on high volume low cost products. We have expanded our Shanghai manufacturing capacity, producing over 83% of our second and third quarter lens volume in that factory. We are implementing “RoHS” (RoHS is a European Union Standard that restricts the use of certain hazardous materials such as lead and mercury) compliant glass and qualifying lower cost glass materials. As a result of the actions taken we are seeing positive results in yield improvement, production rates and cost reductions which will benefit us as we continue to position LightPath to take advantage of higher volume market opportunities.”

Webcast Details:

LightPath plans to hold an audio webcast at 4:00 p.m. EDT on May 22, 2008 to discuss details regarding the company's performance for the third quarter and nine months of fiscal 2008. The session may be accessed at www.lightpath.com. A transcript archive of the webcast will be available for viewing or download on our web site shortly after the call is concluded.

Additional information concerning the Company and its products can be found at the Company's web site at www.lightpath.com.

LightPath manufactures optical products, including precision molded aspheric optics, precision molded infrared optics, GRADIUM® glass products, proprietary collimator assemblies, isolators utilizing proprietary automation technology, higher-level assemblies and packing solutions. LightPath has a strong patent portfolio that has been granted or licensed to us in these fields. LightPath common stock trades on the NASDAQ Capital Market under the symbol “LPTH.” Investors are encouraged to go to LightPath's website for additional financial information.

Contact: Dorothy Cipolla, CFO
 LightPath Technologies, Inc. (407) 382-4003
 Internet: www.lightpath.com

This news release includes statements that constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This information may involve risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, factors detailed by LightPath Technologies, Inc in its public filings with the Securities and Exchange Commission.

LIGHTPATH TECHNOLOGIES, INC.
 Condensed Consolidated Balance Sheets

Assets	Unaudited March 31, 2008	June 30, 2007
Current assets:		
Cash and cash equivalents	\$ 420,129	\$ 1,291,364
Trade accounts receivable, net of allowance of \$46,869 and \$28,968	1,387,171	1,408,815
Inventories, net	1,452,893	1,853,324
Prepaid expenses and other assets	314,594	220,860
Total current assets	<u>3,574,787</u>	<u>4,774,363</u>
Property and equipment - net	2,044,256	1,563,250
Intangible assets - net	207,954	232,605
Other assets	57,306	57,306
Total assets	<u>\$ 5,884,303</u>	<u>\$ 6,627,524</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,413,518	\$ 1,278,328
Accrued liabilities	468,554	326,525
Accrued severance	181,942	-
Accrued payroll and benefits	329,855	413,576
Notes payable	166,645	166,645
Capital lease obligations, current portion	17,994	16,285
Total current liabilities	<u>2,578,508</u>	<u>2,201,359</u>
Capital lease obligations, excluding current portion	9,936	23,653
Note payable, excluding current portion	152,758	277,741
Total liabilities	<u>2,741,202</u>	<u>2,502,753</u>
Stockholders' equity:		
Preferred stock: Series D, \$.01 par value, voting; 5,000,000 shares authorized; none issued and outstanding	—	—
Common stock: Class A, \$.01 par value, voting; 34,500,000 shares authorized; 5,332,655 and 4,512,543 shares issued and outstanding	53,326	45,125
Additional paid-in capital	199,712,633	196,417,217
Foreign currency translation adjustment	8,122	(43,059)
Accumulated deficit	(196,630,980)	(192,294,512)
Total stockholders' equity	<u>3,143,101</u>	<u>4,124,771</u>
Total liabilities and stockholders' equity	<u>\$ 5,884,303</u>	<u>\$ 6,627,524</u>

Condensed Consolidated Statements of Operations

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	March 31,		March 31,	
	2008	2007	2008	2007
Product sales, net	\$ 2,114,196	\$ 2,899,602	\$ 6,444,515	\$ 11,075,237
Cost of sales	1,694,679	2,177,375	5,780,978	8,079,957
Gross margin	419,517	722,227	663,537	2,995,280
Operating expenses:				
Selling, general and administrative	1,272,269	945,021	4,063,080	3,504,196
New product development	308,302	289,254	924,049	830,733
Amortization of intangibles	8,217	8,217	24,651	24,651
Loss on disposal of assets	13,707	-	13,707	-
Total costs and expenses	1,602,495	1,242,492	5,025,487	4,359,580
Operating loss	(1,182,978)	(520,265)	(4,361,950)	(1,364,300)
Other income (expense)				
Interest expense	(19,357)	(11,041)	(48,285)	(33,957)
Investment and other income	12,066	11,708	73,767	79,457
Net loss	\$ (1,190,269)	\$ (519,598)	\$ (4,336,468)	\$ (1,318,800)
Foreign currency translation adjustment	9,771	-	51,181	-
Comprehensive loss	\$ (1,180,498)	\$ (519,598)	\$ (4,285,287)	\$ (1,318,800)
Loss per share (basic and diluted)	\$ (0.22)	\$ (0.12)	\$ (0.81)	\$ (0.29)
Number of shares used in per share calculation	5,332,655	4,506,230	5,326,003	4,497,081

LIGHTPATH TECHNOLOGIES, INC.
Condensed Consolidated Statements of Cash Flows

	Unaudited	
	Nine Months Ended	
	March 31,	
	2008	2007
Cash flows from operating activities		
Net loss	\$ (4,336,468)	\$ (1,318,800)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	330,636	363,060
Foreign exchange translation adjustment	51,181	-
Gain on sale of fixed assets	(7,000)	-
Stock based compensation	280,525	217,356
Provision for doubtful accounts receivable	17,901	37,560
Loss on abandonment of fixed assets	20,707	-
Changes in operating assets and liabilities:		
Trade receivables	3,743	(14,922)
Inventories	400,431	163,861
Prepaid expenses and other assets	(93,734)	(140,908)
Accounts payable and accrued expenses	213,762	(746,449)
Net cash used in operating activities	<u>(3,118,316)</u>	<u>(1,439,242)</u>
Cash flows from investing activities		
Purchase of property and equipment	(646,020)	(701,248)
Proceeds from sale of assets	7,000	-
Net cash used in investing activities	<u>(639,020)</u>	<u>(701,248)</u>
Cash flows from financing activities		
Proceeds from exercise of stock options	-	54,681
Proceeds from sale of common stock, net of expenses	2,978,544	-
Proceeds from sale of common stock from employee stock purchase	44,548	-
Borrowings on line of credit	-	229,224
Payments on capital lease obligation	(12,008)	(10,511)
Payments on note payable	(124,983)	(13,887)
Net cash provided by financing activities	<u>2,886,101</u>	<u>259,507</u>
Increase (Decrease) in cash and cash equivalents	(871,235)	(1,880,983)
Cash and cash equivalents, beginning of period	<u>1,291,364</u>	<u>3,763,013</u>
Cash and cash equivalents, end of period	<u>\$ 420,129</u>	<u>\$ 1,882,030</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 29,993	\$ 33,957
Supplemental disclosure of non-cash investing activity:		
Landlord payments for leasehold improvements	\$ 161,678	\$ -