LIGHTPATH TECHNOLOGIES INC
Form DEF 14A
November 08, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, For use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

LIGHTPATH TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

LightPath Technologies, Inc.

Special Meeting of Stockholders

December 6, 2016

Notice and Proxy Statement

November 8, 2016

Dear LightPath Stockholder:

I am pleased to invite you to a Special Meeting of the Stockholders of LightPath Technologies, Inc. ("LightPath"). The meeting will be held on Tuesday, December 6, 2016 at 11:00 a.m. Eastern Time at LightPath's executive offices. The address is 2603 Challenger Tech Court, Suite 130, Orlando, Florida 32826.

At the meeting, you and the other stockholders will be asked to approve the issuance by LightPath of up to 8,000,000 shares of our Class A common stock in connection with the proposed acquisition of ISP Optics Corporation, as required by and in accordance with the applicable rules of The NASDAQ Stock Market LLC. The enclosed Notice and Proxy Statement contain additional details concerning the foregoing item to be voted on at such special meeting.

We hope you can join us at the meeting. Whether or not you expect to attend, please read the enclosed Proxy Statement, ***mark*** *your votes on the enclosed proxy card,* ***sign and date it****, and* ***return it*** *to us in the enclosed postage-paid envelope*. Your vote is important, so please return your proxy card promptly.

Sincerely,
Robert Ripp
Chairman of the Board

2603 Challenger Tech Court, Suite 100 * Orlando, Florida USA 32826 * 407-382-4003

LIGHTPATH TECHNOLOGIES, INC.

2603 Challenger Tech Court, Suite 100

Orlando, Florida USA 32826

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On Tuesday, December 6, 2016

Dear Stockholder,

You are cordially invited to attend the Special Meeting of Stockholders (the “Special Meeting”) of LightPath Technologies, Inc., a Delaware corporation. The meeting will be held on Tuesday, December 6, 2016 at 11:00 a.m. Eastern Time at our executive office located at 2603 Challenger Tech Court, Suite 130, Orlando, Florida 32826. The purpose of the Special Meeting is to vote on the following:

1. To approve the issuances of up to 8,000,000 shares of our Class A common stock in connection with the proposed acquisition (the “Acquisition”) of ISP Optics Corporation (“ISP”), as required by and in accordance with the applicable rules of The NASDAQ Stock Market LLC (“NASDAQ”), which proposal we refer to as the “Share Issuance Proposal.”

2. To transact such other business as may properly come before the Special Meeting or any postponement or adjournment thereof.

Only stockholders of record at the close of business on November 1, 2016 (the “Record Date”) will be entitled to receive notice of and to vote at the Special Meeting or any adjournment thereof.

It is important to understand that we are not required to seek, nor are we seeking, stockholder approval of the proposed Acquisition of ISP. Rather, we are only seeking approval to issue up to 8,000,000 shares of Class A common stock in connection with the proposed Acquisition of ISP. Because we are seeking your approval to issue shares of Class A common stock in connection with the Acquisition of ISP, we have included in this proxy statement certain material information regarding ISP and the Acquisition.

Whether or not you expect to attend the Special Meeting, ***please complete, date, sign, and return*** the enclosed proxy as promptly as possible in order to ensure your representation at the Special Meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. You may attend the Special Meeting and vote in person even if you have previously voted by proxy. Please note that if a broker, bank, or other nominee holds your shares of record, and you wish to vote at the Special Meeting, you must obtain a proxy issued in your name from that record holder.

By Order of the Board of Directors,
J. James Gaynor
President & Chief Executive Officer
Orlando, Florida
November 8, 2016

LIGHTPATH TECHNOLOGIES, INC.

2603 Challenger Tech Court, Suite 100

Orlando, Florida USA 32826

PROXY STATEMENT

FOR SPECIAL MEETING OF STOCKHOLDERS

To be held on Tuesday, December 6, 2016

This proxy statement, and the enclosed proxy card, is solicited by the Board of Directors ("Board") of LightPath Technologies, Inc., a Delaware corporation, for use at the Special Meeting to be held on Tuesday, December 6, 2016 at 11:00 a.m. Eastern Time at our executive office located at 2603 Challenger Tech Court, Suite 130, Orlando, Florida 32826, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Special Meeting of Stockholders.

References in this proxy statement to "LightPath", "we", "us", "our", or the "Company" refers to LightPath Technologies, Inc.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 6, 2016.

This proxy statement and the enclosed proxy card are available on our website at www.lightpath.com. With respect to the Special Meeting and all of our future stockholder meetings, please contact Dorothy Cipolla at 1-800-472-3486 ext. 305, or dcipolla@lightpath.com, to request a copy of the proxy statement or proxy card, or to obtain directions to such meeting.

TABLE OF CONTENTS

SUMMARY OF THE PROPOSED ACQUISITION OF ISP	3
QUESTIONS AND ANSWERS ABOUT THIS PROXY STATEMENT AND THE SPECIAL MEETING	8
RISK FACTORS	14
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION	18
THE PROPOSED ACQUISITION OF ISP	19
THE STOCK PURCHASE AGREEMENT	24
ITEM NO. 1 – THE SHARE ISSUANCE PROPOSAL	28
SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF ISP	31
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	32
MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	40
BUSINESS – ISP OPTICS CORPORATION	41
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	44
QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK	62
CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	62
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	63
WHERE YOU CAN FIND MORE INFORMATION	65
OTHER BUSINESS	65
INDEX TO FINANCIAL STATEMENTS	66

SUMMARY OF THE PROPOSED ACQUISITION OF ISP

The following is a summary of the material provisions of the Stock Purchase Agreement, dated August 3, 2016 (the "SPA") entered into by and among ISP, Joseph Menaker and Mark Lifshotz (the "ISP Stockholders"), and us in connection with the proposed Acquisition of ISP, but does not purport to describe all of the terms of the SPA. The following summary is qualified in its entirety by reference to the complete text of the SPA, a copy of which is attached as Annex A to this proxy statement and is incorporated herein by reference. This summary may not contain all of the information about the SPA that is important to you. You should refer to the full text of the SPA for details of the transaction and the terms and conditions of the proposed Acquisition.

It is important to understand that we are not required to seek, nor are we seeking, stockholder approval of the proposed Acquisition of ISP. Rather, we are only seeking approval of the Share Issuance Proposal, which will allow us to issue up to 8,000,000 shares of our Class A common stock in one or more issuances in connection with the potential Acquisition of ISP, as required by and in accordance with the NASDAQ Listing Rules, as more fully described in Item No. 1 beginning on page 28.

Parties to the Acquisition

We are a Delaware corporation and our Class A common stock is traded on The NASDAQ Capital Market under the symbol "LPTH." Our address is 2603 Challenger Tech Court, Suite 100, Orlando, Florida 32826, and our telephone number is (407) 382-4003.

We were incorporated in 1992 as the successor to LightPath Technologies Limited Partnership, a New Mexico limited partnership formed in 1989, and its predecessor, Integrated Solar Technologies Corporation, a New Mexico corporation formed in 1985. We manufacture optical components and higher level assemblies, including precision molded glass aspheric optics, infrared aspheric lenses, GRADIUM glass lenses, and other optical materials used to produce products that manipulate light.

For more detailed information about us, see our Annual Report on Form 10-K for the year ended June 30, 2016, and other reports and filings we may make from time to time with the Securities and Exchange Commission (the "SEC"), all of which are available at www.sec.gov.

ISP was incorporated in New York in 1993 and is a vertically integrated manufacturer offering a full range of infrared products from custom infrared optical elements to catalog and high performance lens assembly. ISP's wholly-owned subsidiary, ISP Optics Latvia, SIA, is a limited liability company formed under the laws of the Republic of Latvia ("ISP Latvia"). References to ISP in this proxy statement refer to ISP individually or, as the context requires, collectively with ISP Latvia on a consolidated basis. ISP's address is 50 South Buckhout Street, Irvington, New York 10533, and its telephone number is (914) 591-3070.

The ISP Stockholders represent all the stockholders of ISP, who collectively own all of the issued and outstanding shares of common stock of ISP (the "Purchased Sahres").

See the section entitled "Our Proposed Acquisition of ISP" for additional information.

3

The Transaction	On August 3, 2016, we entered into the SPA with ISP and the ISP Stockholders. The SPA provides for the Acquisition of 100% of the Purchased Shares for a purchase price of $18 million (the "Purchase Price"). See the section entitled "The Proposed Acquisition of ISP" for additional information.
The Consideration	We will pay the Purchase Price in a combination of cash and a promissory note in favor of the ISP Stockholders. The cash payment (the "Cash Amount") shall not be less than $12 million, subject to a net working capital adjustment, debt adjustment, and cash adjustment as provided in the SPA. The aggregate original principal amount of the promissory note (the "Note") shall equal the Purchase Price less the Cash Amount, as adjusted pursuant to the SPA, but in no event less than $3 million. See the section entitled "The Stock Purchase Agreement – Consideration" for additional information.
Promissory Note	During the period commencing on the date that the Note is issued (the "Issue Date") and continuing until the fifteen month anniversary of the Issue Date (the "Initial Period"), interest will accrue on only the outstanding principal amount of the Note in excess of $2.7 million at an interest rate equal to ten percent (10%) per annum. After the Initial Period, interest will accrue on the entire unpaid principal amount of the Note from time to time outstanding, at an interest rate equal to ten percent (10%) per annum. Interest is payable semi-annual in arrears. The term of the Note is for five years. Any unpaid interest and principal, together with any other amounts payable under the Note, is due and payable on the maturity date. We may prepay the Note in whole or in part without penalty or premium. If we do not pay any amount payable when due, whether at the maturity date, by acceleration, or otherwise, such overdue amount will bear interest at a rate equal to twelve (12%) per annum from the date of such non-payment until we pay such amount in full. See the section entitled "The Stock Purchase Agreement – Consideration" for additional information.

The Closing	The closing of the Acquisition of ISP will occur on a date and time mutually agreed upon by the ISP Stockholders and us, not later than five (5) business days following the satisfaction or waiver of the closing conditions. We currently anticipate that the Acquisition of ISP will close in the fourth quarter of calendar year 2016; however, there can be no assurances that the Acquisition will be completed at all, or, if completed, that it will be completed in the fourth quarter of calendar year 2016. See the section entitled “The Stock Purchase Agreement – Closing” for additional information.
Conditions to Completion of the Transaction	The completion of the Acquisition of ISP is subject to the satisfaction or waiver of certain conditions. In addition to customary closing conditions, the closing of the Acquisition of ISP is conditioned on us (i) obtaining all of the financing we need in order to purchase the Purchased Shares (the “Financing Condition”) and (ii) obtaining the requisite stockholder approval related to the financing and the Acquisition, as applicable, as required by applicable NASDAQ rules and other applicable law (the “Stockholder Approval Condition”). The Stockholder Approval Condition will be satisfied if our stockholders approve the Share Issuance Proposal. See the section entitled “The Stock Purchase Agreement – Conditions to Completion of the ISP Acquisition” for additional information.
Stockholder Approval	Pursuant to NASDAQ Listing Rule 5635(a), stockholder approval is required for the issuance of shares of Class A common stock in connection with the proposed Acquisition of ISP if the total number of shares of Class A common stock potentially issuable in the Acquisition equals or exceeds 20 percent of the total number of shares of Class A common stock outstanding prior to such issuance. Issuances “in connection with an acquisition” includes stock issued in an offering, the net proceeds from which will be used to fund a portion of the Purchase Price of the Acquisition. In addition, NASDAQ Listing Rule 5635(d) requires that we obtain stockholder approval prior to the issuance of shares of our Class A common stock in connection with certain non-public offerings involving the sale, issuance, or potential issuance by us of shares of our Class A common stock equal to 20 percent or more of our Class A common stock outstanding before the issuance, if the price per share is less than the greater of book value or market value on the date of pricing. To obtain stockholder approval of the Share Issuance Proposal, we are holding this Special Meeting. Our stockholders are not voting on, and are not entitled to vote on, the proposed Acquisition of ISP. See the section entitled “Item No. 1” for additional information.

Termination of the SPA	The SPA may be terminated under certain circumstances, including, but not limited to: (i) the mutual written consent of the ISP Stockholders and us; (ii) by the ISP Stockholders, if any of our representations and warranties in the SPA fail to be true and correct, subject to certain qualifications, or we breach or fail to perform in any material respect any of the covenants or other agreements in the SPA that has not been cured in the requisite time period; (iii) by us, if any of the representations and warranties made by ISP or the ISP Stockholders fail to be true and correct, subject to certain qualifications, or the ISP Stockholders breach or fail to perform in any material respect any of their covenants or other agreements in the SPA that has not been cured in the requisite time period; (iv) by the ISP Stockholders, on the one hand, or by us, on the other hand, if the closing of the Acquisition has not occurred on or prior to December 31, 2016 (the "Outside Date"), provided that this right to terminate will not be available to any party whose failure to perform any material covenant or obligation under the SPA was the cause of, or resulted in, the failure of the closing to occur on or before the Outside Date; (v) by the ISP Stockholders, on the hand, or us, on the other hand, if the closing of the Acquisition has not occurred on or prior to the Outside Date due to our failure to satisfy the Financing Condition; (vi) by the ISP Stockholders, on the one hand, or by us, on the other hand, if (a) at this Special Meeting our stockholders do not approve the Share Issuance Proposal, which is intended to provide the financing required to close the Acquisition, or the Acquisition, as applicable or (b) the closing of the Acquisition has not occurred on or prior to the Outside Date due to our failure to satisfy the Stockholder Approval Condition; and (vii) by us, if, after the date of the SPA, any change or event occurs that has had or would be reasonably likely to have a material adverse change (a) as to ISP or (b) that results in the ISP Stockholders being unable to perform their obligations under the SPA and related transaction documents or consummate the Acquisition and the transactions contemplated thereby. See the section entitled "The Stock Purchase Agreement – Termination of the SPA" for additional information.
Termination Fees	We must reimburse ISP and the ISP Stockholders for all of their documented out-of-pocket expenses, including, without limitation, legal, accounting, and travel expenses, up to $250,000 (the "Termination Fee") if we or the ISP Stockholders terminate the SPA due to our failure to satisfy the Stockholder Approval Condition or Financing Condition. See the section entitled "The Stock Purchase Agreement – Termination Fee" for additional information.

6

Relationship of the Parties

Prior to entering into the SPA, we ordered anti-reflective coating services from ISP on an arms' length basis. We have also partnered with ISP to develop and sell molded optics as part of a multiple lens assembly sold to a third party and have provided certain standard molded optics for resale through ISP's catalog. Other than this relationship, the parties did not have any other relationship. We have not been one of ISP's top 10 customers in terms of revenue contribution in any given year, and approximately 1.1% and 0.85% of ISP's revenue for 2015 and the first six months of 2016, respectively, were attributable to our orders.

See the section entitled "The Proposed Acquisition of ISP" for additional information.

Interests of Certain Persons in the Acquisition

None of our executive officers or directors has any interest in the proposed Acquisition of ISP or the Share Issuance Proposal, *provided, that,* our officers and directors may be permitted to purchase shares of our Class A common stock in an offering, the net proceeds from which will be used to fund a portion of the Purchase Price of the Acquisition. See the section entitled "The Proposed Acquisition of ISP – Interests of Our Officers and Directors in the Acquisition" for additional information.

Joseph Menaker and Mark Lifshotz, ISP's current President and Chief Executive Officer, respectively, are also the sole ISP Stockholders. In addition to the receiving the Purchase Price, the parties intend that Joseph Menaker and Mark Lifshotz will be employed or engaged by ISP or us following the closing of the Acquisition under terms and conditions to be agreed upon prior to the closing. Other than Joseph Menaker and Mark Lifshotz, none of the executive officers or directors of ISP has any interest in the proposed Acquisition of ISP.

See the section entitled "The Proposed Acquisition of ISP – Interests of ISP's Officers and Directors in the Acquisition" for additional information.

Expenses of the Acquisition

Except the Termination Fee, if applicable, and as otherwise set forth in the SPA, and whether or not the Acquisition of ISP consummated, all fees and expenses incurred in connection with the Acquisition are the obligation of the respective party incurring such fees and expenses.

See the section entitled "The Stock Purchase Agreement – Expenses" for additional information.

Special Meeting of Stockholders

The Special Meeting will be held on Tuesday, December 6, 2016 at 11:00 a.m. Eastern Time at our executive office located at 2603 Challenger Tech Court, Suite 130, Orlando, Florida 32826, or at any adjournments or postponements thereof.

See the section entitled "Questions and Answers About this Proxy Statement and the Special Meeting" for additional information.

QUESTIONS AND ANSWERS ABOUT THIS PROXY STATEMENT AND THE SPECIAL MEETING

Why am I receiving these materials?

A proxy statement is a document the regulations of the SEC require us to give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy is your legal designation of another person to vote the stock you own and are entitled to vote. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. We have designated Robert Ripp, Chairman of the Board, as proxy for the Special Meeting.

You are receiving this proxy statement and the enclosed proxy card because our Board is soliciting your proxy to vote at the Special Meeting. This proxy statement provides you with information on the matters to be voted on at the Special Meeting as well as instructions on how to vote.

We intend to mail this proxy statement and accompanying proxy card on or about November 8, 2016 to all stockholders of record entitled to vote at the Special Meeting.

Who can vote at the Special Meeting?

Only stockholders of record at the close of business on the Record Date, or November 1, 2016, will be entitled to vote at the Special Meeting. On the Record Date, there were 15,653,258 shares of Class A common stock (our only outstanding class of common stock) outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on the Record Date your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the Special Meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted. Even if you complete and return your proxy card, you may still vote in person if you are able to attend the Special Meeting.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on the Record Date your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Special Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Special Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Special Meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

The following matter is scheduled for the Special Meeting: the approval of the issuances of up to 8,000,000 shares of our Class A common stock in connection with the proposed Acquisition of ISP, as required by and in accordance with applicable NASDAQ rules.

With respect to the Share Issuance Proposal described above, it is important to understand that we are not required to seek, nor are we seeking, stockholder approval of the Acquisition of ISP. Rather, we are only seeking approval to issue up to 8,000,000 shares of Class A common stock in connection with the proposed Acquisition of ISP.

A vote may also be held on any other business as may properly come before the Special Meeting or any postponement or adjournment thereof, although there is no other business anticipated to come before the Special Meeting.

Why is it important for me to vote?

If you are the beneficial owner of shares held in "street name" by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not direct your broker how to vote your shares, the broker will be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items (resulting in a "broker non-vote"). The Share Issuance Proposal under Item No. 1 is a "non-discretionary" matter, so it is important for you to direct your broker on how to vote your shares.

Why are we asking you to approve the Share Issuance Proposal?

NASDAQ Listing Rule 5635(a) states: "Shareholder approval is required prior to the issuance of securities in connection with the acquisition of the stock or assets of another company if: (1) where, due to the present or potential issuance of common stock, including shares issued pursuant to an earn-out provision or similar type of provision, or securities convertible into or exercisable for common stock, other than a public offering for cash:…the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the stock or securities." Although we are not seeking stockholder approval of the Acquisition of ISP, because the consideration to be paid in connection with the Acquisition may include, but is not limited to, cash derived from the net proceeds of an offering, and shares issued in connection therewith could equal 20 percent or more of the number of shares of Class A common stock outstanding before the issuance of such shares, we must comply with the stockholder approval requirement of NASDAQ Listing Rule 5635(a)(1).

In addition, NASDAQ Listing Rule 5635(d) requires that we obtain stockholder approval prior to the issuance of shares of our Class A common stock in connection with certain non-public offerings involving the sale, issuance, or potential issuance by us of shares of our Class A common stock equal to 20 percent or more of our Class A common stock outstanding before the issuance, if the price per share is less than the greater of book value or market value on the date of pricing. If we commence an offering, the offering price could be less than the greater of book value or market value on the date of pricing. Accordingly, we may also be required to comply with the stockholder approval requirements of NASDAQ Listing Rule 5635(d).

If our stockholders do not approve the Share Issuance Proposal, we will not be able to close the Acquisition and the transaction will be terminated.

Are there risks associated with the Acquisition of ISP?

Yes. The material risks associated with the proposed Acquisition of ISP that are known to us are discussed in the section entitled “Risk Factors” beginning on page 14. Please read the risk factors in this proxy statement carefully. Those risks include, among others, the possibility that we may fail to consummate the Acquisition of ISP or, if consummated, realize the expected benefits of the Acquisition of ISP and we may not be successful in assimilating and retaining ISP’s employees, and otherwise integrating its business with our own.

What are my voting choices for each of the items to be voted on at the Special Meeting?

Item No.	**Voting Choices and Board Recommendation**
Item 1: Share Issuance Proposal	Vote "For" the Share Issuance Proposal Vote "Against" the Share Issuance Proposal Abstain from voting on this item **The Board recommends voting "For" this item**

How do I vote?

You may vote your shares as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Special Meeting or vote by proxy using the enclosed proxy card.

To vote in person, come to the Special Meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign, and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Special Meeting, we will vote your shares as you direct.

Whether or not you plan to attend the Special Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. To vote in person at the Special

Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

If you fail to complete a proxy card or provide your broker with voting instructions at least ten days before the Special Meeting, your broker will be unable to vote on the non-discretionary matters. Your broker may use his or her discretion to cast a vote on any other routine or discretionary matter.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of Class A common stock you owned as of the Record Date.

What if I return a proxy card but do not make specific choices?

You should specify your choice for each matter on the proxy card. If you return a signed and dated proxy card without marking any voting selections, your shares will be voted **FOR** the Share Issuance Proposal listed under Item No. 1.

If any other matter is properly presented at the meeting, your proxy (the individual named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. We have hired Alliance Advisors, LLC, a proxy solicitation firm, to assist us in soliciting proxies for a fee of approximately $8,000 plus reasonable out-of-pocket expenses and contact fees, which we currently estimate will be an additional $15,000, for an aggregate total of approximately $23,000. In addition to these mailed proxy materials, our directors, officers and employees may also solicit proxies by mail, in person, by telephone, or by other means of communication. Directors, officers, and employees will not be paid any additional compensation for soliciting proxies. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

What is "householding"?

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single proxy statement addressed to those security holders. This process, which is commonly referred to as "householding," potentially means convenience for security holders and cost savings for companies.

A number of brokers with account holders who are LightPath stockholders will be "householding" our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement, please notify your broker and also notify us by sending your written request to Investor Relations, LightPath Technologies, Inc., 2603 Challenger Tech Court, Suite 100, Orlando, Florida USA 32826 or by calling Investor Relations at 407-382-4003, ext. 314. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should also contact their broker and notify us in writing or by telephone.

Can I revoke or change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Special Meeting. You may revoke your proxy by:

- completing, signing, and submitting a new proxy card with a later date;
- sending written notice of revocation to our Corporate Secretary at 2603 Challenger Tech Court, Suite 100, Orlando, Florida USA 32826 in time for her to receive it before the Special Meeting; or
- voting in person at the Special Meeting. Simply attending the Special Meeting will not, by itself, revoke your proxy.

11

Who will count votes?

Votes will be counted by the inspector of elections appointed for the Special Meeting. The inspector of elections will also determine the number of shares outstanding, the voting power of each, the number of shares represented at the Special Meeting, the existence of a quorum, and whether or not the proxies and ballots are valid and effective.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum exists if at least a majority of the issued and outstanding shares of Class A common stock entitled to vote is present at the Special Meeting (in person or represented by proxy). On the Record Date, there were 15,653,258 outstanding shares of Class A common stock (including all restricted stock awards at such date) entitled to vote. Thus, 7,826,630 shares must be present at the Special Meeting (in person or represented by proxy) to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy card or vote in person at the Special Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, a majority of the shares entitled to vote and present at the Special Meeting (in person or represented by proxy) may adjourn the meeting to another date.

How many votes are needed to approve Item No. 1?

With regard to Item No. 1, the affirmative vote of a majority of votes cast at the Special Meeting, whether represented in person or by proxy, is required to approve the Share Issuance Proposal.

How are abstentions and broker non-votes counted?

Abstentions: If a stockholder abstains from voting on an item, the shares are considered present and entitled to vote at the Special Meeting. Therefore, abstentions will count toward determining whether or not a quorum is present. Under Delaware law, a proxy marked “abstain” is not considered a vote cast. Accordingly, an abstention will have no effect on the approval of the Share Issuance Proposal under Item No. 1; however, abstentions will reduce the number, but not the percentage, of affirmative votes needed to pass Item No. 1.

Broker Non-Votes: A broker "non-vote" occurs when a nominee/broker holding shares for a beneficial owner does not vote on a particular matter because the nominee/broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. Broker non-votes are considered present at the Special Meeting. Therefore, broker non-votes will count toward determining whether a quorum is present. For voting purposes, a broker non-vote is not considered as a "vote cast" under Delaware law. Therefore, for Item No. 1, broker non-votes will not have any effect on the approval of the Share Issuance Proposal; however, broker non-votes will have the effect of reducing the absolute number, but not the percentage, of affirmative votes needed to pass Item No. 1.

Do I have any appraisal or dissenters' rights with respect to any matter to be acted upon at the Special Meeting?

No appraisal or dissenters' rights are available to our stockholders under Delaware law, our Certificate of Incorporation, as amended (the "Certificate of Incorporation") or our Amended and Restated Bylaws (the "Bylaws") in connection with any matter to be acted upon at the Special Meeting.

Are any of our officers or directors interested in the matter to be voted upon?

Our officers and directors do not have any interest in the matter to be acted upon at the Special Meeting, *provided, that,* our officers and directors may be permitted to purchase shares of our Class A common stock in an offering, the net proceeds from which will be used to fund a portion of the Purchase Price of the Acquisition.

May the Special Meeting be adjourned or postponed?

Under Delaware law and our Bylaws, we are not required to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the Board fixes a new record date for the adjourned meeting or the meeting date is adjourned to a date more than 30 days after the date set for the original meeting in which case a new record date must be fixed and notice given. Accordingly, if we do not have sufficient votes for a quorum or to approve the Share Issuance Proposal, it is our intention to make an announcement at the Special Meeting of a new date for the adjourned meeting that is within the 30-day period permitted under Delaware law and our Bylaws. Thereafter, if required, our Board will fix a new record date and a new meeting date.

How can I find out the results of the voting at the Special Meeting?

We will announce preliminary voting results at the Special Meeting. We will report the final voting results in a Current Report on Form 8-K filed with the SEC within four business days following such results becoming final.

Will our independent public accountant be at the Special Meeting?

Representatives of our independent public accountant, BDO USA, LLP ("BDO"), will be present at the Special Meeting. Accordingly, BDO representatives will have an opportunity to make a statement and will be available to respond to questions from stockholders present at the Special Meeting.

When are stockholder proposals for the 2017 Annual Meeting due?

Stockholders interested in presenting a proposal to be considered for inclusion in the 2017 Annual Meeting proxy statement and form of proxy may do so by following the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and our Bylaws. To be considered for inclusion, stockholder proposals must have been submitted in writing to the Corporate Secretary, LightPath Technologies, Inc., 2603 Challenger Tech Court, Suite 100, Orlando, Florida USA 32826 before August 18, 2016, which is 120 calendar days prior to the anniversary of the mailing date of the proxy statement for our 2016 Annual Meeting, and must be in compliance with all applicable laws and regulations.

If a stockholder wishes to present a proposal at the 2017 Annual Meeting, but the proposal is not intended to be included in our proxy statement relating to the meeting, or nominate a director for election at the 2017 Annual Meeting, the stockholder must give advance notice to us prior to the deadline for such meeting determined in accordance with the Bylaws (the "Bylaw Deadline"). Under our Bylaws, in order for a proposal to be timely, it must have been received by us no earlier than 120 days prior to the anniversary of the 2016 Annual Meeting, or September 30, 2016, and no later than 90 days prior to the anniversary date of the 2016 Annual Meeting, or October 30, 2016. If a stockholder gives notice of such a proposal after the Bylaw Deadline, the stockholder will not be permitted to present the proposal to the stockholders for a vote at the meeting or nominate a director for election at the meeting.

If a stockholder fails to meet these deadlines or fails to satisfy the requirements of SEC Rule 14a-4, the persons named as proxies will be allowed to use their discretionary voting authority to vote on any such proposal or nomination as they determine appropriate if and when the matter is raised at the 2017 annual meeting.

RISK FACTORS

Before you make your decision regarding how to vote on the Share Issuance Proposal set forth in this proxy statement, you should carefully consider each of the following risk factors and all of the other information contained in this proxy statement. The risk factors described below related primarily to the Acquisition of ISP and the integration of ISP and its business. The risk factors described below are not the only risks that we will face following the Acquisition. Furthermore, additional risks and uncertainties not currently known to us may also materially and adversely affect our business operations and financial condition or the price of our Class A common stock.

Risks Relating to the Acquisition

If we fail to obtain stockholder approval of the Share Issuance Proposal as required by the NASDAQ Listing Rules, we will be unable to consummate the transaction. In order to consummate the Acquisition of ISP, and in connection therewith, we may need to issue more than 20 percent of the total number of shares of our Class A common stock outstanding before the transaction. NASDAQ Listing Rule 5635(a) requires stockholder approval when, in connection with an acquisition of stock or assets of another company, we issue a number of shares of our Class A common stock that equals or exceeds 20 percent of the total number of shares of our Class A common stock or voting power outstanding before the transaction. As of November 3, 2016, there were 15,653,258 shares of our Class A common stock outstanding. Accordingly, based on the number of shares issued and outstanding as of such date, and assuming we do not issue any additional shares of Class A common stock, we could issue up to 3,126,650 shares of our Class A common stock without obtaining stockholder approval in connection with the Acquisition of ISP. If we fail to obtain the necessary stockholder approvals, we will be unable to consummate the Acquisition.

Cash expenditures associated with the Acquisition of ISP may create significant liquidity and cash flow risks for us. We expect to incur significant transaction costs and some integration costs in connection with the Acquisition of ISP. While we have assumed that this level of expense will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the Acquisition and integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. To the extent these Acquisition and integration expenses are higher than anticipated, we may experience liquidity or cash flow issues.

We will incur substantial debt in order to satisfy our obligations in connection with the Acquisition of ISP. We will incur substantial debt, in the form of the Note and additional third-party debt, in order to finance a portion of the purchase price of the Acquisition and expenses associated therewith. In order to service the debt, we will require a significant amount of cash. Our ability to make scheduled payments of principal and interest depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt or equity financing on terms that may not be favorable to us or available to us at all.

Our ability to refinance any such debt will depend on the capital markets and our financial condition at that time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default under current or future indebtedness. Any event of default or inability to otherwise satisfy our obligations could have a material adverse effect on our future operating results and financial condition.

14

If our stockholders approve the Share Issuance Proposal, our stockholders will experience dilution as a result of the issuance of shares of our Class A common stock in connection with the Acquisition of ISP. As of November 3, 2016, we had 15,653,258 shares of Class A common stock issued and outstanding. The amount of dilution our stockholders may experience is dependent on the number of shares of our Class A common stock actually issued in connection with the Acquisition of ISP. If the Share Issuance Proposal is approved by our stockholders, the maximum number of shares of our Class A common stock that may be issued in connection with the Acquisition of ISP is 8,000,000 shares. If our stockholders approve the Share Issuance Proposal, and we issue all 8,000,000 shares authorized to be issued pursuant to the Share Issuance Proposal, the total number of our issued and outstanding Class A common stock would increase by approximately 51%. Accordingly, if we issue all 8,000,000 shares authorized by the Share Issuance Proposal, the percentage ownership held by our existing stockholders will be reduced and our stockholders will experience significant dilution.

The market price of our Class A common stock may decline as a result of the Acquisition of ISP or the issuance of shares of our Class A common stock in connection with the Acquisition of ISP. We are unable to predict the potential effects of issuing shares of our Class A common stock in connection with the Acquisition of ISP on the trading activity and market price of our Class A common stock. If the Share Issuance Proposal is approved by our stockholders, and we issue all 8,000,000 shares authorized to be issued pursuant to the Share Issuance Proposal, the number of shares of our Class A common stock available for public trading would increase substantially. Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our Class A common stock.

Failure to complete the proposed Acquisition of ISP could materially and adversely affect our results of operations and the market price of our Class A common stock. Our consummation of the proposed Acquisition of ISP is subject to many contingences, including the approval of the Share Issuance Proposal by our stockholders. We cannot assure you that we will be able to successfully consummate the proposed Acquisition as currently contemplated or at all. Risks related to the failure of the proposed Acquisition to be consummated include, but are not limited to, the following:

- we would not realize any of the potential benefits of the transaction, which could have a negative effect on our stock price;
- we may remain liable for significant transaction costs, including the Termination Fee if we or ISP terminate the SPA for failure to meet the Stockholder Approval Condition or the Financing Condition;
- we may experience negative reactions from customers, clients, business partners, lenders, and employees;
- the trading price of our Class A common stock may decline to the extent that the current market price for our stock reflects a market assumption that the Acquisition will be completed; and
- the attention of our management may be diverted to the Acquisition rather than to our own operations and the pursuit of other opportunities that could have been beneficial to us.

The occurrence of any of these events individually or in combination could materially and adversely affect our results of operations and the market price of our Class A common stock.

If the Acquisition of ISP is consummated, the combined company may not perform as we or the market expects, which could have an adverse effect on the price of our Class A common stock. Even if the Acquisition is consummated, the combined company may not perform as we or the market expects. Risks associated with the combined company following the Acquisition include:

- integrating businesses is a difficult, expensive, and time-consuming process, and the failure to integrate successfully our businesses with the business of ISP in the expected time frame would adversely affect our financial condition and results of operation;

- the Acquisition of ISP will materially increase the size of our operations, and if we are not able to effectively manage our expanded operations, our Class A common stock price may be adversely affected;

- it is possible that our key employees or key employees of ISP might decide not to remain with us after the Acquisition is completed, and the loss of such personnel could have a material adverse effect on the financial condition, results of operations, and growth prospects of the combined company;

- the success of the combined company will also depend upon relationships with third parties and ISP's or our pre-existing customers, which relationships may be affected by customer preferences or public attitudes about the Acquisition. Any adverse changes in these relationships could adversely affect the combined company's business, financial condition, and results of operations; and

- if government agencies or regulatory bodies impose requirements, limitations, costs, divestitures or restrictions on the consummation of the Acquisition, the combined company's ability to realize the anticipated benefits of the Acquisition may be impaired.

The obligations and liabilities of ISP, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of ISP to us. ISP's obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in ISP's historical financial statements, may be greater than we have anticipated. The obligations and liabilities of ISP could have a material adverse effect on ISP's business or ISP's value to us or on our business, financial condition, or results of operations. We have only limited indemnification from the ISP Stockholders under the SPA with respect to obligations or liabilities of ISP, whether known or unknown. In addition, even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification or alternative remedies that might be available to us, or any applicable insurance, we could suffer severe consequences that would substantially reduce our earnings and cash flows or otherwise materially and adversely affect our business, financial condition, or results of operations.

If the proposed Acquisition of ISP is consummated, the global nature of ISP Latvia's operations will subject us to political and economic risks that could adversely affect our business, results of operations, or financial condition. The risks inherent in global operations include:

limitations on ownership or participation in local enterprises;

price controls, exchange controls, and limitations on repatriation of earnings;

transportation delays and interruptions;

political, social, and economic instability and disruptions;

acts of terrorism;

government embargoes or foreign trade restrictions;

imposition of duties and tariffs and other trade barriers;

import and export controls;

labor unrest and current and changing regulatory environments;

difficulties in staffing and managing multi-national operations; and

limitations on our ability to enforce legal rights and remedies.

If we are unable to successfully manage these and other risks associated with managing and expanding our international business to Latvia, the risks could have a material adverse effect on our business, results of operations, or financial condition.

If the proposed Acquisition of ISP is consummated, our expanded international operations would increase our exposure to potential liability under anti-corruption, trade protection, tax, and other laws and regulations. The Foreign Corrupt Practices Act and other anti-corruption laws and regulations ("Anti-Corruption Laws") prohibit corrupt payments by our employees, vendors, or agents. From time to time, we receive inquiries from authorities in the U.S. and elsewhere about our business activities outside of the U.S. and our compliance with Anti-Corruption Laws. While we devote substantial resources to our global compliance programs and have implemented policies, training, and internal controls designed to reduce the risk of corrupt payments, our employees, vendors or agents may violate our policies and if the proposed Acquisition of ISP is consummated, our expanded international operations would significantly increase our exposure to potential liability. Our failure to comply with Anti-Corruption Laws could result in significant fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation. Operations outside of the U.S. may be affected by changes in trade production laws, policies, and measures, and other regulatory requirements affecting trade and investment.

If the proposed Acquisition of ISP is consummated, we would also become subject to Latvian and other foreign tax regulations. Such regulations may not be clear, not consistently applied and subject to sudden change, particularly with regard to international transfer pricing. Our earnings could be reduced by the uncertain and changing nature of such tax regulations.

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations. Our business is generally conducted in U.S. dollars. However, the costs of operating in Latvia will be subject to the effects of currency exchange fluctuations of the Euro against the U.S. dollar. When the U.S. dollar weakens against the Euro, our operating costs in such currency will increase. This currency risk can be minimized by matching the timing of working capital borrowing needs against operating cost requirements in Latvia. However, fluctuations in the value of the Euro will create greater uncertainty in our revenues and can significantly affect our operating results.

17

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement and the documents to which we refer you to in this proxy statement contain forward-looking statements that involve risks uncertainties, and assumptions that are difficult to predict. Words and expressions reflecting optimism, satisfaction, or disappointment with current prospects, as well as words such as "believes," "hopes," "intends," "estimates," "expects," "projects," "plans," "anticipates," and variations thereof, or the use of future tense, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Such forward-looking statements are not guarantees of performance and our actual results could differ materially from those contained in such statements. Factors that could cause or contribute to such differences include, but are not limited to: the occurrence of any event, change, or other circumstances that could give rise to the termination of the SPA and the possibility that we could be required to pay the Termination Fee to ISP and the ISP Stockholders in connection therewith; the failure to obtain stockholder approval of the Share Issuance Proposal; the failure to satisfy the closing conditions, including the Financing Condition; business uncertainty and contractual restrictions during the pendency of the Acquisition; the failure of the Acquisition to close for any other reason; the amount of costs, fees, expenses, and charges related to the Acquisition; risks related to the disruption of management's attention from our ongoing business operations due to the contemplated Acquisition; the effect of the announcement of the Acquisition on the ability of the Company and ISP to retain customers and retain and hire key personnel and maintain relationships with its suppliers, operating results, and business generally; risks that the proposed Acquisition disrupts current plans and operations; the possible adverse effect on our business and the price of our Class A common stock if the Acquisition is not completed in a timely fashion or at all; risks that we may be unable to successfully integrate ISP's business and personnel with our own; risks that the expected benefits of the Acquisition may not be realized; our ability to maintain and increase sales volumes of our products; our ability to continue to aggressively control costs and operating expenses; our ability to generate cash from operations; the ability of our suppliers to provide an adequate supply of materials for our products at prices consistent with historical prices; our ability to repay our debt as it comes due; our ability to introduce new competitive products and the degree of market acceptance of such new products; the timing and market acceptance of new products introduced by our competitors; our ability to maintain strong relationships with our partners; customers', suppliers', and creditors' perceptions of our continued viability; rescheduling or cancellation of customer orders; loss of a major customer; our ability to enforce our intellectual property rights and protect our intellectual property; general competition and price measures in the market place; unexpected shortages of critical materials; worldwide spending levels; general economic conditions; and the other concerns identified in the section entitled "Risk Factors" above. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and, therefore, the forward-looking statements on which they are based may be incorrect. The underlying expected actions or our results of operations involve risks and uncertainties, many of which are outside our control, and ultimately prove to be correct. The underlying expected actions or our results of operations and whether the forward-looking statements ultimately prove to be correct. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events, or otherwise, except as required by law.

Many of the factors that will determine our future results are beyond our ability to control or predict. We cannot guarantee any future results, levels of activity, performance, or achievements. In light of the significant uncertainties inherent in the forward-looking statements, you should not place undue reliance on forward-looking statements, which speak only as of the date on which the statements were made and it should not be assumed that the statements remain

accurate as of any future date.

18

THE PROPOSED ACQUISITION OF ISP

At the Special Meeting, our stockholders will be asked to consider and vote upon the Share Issuance Proposal. Set forth below in this section and in the section entitled "The Stock Purchase Agreement" beginning on page 24, is a discussion of the proposed Acquisition of ISP, including a description of the terms and conditions of the SPA. Even though you are not entitled to vote on the Acquisition, and we are not seeking your vote on the Acquisition, you should review these sections carefully in connection with your consideration of the Share Issuance Proposal.

The Parties to the Acquisition

LightPath Technologies, Inc.

We are a Delaware corporation and our Class A common stock is traded on The NASDAQ Capital Market under the symbol "LPTH." Our address is 2603 Challenger Tech Court, Suite 100, Orlando, Florida 32826, and our telephone number is (407) 382-4003.

We were incorporated in 1992 as the successor to LightPath Technologies Limited Partnership, a New Mexico limited partnership formed in 1989, and its predecessor, Integrated Solar Technologies Corporation, a New Mexico corporation formed in 1985. We manufacture optical components and higher level assemblies, including precision molded glass aspheric optics, infrared aspheric lenses, GRADIUM glass lenses, and other optical materials used to produce products that manipulate light. We design, develop, manufacture, and distribute optical components and assemblies utilizing advanced optical manufacturing processes. Our products are incorporated into a variety of applications by our customers in many industries, including defense products, medical devices, laser aided industrial tools, automotive safety applications, barcode scanners, optical data storage, hybrid fiber coax datacom, telecommunications, machine vision, and sensors, among others. All the products that we produce enable lasers and imaging devices to function more effectively.

In November 2005, we formed LightPath Optical Instrumentation (Shanghai) Co., Ltd ("LPOI"), a wholly-owned subsidiary, located in Jiading, People's Republic of China. LPOI leases an approximately 1,700 square foot facility located in Jiading, People's Republic of China that is primarily used for sales and support functions.

In December 2013, we formed LightPath Optical Instrumentation (Zhenjiang) Co., Ltd. ("LPOIZ"), a wholly-owned subsidiary located in the New City district of the Jiangsu province of the People's Republic of China. LPOIZ's

manufacturing facility is approximately 26,000 square feet. LPOIZ's facility features a molded glass aspheres manufacturing area, which includes lens pressing equipment, advanced metrology, and inspection equipment. The clean room in LPOIZ's facility features assembly manufacturing equipment and automated dispensing systems. The facility also houses our precision dicing equipment and anti-reflective coating equipment.

ISP Optics Corporation

ISP was incorporated in New York in 1993 and is a vertically integrated manufacturer offering a full range of infrared products from custom infrared optical elements to catalog and high performance lens assembly. ISP's core capabilities include crystal growth, conventional numerical control ("CNC") and conventional grinding, polishing, diamond turning, metrology, coatings, as well as optical and mechanical design, lens assembly, and testing, ISP manufactures its precision optical components, which includes spherical, aspherical, and diffractive coated infrared lenses, windows, and prisms. ISP complements its lens offering by developing a full spectrum of infrared coatings ranging from extreme high durability, anti-reflection coatings on Germanium, Silicon, and other infrared materials and crystals to complex beamsplitter, fitter, and special protective coatings. Some of these coatings are also used by third party manufacturers. ISP manufactures optics using a wide variety of infrared crystals such as: Ge, Si, ZnSe, ZnS, CaF_2, GaAs, BaF_2, Amtir, Gasir, IG infrared glass, and others. ISP's infrared Lens Assembly product line includes a thermal fixed focal length lenses for cooled and uncooled cameras, including designs targeted for lightweight and compact models, as well as dual field-of-view lenses.

ISP is ISO 9001-2008 certified, a Directorate of Defense Trade Controls registered company, and is fully compliant with ITAR requirements.

ISP's address is 50 South Buckhout Street, Irvington, New York 10533, and its telephone number is (914) 591-3070.

ISP Stockholders

The ISP Stockholders owning the Purchased Shares as of the closing date of the Acquisition are also parties to the SPA.

Background of the Acquisition

We received a letter dated September 28, 2015 from Kipps DeSanto & Co. ("Kipps"), ISP's investment banker, indicating that its client, ISP was interested in being acquired and sought bids by potential buyers. After discussions with our Board and senior management, and for the reasons set forth below under the heading "Our Reasons for the Acquisition," we prepared a bid and submitted our indication of interest on October 29, 2015.

We were subsequently notified by Kipps that we were one of several companies that ISP desired to speak to further. Our management participated in meetings at ISP's offices in November 2015 and visited ISP Latvia's manufacturing facility in December 2015. On December 10, 2015, we received access to various due diligence materials through an online data room to assist us in further evaluating the potential Acquisition of ISP. On December 23, 2015, we submitted our letter of interest. However, we were notified by ISP in January 2016 that it decided to move forward with the other potential buyer.

Subsequently, in March 2016, Kipps notified us that ISP was unable to come to an agreement with the other potential buyer and inquired whether we may still be interested in acquiring ISP. Following additional discussions and negotiations, on March 28, 2016 we signed a letter of intent with ISP that provided for the material terms that are contained in the SPA. Shortly thereafter, in April 2016, ISP provided access to additional due diligence materials through an online data room. We and our legal and accounting advisors conducted detail financial, legal, and technical due diligence until July 2016.

While we conducted the due diligence of ISP, from April 2016 to July 2016, the parties also negotiated the terms of the SPA. We entered into the SPA with ISP on August 3, 2016 and filed a Current Report on Form 8-K with the SEC on August 8, 2016 to publicly announce the execution of the SPA.

Our Reasons for the Acquisition

In the ordinary course of business, our Board and senior management regularly review and assess various strategic alternatives available to us that may enhance stockholder value. A part of our growth strategy is to identify appropriate opportunities that would enhance our profitable growth through acquisition. As we developed our molded infrared capability and learned more about the infrared market, we became aware of larger business opportunities in this market that might be available with a broader range of product capability. When we were approached by Kipps about the possibility of acquiring ISP we saw an excellent complementary fit with our business that met our requirement of profitable growth in a market space we are investing in and saw it as an opportunity to accelerate our growth and expand our capabilities. We believe that the Acquisition will combine our high-volume molding technology with ISP's high value diamond turning, coating, and polishing capabilities to establish a global, leading-edge industrial technology company. We expect the Acquisition to allow us to expand significantly and increase our scope of products and capabilities. Due to the location of ISP Latvia's manufacturing facility, we also expect the Acquisition to increase our global customer base in Europe and generate synergies due to cross-selling of products, expanded distribution channels, and increased revenue through expanded product offerings. Finally, we expect improved production and assembly capabilities, as well as material processing capabilities as a result of the Acquisition.

Our Board determined that the SPA, the other agreements entered into in connection with the SPA and the transactions contemplated by all of these agreements are fair to, and in the best interests of, the Company and our stockholders. In approving these agreements and the transactions contemplated by them, our Board consulted with our accountants with respect to the financial aspects of the Acquisition and with our legal counsel as to our fiduciary duties and the terms of the SPA and the other agreements entered into in connection with the SPA. In reaching its determination to approve these agreements and the transactions contemplated by these agreements, our Board, with the advice from senior management and our financial and legal advisors, considered the following material factors:

Our Board's knowledge of our business, operations, financial condition, and prospects and of ISP's business, operations, financial condition, and prospects, taking into account the results of our due diligence review of ISP, discussions with ISP's management, and the presentations and evaluations of our financial and legal advisors.

Our Board's knowledge of the current and prospective environment in which we and ISP operate, including economic conditions, the competitive environment, the market for potential acquisitions, and the likely effect of these factors on our and ISP's potential growth, profitability, and strategic options.

Our Board's assessment that the Acquisition of ISP is reasonably likely to enhance our strategic goals necessary to remain competitive with some of our major competitors.

Our Board's understanding of the other strategic alternatives likely to be available to us and the growth opportunities offered by such alternatives compared with the growth opportunities presented by the Acquisition of ISP.

The opportunity for improved operating results as a consequence of spreading fixed expenses over a larger revenue base.

The experience of certain members of our management in implementing previous mergers and acquisitions, and the expectation that following the Acquisition of ISP, we would continue to be managed by our experienced senior executives.

The financial terms of the Acquisition of ISP, together with the ability of our stockholders to participate in any future growth of the Company.

The likelihood that, once the SPA had been entered into, the Acquisition of ISP would be completed if the Share Issuance Proposal was approved by our stockholders and we were able to meet the Financing Condition.

In the course of its deliberations, our Board also considered a variety of risks, uncertainties, and other potentially negative factors concerning the Acquisition of ISP, including without limitation the risks described under the section entitled "Risk Factors" beginning on page 14 and the following:

The fact that if the Share Issuance Proposal is approved, the shares of our Class A common stock authorized to be issued in connection with the Acquisition of ISP could potentially represent approximately 51% of our issued and outstanding shares of Class A common stock (assuming no shares of our Class A common stock are issued after the Record Date and that all 8,000,000 shares authorized to be issued pursuant to the Share Issuance Proposal are issued).

The possibility that the financial and strategic benefits expected to be achieved in connection with the Acquisition of ISP would not be obtained on a timely basis or at all.

The diversion of management and employee attention during the period after the signing of the SPA but before the Acquisition closes and the potential effect on our business.

The risks and costs that could be borne by us if the Acquisition is not completed, including the payment of the Termination Fee.

That the transaction will be dilutive to our current stockholders.

The foregoing discussion of the information considered by our Board is not intended to be exhaustive, but includes the material factors that our Board considered in approving and recommending the Share Proposal Issuance. Our Board, together with our management and our financial and legal advisors, conducted numerous discussion of the factors described above. In view of the wide variety of factors considered by our Board in connection with its evaluation of the Acquisition and the complexity of these factors, our Board did not consider it practical to, nor did it attempt to, quantify, rank, or otherwise assign any specific or relative weights to the specific factors that it considered in the course of reaching its decision. In addition, in considering the factors described above, individual directors may have assigned different weights to different factors. Our Board discussed the factors described above, including asking questions of our management and legal and financial advisors, and, by the unanimous vote of those directors present, determined that the Acquisition was in the best interests of our stockholders and us.

The above explanation of the reasoning of our Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 18.

For the reasons set forth above, in addition to others, our Board has approved the SPA, the other agreements entered into in connection with the SPA, and the transactions contemplated by those agreements, subject to the approval of the Share Issuance Proposal, has concluded that the transactions are advisable and in the best interests of our stockholders and us, and recommends that our stockholders vote "FOR" the approval of the Share Issuance Proposal.

Interests of Our Officers and Directors in the Acquisition

None of our officers or directors has any interest in the proposed Acquisition of ISP; however, our officers and directors may be permitted to purchase shares of our Class A common stock in an offering, the net proceeds from which will be used to fund a portion of the Purchase Price of the Acquisition.

Interests of ISP's Officers and Directors in the Acquisition

Joseph Menaker and Mark Lifshotz, ISP's current President and Chief Executive Officer, respectively, are also the sole stockholders of ISP. In addition to the receiving the Purchase Price, the parties intend that Joseph Menaker and Mark Lifshotz will be employed or engaged by ISP or us following the closing of the Acquisition under terms and conditions to be agreed upon prior to the closing. Other than Joseph Menaker and Mark Lifshotz, none of the executive officers or directors of ISP has any interest in the proposed Acquisition of ISP.

No Appraisal or Dissenters' Rights

No appraisal or dissenters' rights are available to our stockholders under Delaware law, our Certificate of Incorporation, or our Bylaws in connection with any matter to be acted upon at the Special Meeting.

Federal Income Tax Consequences of the Acquisition

The Acquisition of ISP is not expected to result in U.S. federal income tax consequences to our stockholders.

Accounting Treatment of the Acquisition

The transaction will be accounted for under the acquisition method of accounting in accordance with the Financial Accounting Standard Board ("FASB"), Accounting Standard Codification or ASC 805-10, *Business Combinations*. Management has made a preliminary allocation of the estimated Purchase Price to the tangible and intangible assets acquired and liabilities assumed based on various preliminary estimates and assumptions. Any excess of the Purchase Price over those fair values will be recorded as goodwill. These preliminary estimates and assumptions could change significantly during the purchase price measurement period (typically up to one year) as we finalize the valuations of the net tangible assets and intangible assets and the net working capital adjustment per the SPA. Any change could result in material variances between our future financial results and the amounts presented in the condensed combined financial statements included in this proxy statement, including variances in fair values recorded, as well as expenses associated with these items.

THE STOCK PURCHASE AGREEMENT

The following discussion of the terms and conditions of the SPA is subject to and is qualified in its entirety by reference to the SPA, which is attached to this proxy statement as Annex A and was filed as Exhibit 10.08 to our Annual Report on Form 10-K, as filed with the SEC on September 15, 2016, and is incorporated herein by reference. This summary may not contain all of the information about the SPA that is important to you. You should refer to the full text of the SPA for details of the transaction and the terms and conditions of the SPA.

Additionally, representations, warranties, and covenants described in this section and contained in the SPA have been made only for the purpose of the SPA and, as such, are intended solely for the benefit of ISP, the ISP Stockholders, and us. In many cases, these representations, warranties, and covenants are subject to limitations agreed upon by the parties and are qualified by certain disclosures exchanged by the parties in connection with the execution of the SPA. Furthermore, the representations and warranties in the SPA are the result of a negotiated allocation of contractual risk among the parties and, taken in isolation, do not necessary reflect facts about the Company or ISP, their respective subsidiaries and affiliates, the ISP Stockholders, or any other party. Likewise, any references to materiality contained in the representations and warranties may not correspond to concepts of materiality applicable to investors or stockholders. Finally, information concerning the subject matter of the representations and warranties may have changed since the date of the SPA or may change in the future and these changes may not be fully reflected in the public disclosures made by us.

The Proposed Acquisition of ISP

Pursuant to the terms of the SPA, we will acquire the Purchased Shares. Upon consummation of the Acquisition, ISP will become our wholly-owned subsidiary.

Consideration

We will acquire the Purchased Shares, which represents 100% issued and outstanding shares of ISP’s common stock, for a Purchase Price equal to $18 million, to be paid in a combination of the Cash Amount and the Note. The Cash Amount shall not be less than $12 million, subject to a net working capital adjustment (the “Net Working Capital Adjustment”), debt adjustment (the “Debt Adjustment”), and cash adjustment (the “Cash Adjustment”), as provided in the SPA. The Working Capital Adjustment will adjust the Cash Amount, either positively or negatively, on a dollar-for-dollar basis, to the extent that net working capital is greater than or less than the target net working capital, as set forth in the SPA. The Debt Adjustment will adjust the Cash Amount, negatively, on a dollar-for-dollar basis, by the amount of any indebtedness of ISP or ISP Latvia as of the business day before the Acquisition is closed. The Cash

Adjustment will adjust the Cash Amount, positively, on a dollar-for-dollar basis, by the amount of any cash held by ISP or ISP Latvia as of the day the Acquisition is closed.

The aggregate original principal amount of the Note shall equal the Purchase Price less the Cash Amount, as adjusted pursuant to the SPA, but in no event less than $3 million. During the Initial Period, interest will accrue on only the unpaid principal amount of the Note in excess of $2.7 million at an interest rate equal to ten percent (10%) per annum. After the Initial Period, interest will accrue on the entire unpaid principal amount of the Note from time to time outstanding, at an interest rate equal to ten percent (10%) per annum. Interest is payable semi-annual in arrears. The term of the Note is five years, and any unpaid interest and principal, together with any other amounts payable under the Note, is due and payable on the maturity date. The Note may be prepaid in whole or in part without penalty or premium. If any amount payable is not paid when due, whether at the maturity date, by acceleration, or otherwise, such overdue amount will bear interest at a rate equal to twelve percent (12%) per annum from the date of such non-payment until such amount is paid in full.

The following are considered “events of default” under the Note: (i) we fail to make any payment when due and such payment is not cured within five (5) days after we receive written notice of such failure; (ii) we commence any case, proceeding, or other action (a) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to us, or seeking to adjudicate us as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to us or our debts or (b) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for us or for all or any substantial part of our assets, or we make a general assignment for the benefit of our creditors; (iii) there is commenced against us any case, proceeding, or other action of a nature referred to in clause (ii) which (a) results in the entry of an order for relief or any such adjudication or appointment or (b) remains undismissed, undischarged, or unbonded for a period of ninety (90) days; (iv) there is commenced against us any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of our assets that results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; (v) we take any action in furtherance of, or indicating our consent to, approval of, or acquiescence in, any of the acts set forth in clauses (ii), (iii), and (iv); (vi) we are generally not, or shall be unable to, or admit in writing our inability to pay our debts as they become due; or (vii) we experience a change in control as a result of (a) a sale of all or substantially all of our assets or (b) a transaction by and between us and any “person” (having the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” within the meaning of Section 13(d)(3)), whereby our stockholders immediately prior to such transaction own less than fifty percent (50%) of the total fair market value or total voting power of the equity of the acquiring or surviving entity, as applicable. Upon the occurrence of an event of default, the entire unpaid and outstanding principal balance of the Note, together with all accrued and unpaid interest and any and all other amounts payable under the Note, will immediately be due and payable.

Representations and Warranties

We, ISP, and the ISP Stockholders made certain representations and warranties to each other that are customary for transactions of this type, subject in some cases to exceptions and qualifications set forth in a disclosure schedule to the SPA. All of the representations and warranties survive the closing of the Acquisition and remain in full force and effect for a period of fifteen (15) months following the closing of the Acquisition (other than with respect to the certain fundamental representations, which shall survive the closing of the Acquisition and remain in full force and effect until the expiration of the applicable statute of limitations).

Covenants

We, ISP, and the ISP Stockholders agreed to certain covenants and other agreements, including among others, (i) covenants regarding non-solicitation and non-competition and (ii) covenants requiring us to use our good faith efforts to obtain financing to purchase the Purchased Shares. We also agreed to honor agreements between ISP and ISP Latvia and certain of their business employees and to provide to certain business employees compensation and benefits that are substantially comparable to and no less favorable than such compensation and benefits as of the

Acquisition closing date.

25

Indemnification

Pursuant to the SPA, (i) each ISP Stockholder, severally and not jointly, agreed to indemnify us, and each of our respective affiliates, and each of their respective successors, assigns, officers, directors, managers, members, partners, equity-holders, employees, representatives, and agents (collectively, the "LPTH Indemnified Parties") from and against any loss suffered or incurred by any such indemnified party resulting from any breach of a representation or warranty of such ISP Stockholder; (ii) each ISP Stockholder, severally and not jointly, agreed to indemnify the LPTH Indemnified Parties from and against any loss suffered or incurred by the LPTH Indemnified Parties resulting from the breach of any post-closing covenant of such ISP Stockholder contained in the SPA or any other transaction document to which such ISP Stockholder is a party; (iii) the ISP Stockholders, jointly and severally, agreed to indemnify the LPTH Indemnified Parties from and against any loss arising or resulting from or based upon any breach of any representation or warranty regarding ISP or ISP Latvia; (iv) the ISP Stockholders, jointly and severally, agreed to indemnify the LPTH Indemnified Parties from and against any loss arising or resulting from or based upon any bonuses payable to any employees or independent contracts of ISP or ISP Latvia and triggered by the closing of the Acquisition; and (v) the ISP Stockholders, jointly and severally, agreed to indemnify the LPTH Indemnified Parties from and against any loss arising or resulting from or based upon any misclassification of any person providing services to ISP or ISP Latvia as independent contractors as opposed to "employees" for purposes of the Internal Revenue Code and the treasury regulations promulgated thereunder; *provided*, that there is no indemnification obligation for clause (i) or (iii) unless the loss related to each individual claim or series of related claims exceeds $20,000 and the aggregate of all losses arising under clauses (i) or (iii) exceeds an amount equal to $135,000, after which time only losses in excess of such amount will be recoverable and the aggregate liability under clauses (i) or (iii) cannot exceed $2.7 million; *provided, further*, that these limitations do not apply to certain fundamental representations.

Pursuant to the SPA, following the closing of the Acquisition, LPTH, ISP, and ISP Latvia, jointly and severally, agreed to indemnify the ISP Stockholders, and each of their respective affiliates, and each of their respective successors, assigns, officers, directors, managers, members, partners, equity-holders, employees, representatives, and agents, and the officers, directors, managers, members, partners, employees, representatives, and agents of ISP and ISP Latvia before the closing of the Acquisition (collectively, the "ISP Indemnified Parties") from and against any loss suffered or incurred arising or resulting from or based upon (i) the breach of any of our representations or warranties; (ii) the breach of any our post-closing covenants or the breach of any of the post-closing covenants of ISP or ISP Latvia contained in the SPA or any other transaction documentation; and (iii) any post-closing operations of ISP or ISP Latvia and their affiliates; *provided, that,* there is no indemnification obligation for clause (i), unless the loss related to each individual claim or series of related claims exceeds $20,000 and the aggregate of all losses arising under clause (i) exceeds an amount equal to $135,000, after which time only such losses in excess of such amount will be recoverable by ISP Indemnified Parties and the aggregate liability under clause (i) cannot exceed $2.7 million; *provided, further,* that these limitations do not apply to any loss arising from actual fraud or intentional misrepresentation or from a breach of certain representations or warranties.

Conditions to Close of the ISP Acquisition

The completion of the Acquisition of ISP is subject to the satisfaction or waiver of certain conditions. In addition to customary closing conditions, the closing of the Acquisition of ISP is conditioned on us obtaining financing we need to purchase the Purchased Shares and obtaining the requisite stockholder approval related to the financing and the Acquisition, as applicable, as required by applicable NASDAQ rules and other applicable law.

Regulatory or Other Approvals

Except with respect to obtaining our stockholder's approval of the Share Issuance Proposal, there are no other governmental approvals that must be obtained by any party prior to the closing of the Acquisition.

Closing

The closing of the Acquisition will occur on a date and time mutually agreed upon by the ISP Stockholders and us, not later than five (5) business days following the satisfaction or waiver of the closing conditions, including, without limitation, the Stockholder Approval Condition and the Financing Condition. Currently, we anticipate the Acquisition closing in the fourth quarter of calendar year 2016; however, there can be no assurance that the Acquisition will close in the fourth quarter of calendar year 2016, or at all.

Termination of the SPA

The SPA may be terminated under certain circumstances, including, but not limited to: (i) the mutual written consent of the ISP Stockholders and us; (ii) by the ISP Stockholders, if any of our representations and warranties in the SPA fail to be true and correct, subject to certain qualifications, or we breach or fail to perform in any material respect any of the covenants or other agreements in the SPA that has not been cured in the requisite time period; (iii) by us, if any of the representations and warranties made by the ISP Stockholders fail to be true and correct, subject to certain qualifications, or ISP or the ISP Stockholders breach or fail to perform in any material respect any of their covenants or other agreements in the SPA that has not been cured in the requisite time period; (iv) by the ISP Stockholders, on the one hand, or by us, on the other hand, if the closing of the Acquisition has not occurred on or prior to the Outside Date, provided that this right to terminate will not be available to any party whose failure to perform any material covenant or obligation under the SPA was the cause of, or resulted in, the failure of the closing to occur on or before the Outside Date; (v) by the ISP Stockholders, on the hand, or us, on the other hand, if the closing of the Acquisition has not occurred on or prior to the Outside Date due to our failure to satisfy the Financing Condition; (vi) by the ISP Stockholders, on the one hand, or by us, on the other hand, if (a) at this Special Meeting our stockholders do not approve the Share Issuance Proposal, which is intended to provide the financing required to close the Acquisition, or the Acquisition, as applicable or (b) the closing of the Acquisition has not occurred on or prior to the Outside Date due to our failure to satisfy the Stockholder Approval Condition; and (vii) by us, if, after the date of the SPA, any change or event occurs that has had or would be reasonably likely to have a material adverse change (a) as to ISP or (b) that results in the ISP Stockholders being unable to perform their obligations under the SPA and related transaction documents or consummate the Acquisition and the transactions contemplated thereby.

Termination Fees

The SPA provides that if the ISP Stockholders or we terminate the SPA due to our failure to satisfy the Stockholder Approval Condition or the Financing Condition, we are obligated to pay a Termination Fee to the ISP Stockholders and ISP for all of their documented out-of-pocket expenses, including, without limitation, legal, accounting, and travel expenses, up to Two Hundred Fifty Thousand Dollars ($250,000) within three (3) business days of the later of (i) the termination date or (ii) the date all reasonable documentation evidencing such expenses has been delivered to us.

Expenses

The SPA provides that whether or not the Acquisition is consummated, and except for the Termination Fee, if applicable, and as otherwise provided in the SPA, each party to the SPA is responsible for its respective fees, costs, and expenses incurred in connection with the preparation, negotiation, execution, and performance of the SPA or the Acquisition (including legal, accounting, and other professional fees).

Governing Law

The SPA is governed by the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles that would require the application of any other law.

ITEM NO. 1

APPROVAL OF THE ISSUANCES OF UP TO 8,000,000 SHARES OF THE CLASS A COMMON STOCK OF LIGHTPATH TECHNOLOGIES, INC. IN CONNECTION WITH THE PROPOSED ACQUISITION OF ISP OPTICS CORPORATION, AS REQUIRED BY AND IN ACCORDANCE WITH THE APPLICABLE RULES OF THE NASDAQ STOCK MARKET LLC.

General

Our authorized capital stock consists of 45,000,000 shares, divided into 40,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. Under our Certificate of Incorporation, our Board has the authority to issue such shares of common stock and preferred stock in one or more classes or series, with such voting powers, designations, preferences and relative, participating, optional or other special rights, if any, and such qualifications, limitations or restrictions thereof, if any, as shall be provided for in a resolution or resolutions adopted by our Board and filed as designations.

Of the 5,000,000 shares of preferred stock authorized in our Certificate of Incorporation, our Board has previously designated: (i) 250 shares as Series A Preferred Stock, all previously outstanding shares of which have been previously redeemed or converted into shares of Class A common stock and may not be reissued; (ii) 300 shares as Series B Preferred Stock, all previously outstanding shares of which have been previously redeemed or converted into shares of our Class A common stock and may not be reissued; (iii) 500 shares as Series C Preferred Stock, all previously outstanding shares of which have been previously redeemed or converted into shares of our Class A common stock and may not be reissued; (iv) 100,000 shares as Series D Participating Preferred Stock, none of which have been issued; however, in 1998, our Board declared a dividend distribution as a right to purchase one share of Series D Participating Preferred Stock for each outstanding share of Class A common Stock; and (v) 500 shares as Series F Preferred Stock, all previously outstanding shares of which have been previously redeemed or converted into shares of our Class A common stock and may not be reissued.

Of the 40,000,000 shares of common stock authorized in our Certificate of Incorporation, our Board has previously designated 34,500,000 shares as Class A common stock. As of November 3, 2016, 15,653,258 shares of our Class A common stock were outstanding. The remaining 5,500,000 shares of authorized common stock were designated as Class E-1 common stock, Class E-2 common stock, or Class E-3 common stock, all previously outstanding shares of which have been previously redeemed or converted into shares of our Class A common stock.

As of November 3, 2016, we have reserved for issuance 1,023,606 shares of our Class A common stock for issuance upon the exercise of outstanding warrants to purchase our Class A common stock, 2,106,055 shares of our Class A common stock underlying outstanding restricted stock units and stock options, 1,164,429 shares of our Class A common stock for issuance under the Amended and Restated Omnibus Incentive Plan, and 390,094 shares of our Class A common stock for issuance under our Employee Stock Purchase Plan. The outstanding warrants have a weighted average exercise price of approximately $1.26 per share as of November 3, 2016.

NASDAQ Rules

Our Class A common stock is listed on The NASDAQ Capital Market under the symbol "LPTH" and, as such, we are subject to the NASDAQ Listing Rules. NASDAQ Listing Rule 5635(a) requires stockholder approval prior to the issuance of securities in connection with an acquisition of the stock or assets of another company where the total number of shares of common stock to be issued is or will be equal to or in excess of 20 percent of the total number of shares of common stock outstanding before the issuance of the stock or securities. NASDAQ Listing Rule 5635(d) requires stockholder approval prior to the issuance of common stock in connection with non-public offerings in which: (i) the sale, issuance, or potential issuance of common stock (or securities convertible into or exercisable for common stock) is fixed at a price less than the greater of book or market value that (together with sales by officers, directors, or "substantial stockholders" of the company) equals 20 percent or more of common stock or 20 percent or more of the voting power outstanding before the issuance; or (ii) the sale, issuance, or potential issuance of common stock (or securities convertible into or exercisable common stock) equal to 20 percent or more of the common stock or 20 percent or more of the voting power outstanding before the issuance for less than the greater of book or market value of the common stock.

Impact of the NASDAQ Rules on the ISP Acquisition

In the event that we elect to fund a portion of the Purchase Price from the net proceeds of an offering, such issuance would be deemed to have occurred "in connection with" the proposed Acquisition of ISP. As a result, we are required to obtain stockholder approval pursuant to NASDAQ Listing Rule 5635(a) if the number of shares of Class A common stock to be issued is or will be equal to or in excess of 20 percent of the total number of shares outstanding before the issuance. In addition, if the total number of shares of Class A common stock issued in any such offering is equal to or exceeds 20 percent of the total number of shares of Class A common stock outstanding immediately prior to the issuances, and the offering price is less than the greater of the book or market value of our Class A common stock, NASDAQ Listing Rule 5635(d) requires that we obtain stockholder approval prior to such issuances. Thus, we believe it is in our best interests and the best interests of our stockholders to obtain stockholder approval of the Share Issuance Proposal in order to potentially issue greater than 20 percent of the total number of shares of Class A common stock outstanding prior to any such issuances made in connection with the Acquisition.

It is important to understand that we are not required to, nor are we seeking, stockholder approval of the proposed Acquisition of ISP. Rather, we are only seeking approval of the Share Issuance Proposal, which will allow us to issue up to 8,000,000 shares of Class A common stock in connection with the proposed Acquisition of ISP, as required by and in accordance with the applicable NASDAQ Listing Rules.

Our Cash Position

Our principal sources of liquidity are existing cash, cash equivalents, marketable securities, and cash generated from operations. As of June 30, 2016, we had on hand cash and cash equivalents of approximately $2.91 million.

Interests of Certain Persons in the Transactions

None of our executive officers or directors has any interest in the proposed Acquisition of ISP or the Share Issuance Proposal except to the extent that if we elect to undertake an offering to finance all or a portion of the Cash Amount, our officers and directors may be permitted to purchase shares of Class A Common Stock issuable pursuant to the any such offering. Joseph Menaker and Mark Lifshotz, ISP’s current President and Chief Executive Officer, respectively, are also the sole stockholders of ISP. In addition to the receiving the Purchase Price, the parties intend that Joseph Menaker and Mark Lifshotz will be employed or engaged by ISP or us following the closing of the Acquisition under terms and conditions to be agreed upon prior to the closing. Other than Joseph Menaker and Mark Lifshotz, none of the executive officers or directors of ISP have any interest in the proposed Acquisition of ISP.

Potential Dilution if the Share Issuance Proposal is Approved and the Shares are Issued

If the Share Issuance Proposal is approved, we will be allowed to issue up to 8,000,000 shares of our Class A common stock in connection with the proposed Acquisition of ISP, which, in the aggregate, would represent potentially fifty-one percent (51%) of the total number of shares of Class A common stock outstanding immediately following such issuances, assuming that no shares of Class A common stock have been issued since the Record Date and that all 8,000,000 shares of Class A common stock are issued. If we issue all of the shares of Class A common stock authorized by the Share Issuance Proposal, our current stockholders will experience significant dilution. However, it is not possible to determine the exact number of shares of our Class A common stock that could be issuable in connection with the proposed Acquisition of ISP.

Potential Effects if the Share Issuance Proposal is Not Approved

If the Share Issuance Proposal is not approved by our stockholders, we will only be permitted to: (i) issue shares of our Class A common stock in connection with the proposed Acquisition of ISP that, in the aggregate, equal 19.9% of the total number of shares of Class A common stock outstanding prior to such issuances or (ii) issue shares of our Class A common stock at a discount in an offering that, in the aggregate, equal 19.9% of the total number of shares of our Class A common stock outstanding prior to such issuances. Accordingly, we would be required to explore alternative financing arrangements, which may not be available under terms acceptable to us or at all. If we are unable to do so, we will be unable to satisfy the Financing Condition and/or Stockholder Approval Condition. If we are unable to satisfy the Stockholder Approval Condition or the Financing Condition by the Outside Date, we or the ISP Stockholders can elect to terminate the SPA and we will be obligated to pay the Termination Fee.

Recommendation and Vote Required

The approval of the Share Issuance Proposal, as required by and in accordance with the applicable rules of NASDAQ, requires the affirmative vote of a majority of votes cast at the Special Meeting, whether represented in person or by proxy.

THE BOARD RECOMMENDS VOTING FOR

THE SHARE ISSUANCE PROPOSAL

30

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF ISP

The following table summarizes selected financial information that has been derived from ISP's audited consolidated financial statements for the years ended December 31, 2015 and 2014 and the unaudited consolidated financial statements for the six months ended June 30, 2016 and 2015. You should read the information set forth below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations with respect to ISP and the consolidated financial statements and notes thereto included elsewhere in this proxy statement.

In 000's	**Six Months Ended June 30, 2016**	**Year ended December 31, 2015**	**2014**
Total Revenues	$ 6,390	$ 12,115	$ 10,332
Cost of Sales	$ 3,991	$ 7,620	$ 7,363
Operating Income	$ 803	$ 1,783	$ 249
Net income	$ 825	$ 1,470	$ 240
In 000's			
Total Assets	$ 5,995	$ 5,782	$ 4,206
Working Capital	$ 1,960	$ 1,536	$ 199
Stockholders' Equity	$ 3,513	$ 2,698	$ 1,351

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial statements and related notes are based on our and ISP's historical financial statements after giving effect to the proposed Acquisition of ISP, and the assumptions, reclassifications, and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2016 is presented as if the Acquisition of ISP had occurred on June 30, 2016. The unaudited pro forma condensed combined statement of comprehensive income for the year ended June 30, 2016 is presented as if the Acquisition of ISP had occurred on July 1, 2015 with recurring Acquisition-related adjustments reflected in such period. The pro forma adjustments to the unaudited pro forma condensed combined financial statements reflect events that are directly attributable to the Acquisition.

Determination of the ISP Purchase Price and allocations of such Purchase Price used in the unaudited pro forma condensed combined financial statements are based upon preliminary estimates and assumptions. These preliminary estimates and assumptions could change during the Purchase Price measurement period, provided under generally accepted accounting principles (up to one year from the Acquisition closing date), as we finalize the valuations of the net tangible assets and intangible assets. Any change could result in material variances between our future financial results and the amounts presented in these unaudited condensed combined financial statements, including variances in fair values recorded, as well as expenses associated with these items.

The following unaudited pro forma condensed combined financial statements are prepared for illustrative purposes only and are not necessarily indicative of or intended to represent the results that would have been achieved had the transaction been consummated as of the date indicated or that may be achieved in the future. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and associated cost savings that we may achieve with respect to the combined companies.

The unaudited pro forma condensed combined financial statements should be read in conjunction with our historical consolidated financial statements and accompanying notes included in this proxy statement, and ISP's historical consolidated financial statements and related notes included in this proxy statement.

LIGHTPATH TECHNOLOGIES, INC.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2016

Assets	Historical LightPath Technologies, Inc.	ISP Optics Corporation	Pro Forma Adjustments	Notes	Pro Forma Combined
Current assets:					
Cash and cash equivalents	$2,908,024	$814,267	$(814,267)	(a)	$4,128,625
			9,285,484	(b)	
			4,920,000	(c)	
			(12,984,883)	(d)	
Trade accounts receivable, net	3,545,871	1,584,134	(10,894)	(g)	5,119,111
Inventories, net	3,836,809	927,557	244,971	(d)	5,009,337
Other receivables	209,172	—			209,172
Prepaid expenses and other assets	652,308	135,895			788,203
Total current assets	11,152,184	3,461,853			15,254,448
Property and equipment, net	4,370,045	2,243,941	1,240,978	(d)	7,854,964
Related part note receivable	—	110,000	(110,000)	(a)	—
Intangible assets, net	—	50,000	(50,000)	(a)	10,759,000
			10,759,000	(d)	
Goodwill	—	—	2,310,645	(d)	2,310,645
Deferred tax asset, net	—	44,675	(44,675)	(a)	—
Other assets	66,964	44,999			111,963
Total assets	$15,589,193	$5,955,468	$		$36,291,020
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$1,361,914	$478,142	$(10,894)	(g)	$1,829,162
Accrued liabilities	328,144	385,161	457,686	(j)	1,170,991
Accrued payroll and benefits	1,356,255	—			1,356,255
Income tax payable	—	78,902	(78,902)	(a)	—
Loan payable, current portion	—	559,404	(559,404)	(a)	984,000
			984,000	(c)	
Capital lease obligation, current portion	166,454	—			166,454
Total current liabilities	3,212,767	1,501,609			5,506,862

LIGHTPATH TECHNOLOGIES, INC.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2016

	Historical LightPath Technologies, Inc.	ISP Optics Corporation	Pro Forma Adjustments	Notes	Pro Forma Combined
Capital lease obligation, less current portion	$178,919	$—			$178,919
Deferred rent	548,202	—			548,202
Other payables	—	317,192			317,192
Notes payable, less current portion	—	624,107	(624,107)	(a)	—
Warrant liability	717,393	—			717,393
Loan payable, less current portion	—	—	3,936,000	(c)	9,262,742
			5,326,742	(d)	
Total liabilities	4,657,281	2,442,908			16,531,310
Stockholders' equity:					
Preferred stock: Series D	—	—			—
Common stock	155,909	—	64,516	(b)	220,425
Additional paid-in capital	214,661,617	—	9,220,968	(b)	223,882,585
Accumulated other comprehensive income	126,108	—			126,108
Retained earnings (Accumulated deficit)	(204,011,722)	3,512,560	243,471	(a)	(204,469,408)
			(3,756,031)	(d)	
			(457,686)	(j)	
Total stockholders' equity	10,931,912	3,512,560			19,759,710
Total liabilities and stockholders' equity	$15,589,193	$5,955,468			$36,291,020

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

34

LIGHTPATH TECHNOLOGIES, INC.

Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
For the year ended June 30, 2016

	Historical LightPath Technologies, Inc.	ISP Optics Corporation	Pro Forma Adjustments	Notes	Pro Forma Combined
Product sales, net	$17,272,238	$12,374,318	$(70,946)	(g)	$29,575,610
Cost of sales	7,967,728	8,142,135	(70,946)	(g)	16,146,905
			107,988	(e)	
Gross margin	9,304,510	4,232,183			13,428,705
Operating expenses:					
Selling, general and administrative	6,581,218	2,987,358	(202,710)	(k)	8,072,255
			(23,224)	(e)	
			(1,051,995)	(i)	
			(218,392)	(j)	
New product development	668,840	—	177,710	(k)	846,550
Amortization of intangibles	—	—	25,000	(k)	1,120,200
			1,120,200	(e)	
			(25,000)	(h)	
Loss on disposal of equipment	45,037	—			45,037
Total costs and expenses	7,295,095	2,987,358			10,084,042
Operating income	2,009,415	1,244,825			3,344,663
Other income (expense)					
Interest expense	(37,627)	(62,786)	(230,000)	(f)	(678,344)
			(269,712)	(f)	
			62,786	(f)	
			(141,005)	(f)	
Interest expense - debt costs	—	—	(16,000)	(f)	(16,000)
Change in fair value of warrant liability	(52,454)	—			(52,454)
Other income (expense)	(305,444)	116,741			(188,703)
Net income before taxes	1,613,890	1,298,780			2,409,162
Income taxes	199,275	309,475		(l)	508,750
Net income before noncontrolling interest	$1,414,615	$989,305			$1,900,412
Net income attributable to noncontrolling interest	—	11,548			11,548
Net income attributable to ISP Optics Corporation	$1,414,615	$977,757			$1,888,864
Income per share - basic	$0.09	na			$0.09
Number of shares used in per share calculation-basic	15,401,893	—	6,451,612	(b)	21,853,505
Income per common share - diluted	$0.08	na			$0.08
Number of shares used in per share calculation-diluted	16,875,383	—	6,451,612	(b)	23,326,995
Foreign currency translation adjustment	75,428	(129,148)			(53,720)
Comprehensive income	$1,490,043	$848,609			$1,835,144

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

LIGHTPATH TECHNOLOGIES, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. ***BASIS OF PRESENTATION***

The adjustments to the historical financial statements give pro forma effect to events that are (i) directly attributable to each specific transaction, (ii) factually supportable, and (iii) either expected to have a continuing impact or are nonrecurring. The financial information included in the unaudited pro forma condensed combined balance sheet and statement of comprehensive income is prepared in accordance with accounting principles generally accepted in the United States of America.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*. As the acquirer for accounting purposes, the Company has preliminarily estimated the fair value and useful lives of the acquired assets and assumed liabilities of ISP.

The pro forma condensed combined financial statements do not necessarily reflect what the combined company’s financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The combined pro forma financial information does not reflect the realization of any expected cost savings or other synergies from the acquisition of ISP.

2. ***DESCRIPTION OF ACQUISITION & FINANCING***

On August 3, 2016, we entered into the SPA, by and among ISP, the ISP Stockholders, and the Company, pursuant to which the Company will acquire the Purchased Shares from the ISP Stockholders. ISP is a New York-based manufacturer of precision optics. ISP has one wholly-owned subsidiary, ISP Latvia, a limited liability company formed under the laws of the Republic of Latvia. Following the closing of the Acquisition, ISP will become the Company’s wholly-owned subsidiary.

The Company will acquire the Purchased Shares for $18 million, to be paid in a combination of the Cash Amount and the Note. The Cash Amount, subject to a net working capital adjustment, debt adjustment, and cash adjustment as provided in the SPA, will not be less than $12 million, although the Company may elect to increase the Cash Amount to up to $15 million, in each case as adjusted pursuant to the SPA, with the balance of the Purchase Price evidenced by the Note. The aggregate original principal amount of the Note will equal the Purchase Price less the Cash Amount, as adjusted pursuant to the SPA, but in no event less than $3 million.

During the Initial Period, interest will accrue on only the unpaid principal amount of the Note in excess of $2.7 million at an interest rate equal to ten percent (10%) per annum. After the Initial Period, interest will accrue on the entire unpaid principal amount of the Note outstanding, at an interest rate equal to ten percent (10%) per annum. Interest is payable semi-annually in arrears. The term of the Note is five years, and any unpaid interest and principal, together with any other amounts payable under the Note, is due and payable on the maturity date. The Company may prepay the Note in whole or in part anytime without penalty or premium. If the Company does not pay any amount payable when due, whether at the maturity date, by acceleration, or otherwise, such overdue amount will bear interest at a rate equal to twelve (12%) per annum from the date of such non-payment until the Company pays such amount in full.

3. PRELIMINARY PURCHASE PRICE ALLOCATION

We are required to allocate the purchase price to acquired tangible assets, identifiable intangible assets, and assumed liabilities based on their fair values. Management has not yet finalized its valuation analysis, and therefore the allocation of the purchase price is based on fair value estimates that are still preliminary and subject to change. There can be no assurances that these final valuations will not result in material changes to the estimated allocation.

The following table reflects the allocation of the purchase price (net of a reduction of $15,717, representing the preliminary estimated net working capital adjustment and an increase of $326,742 as the markup for the fair value of the Note issued to the ISP Stockholders), to the estimated fair values assigned to the acquired tangible assets, identifiable intangible assets, and assumed liabilities, with the excess recorded as goodwill.

	As of June 30, 2016 (unaudited)
Other current assets	$2,892,557
Property and Equipment	3,484,919
Other assets	44,999
Identifiable intangible assets	10,759,000
Goodwill	2,310,645
Total assets	$19,492,120
Current liabilities	863,303
Long term liabilities	317,192
Net assets acquired	$18,311,625

4. NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

(a) Reflects the elimination of items which were not purchased or assumed in the Acquisition.

37

(b) The Cash Amount of the ISP Purchase Price is not less than $12 million, although the Company may elect to increase the Cash Amount to up to $15 million, subject to adjustment as provided in the SPA. We intend to fund the Cash Amount, as well as transaction and integration expenses associated with the Acquisition, with a combination of net proceeds from (i) an acquisition term loan from a third party lender and (ii) the offering and sale of our Class A common stock. We do not know at this time how much of the Cash Amount will be funded through the third party acquisition loan and how much will be funded through the net proceeds from the sale of our Class A common stock. Our determination of the number of shares of our Class A common stock we will offer and sell in connection with the Acquisition is subject to a number of variables that cannot be quantified at this time. These variables include the actual amount of transaction and integration expenses that we will incur related to the Acquisition, the acquisition loan amount available to us under, and the terms and conditions of, the acquisition loan we are pursuing, and the number of shares of, and price at which, our Class A common stock will be sold in the offering. We may also seek to increase the Cash Amount we pay at closing to reduce the amount of debt that will be evidenced by the Note. For purposes of these Unaudited Pro Forma Condensed Combined Financial Statements, we have estimated that we will issue 6,451,612 shares of Class A common stock resulting in gross proceeds of $10,000,000, and incur transaction expenses of $714,516 in connection with the Acquisition. The estimated number of shares is based on the average closing price for the 5-trading days preceding October 27, 2016. The number of shares of Class A common stock we will offer and sell in the offering, the gross proceeds resulting therefrom, and the amount of transaction and integration expenses we will incur in connection with the Acquisition may differ materially from these estimates.

(c) Reflects a proposed acquisition term loan from a third party lender, representing $5,000,000 in term debt, which is expected to close concurrent with the Acquisition, as discussed in Note 2. This includes a netting of principal with estimated debt issuance costs of $80,000.

(d) Reflects the provisional adjustment of intangible assets acquired by the Company to their fair values, and elimination of historical equity of ISP, as well as the cash payment of $13,000,000, less a reduction of $15,717 for an estimated net working capital adjustment, and the markup for the fair value of the $5 million Note issued to the ISP Stockholders, which accrues interest at a rate of 10% per annum interest on the balance above $2.7 million during the Initial Period, see Note 2. The Note issued to the ISP Stockholders was recorded at the fair value of $5,327,742, which is the present value of the Note and the present value of all future interest payments using 7% as the interest rate. The increase for the fair value will be amortized, over the five-year term, using the effective interest rate method.

As part of the preliminary valuation analysis, the Company identified intangible assets, including customer relationships, customer backlog, trade secrets, trademarks and non-compete agreements. The customer relationships, customer backlog, trade secrets, trademarks and non-compete agreements were determined to have estimated values of $5,633,000, $261,000, $2,546,000, $2,290,000 and $29,000, respectively, and estimated useful lives of 15, 2, 8, 8, and 3 years, respectively. The estimated fair value of identifiable intangible assets is determined primarily using the "income approach", which requires a forecast of all future cash flows. This also reflects a $1,240,978 adjustment to increase the basis of the acquired property, plant and equipment to reflect fair value of the assets at acquisition date. The estimated useful lives range from 3 years to 7 years. This also reflects a $244,971 adjustment to increase the basis of the acquired inventory to reflect fair value of the inventory at the Acquisition date.

(e) Reflects an estimated increase in depreciation expense of $84,764, amortization expense of $1,120,200 for the year ended June 30, 2016.

(f) Reflects (i) elimination of interest expense on ISP debt not assumed in the Acquisition, (ii) accrued interest on the outstanding principal amount of the Note issued to the ISP Stockholders in excess of $2.7 million at an interest rate equal to 10% per annum, (iii) accrued interest on the outstanding principal amount of the proposed credit facility, which is expected to close concurrent with the Acquisition, and which is discussed in Note 2, at an interest rate equal to prime + 2%, or 5.5%, (iv) amortization of premium on Note issued to the ISP Stockholders, using the effective interest rate method, and (v) amortization of debt discount related to issuance costs, which are being amortized over the five year term of the credit facility.

	Year Ended June 30, 2016
Elimination of interest expense on ISP debt	$62,786
Estimated interest expense on Note to the ISP stockholders*	(230,000)
Estimated interest expense on a proposed credit facility**	(269,712)
Amortization of premium on debt	(141,005)
Amortization of new debt discount	(16,000)
Pro forma adjustments to interest expense, net	$(593,931)

** Interest is estimated using the stated interest rate of 10.0% per annum, for the year ended June 30, 2016. Interest is not paid on $2.7 million of the Note issued to the ISP Stockholders for the first 15 months.*

*** Interest is estimated using an interest rate of 5.5%, per annum. The proposed credit facility is a five year note with interest only due for the first six months. The principal is due monthly over the remaining 54 months.*

(g) Reflects the elimination of intercompany sales of $4,096 for LightPath and $66,850 for ISP for fiscal 2016. Reflects elimination of intercompany receivables of $10,000 for LightPath and $894 for ISP as of June 30, 2016.

(h) Reflects the elimination of $25,000 of amortization expense for fiscal 2016 associated with previous ISP intangibles not assumed with the Acquisition.

(i) Reflects the elimination of certain fees of ISP, which were incurred by ISP that will no longer be effective upon the Acquisition date. These fees include: excess compensation paid to the two owners, officer life insurance expenses, rent for apartments for the owners, and professional services for banking and legal fees to sell ISP.

(j) Reflects the elimination of non-recurring transaction expenses incurred of approximately $218,392 for the year ended June 30, 2016. Also reflects an accrual of $457,686 million for additional estimated fees expected to be incurred by LightPath to close the Acquisition.

(k) Represents reclassification adjustments to conform to LightPath’s presentation.

(l) Does not reflect any adjustment to income tax expense, as the impact is not considered significant.

39

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

LightPath

Our Class A common stock is listed on The NASDAQ Capital Market under the ticker symbol "LPTH." Our fiscal year ends on June 30 of each year. The following table sets forth, for the periods indicated, the actual high and low bid prices of our Class A common stock (rounded to the nearest penny) as reported by The NASDAQ Capital Market:

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	High	Low	High	Low	High	Low
First Quarter	$ 2.04	$ 1.58	$2.03	$1.45	$1.54	$1.15
Second Quarter (1)	1.77	1.45	$2.82	$1.43	$1.46	$0.88
Third Quarter	—	—	$3.43	$1.80	$1.32	$0.87
Fourth Quarter	—	—	$2.06	$1.71	$1.79	$0.88

(1) Through November 3, 2016.

On November 3, 2016, the closing price as reported on The NASDAQ Capital Market of our Class A common stock was $1.63 per share. As of the Record Date, we had 299 record and 6,218 beneficial holders of our Class A common stock.

We have never declared or paid any cash dividends on our Class A common stock. We currently intend to retain any future earnings to finance the operation, growth, and development of our business. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our Board and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our Board may deem relevant.

ISP

Historical price date for ISP has not been presented as there is no established trading market in ISP's common stock. ISP has never declared or paid any cash dividends on its common stock.

BUSINESS – ISP OPTICS CORPORATION

General

ISP was incorporated in New York in 1993 and is a vertically integrated manufacturer offering a full range of infrared products from custom infrared optical elements to catalog high performance lens assemblies. ISP's core capabilities include crystal growth, CNC and conventional grinding, polishing, diamond turning, metrology, coatings as well as optical and mechanical design, lens assembly, and testing. ISP manufactures in-house precision optical components, which includes spherical, aspherical, and diffractive coated infrared lenses, windows, and prisms. ISP complements its lens offerings by developing a full spectrum of infrared coatings ranging from extreme high durability, anti-reflection coatings on Germanium, Silicon, and other infrared materials and crystals to complex beamsplitter, filter, and special protective coatings. Some of these coatings are also used by third party manufactures. ISP manufactures optics using a wide variety of infrared crystals such as: Ge, Si, ZnSe, ZnS, CaF_2, GaAs, BaF_2, Amtir, Gasir, IG infrared glass, and others. ISP's infrared Lens Assembly product line includes A-thermal fixed focal length lenses for cooled and un-cooled cameras, including designs targeted for lightweight and compact models, as well as dual field-of-view lenses. ISP has a global manufacturing footprint with strategically located manufacturing facilities in both the United States and Europe, providing greater access to its customers and operational flexibility. ISP leverages its highly qualified and cost efficient labor force in its state-of-the-art European facility in Riga, Latvia to provide high quality and cost-effective solutions. ISP is ISO 9001-2008 certified and a Directorate of Defense Trade Controls registered company, and is fully compliant with ITAR requirements.

ISP's address is 50 South Buckhout Street, Irvington, New York 10533, and its telephone number is (914) 591-3070.

ISP's wholly-owned subsidiary, ISP Latvia, is a limited liability company formed in 1997 under the Laws of the Republic of Latvia. ISP Latvia manufactures high precision optics offering a full range of infrared products including catalog and custom infrared optics and lens assemblies. ISP Latvia provides broad-scale optical manufacturing and a presence for international sales in Europe and the Middle East. ISP Latvia is also an ISO 9001-2008 certified company. Its address is 24A Ganibu Dambis Street, Riga, Latvia LV-1005, and its telephone number is +371-67-323-779.

Product Groups & Markets

ISP produces infrared optical lenses and lens assemblies for commercial, aerospace and defense, and educational uses. ISP's product groups include custom optics, catalog optics, standard and custom thin-film coatings, and standard and build-to-specs infrared lens assemblies. ISP's products are used in a number of industry applications including, but not

limited to, night vision systems, thermal imaging cameras, chemical analysis instruments, firearm scopes, medical imaging, and telescopes.

Sales & Marketing

ISP has developed an internal sales and marketing team that focuses on enhancing ISP's sales channels across the globe. ISP's marketing strategy incorporates participation in trade shows, social media efforts, print and media advertisements, direct e-mails, and various other channels.

Competition

ISP's major competitors are largely market specific and vary across ISP's catalog optics, custom optics, and lens assembly product offerings. The infrared optics and lens assembly market is characterized by relatively high barriers to entry, making it difficult for new competitors to gain traction and capture market share. As such, there are a few well-established players, in addition to ISP, that control most of the market share in each of these market segments.

Manufacturing

ISP has a global manufacturing footprint with strategically located manufacturing facilities in both the United States and Europe, providing greater access to its customers and operational flexibility. ISP leverages its highly qualified and cost efficient labor force in its state-of-the-art Latvian facility to provide high quality and cost-effective solutions. As a vertically-integrated manufacturer, ISP's manufacturing capabilities span crystal growth, grinding, diamond turning, polishing, coating, metrology, and lens assembly.

Patents & Other Proprietary Intellectual Property

ISP does not have any patents. However, ISP's polishing technologies, coating recipes, and lens assemblies are considered proprietary intellectual property. ISP has taken security measures to protect such proprietary intellectual property. ISP holds a trademark in the United States in the name in ISP Optics Corp ®.

Environmental & Governmental Regulation

ISP is subject to The International Traffic in Arms Regulations ("ITAR"). ISP has not been subject to any investigations or other issues related to ITAR.

In March 2006, Ramboll Environ US Corporation ("Ramboll") conducted an environmental assessment of ISP. Ramboll did not identify any "Recognized Environmental Conditions" or "RECS," Controlled RECs, or Historical RECs at the property. Although there are historical operations associated with the property that involved the prior use of aboveground and underground storage tanks and hazardous materials (petroleum products, inks, and other chemicals), the landlord advised that it is not aware of any underground storage tanks on the property nor is the landlord aware of

any spills or releases.

Based upon Ramboll onsite observations of minimal chemical usage, good chemical management practices, and no records or indications of spills or releases in ISP's leasehold coupled with ISP's short tenure (since 2010) at its facility, Ramboll concluded that it is highly unlikely that any contamination – if identified – would be attributable to ISP's operations. If contamination associated with historical operations is identified at the site, remediation obligations would be associated with prior operations conducted by former entities onsite.

Research & Development

ISP is actively engaged in research and development activities related to lens assemblies design and engineering, as well as new polishing technologies. ISP expended approximately $140,000 on research and development efforts in these areas during 2014 and approximately $151,000 in 2015.

Customers

ISP's customers include various commercial original equipment manufacturers, aerospace and defense contractors, and universities, governments and laboratories. For the year ended December 31, 2015, sales to one customer comprised approximately 23% of ISP's annual sales.

Employees

As of November 3, 2016, ISP had 111 full-time equivalent employees, with 37 employees in Irvington, New York and 74 employees in Riga, Latvia. None of the employees are represented by a labor union.

Properties

ISP has operating leases for office space in Irvington, New York, and through its ISP Latvia subsidiary, has a lease agreement for manufacturing and office space in Riga, Latvia. The New York lease agreement is a 10 year agreement, expiring in June 2020, for 13,250 square feet of manufacturing and office space. Monthly rent expense under this lease is approximately $28,700. The Latvia lease agreement for 18,870 square feet is set to expire in December 2019, at which point ISP has the option to exercise a three-year extension. Monthly rent expense under the Latvia lease is approximately $6,800.

Legal Proceedings

From time to time, ISP is involved in various legal actions arising in the normal course of business. ISP currently has no legal proceedings to which it is a party to or to which its property is subject to.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIGHPATH

Set forth below is management's discussion and analysis of our financial condition and results of operation for the years ended June 30, 2016 and 2015. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements and the notes thereto, as of and for the years ended June 30, 2016 and 2015, prepared in accordance with GAAP starting on page F-1 of this proxy statement.

Results of Operations

Fiscal Year Ended June 30, 2016 compared to the Fiscal Year Ended June 30, 2015:

Revenues:

Revenue for fiscal 2016 totaled approximately $17.27 million compared to approximately $13.66 million for fiscal 2015, an increase of 26%. The 26% increase in revenue primarily resulted from a $1 million increase in sales of specialty products due to higher volume of sales to defense customers, a $1.8 million increase in sales of our high volume precision molded optics ("HVPMO") and low volume precision molded optics ("LVPMO") products, a $559,000 increase in sales of our infrared products, and a $297,000 increase in non-recurring engineering ("NRE") fees. The $1.8 million increase in sales of our HVPMO and LVPMO products is due to revenue for LVPMOs increasing by 4%, or $286,000, compared to fiscal 2015, while revenue for HVPMOs increased by 58%, or $1.46 million, compared to fiscal 2015. Unit shipment volume in precision molded optics in fiscal 2016 increased by 17% as compared to fiscal 2015 and the average selling price improved 2% period over period. This was due to a product mix shift in the LVPMO group with higher volumes sold to customers in the distribution, medical applications, and telecommunications sectors. We expect continued growth in sales to be derived primarily from our specialty products and our precision molded optics product line, particularly our HVPMOs sold in Asia, and our infrared product line based upon recent quote activity and market trends.

Cost of Sales:

Gross margin percentage for fiscal 2016 was 54% compared to 44% in fiscal 2015. The improvement in gross margin is primarily attributed to a $3.6 million increase in revenues with a favorable product mix of higher margin products, resulting in higher sales prices and providing leverage of our increased sales volume against our fixed manufacturing overhead costs. Also, improvements in our infrared product group due to better yields and cost reductions with

in-house coating increased gross margin. Total manufacturing costs were approximately $7.97 million, an increase of approximately $286,000 as compared to fiscal 2015.

We plan to continue emphasizing unit cost reductions now that we have completed the consolidation of production in LPOIZ's facility, efficiently purchasing raw materials and continuing to increase the amount of anti-reflective coating we do in-house versus outsourcing this service. We also anticipate efficiency improvements in production at LPOIZ's Zhenjiang facility as the employees become a more experienced workforce.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses increased by approximately $1.45 million to $6.58 million in fiscal 2016 as compared to $5.13 million in fiscal 2015. The increase was primarily due to: (i) a $412,000 increase in the accrual for fiscal 2016 incentive compensation given the strong performance during fiscal 2016, which increased to $720,000 in fiscal 2016 from $380,000 in fiscal 2015, (ii) a $399,000 increase of wages from new product development as a result of the transition to a technical sales process, which we announced in February 2015 as part of our organizational optimization plan, (iii) a $100,000 early termination payment due pursuant to a sales agreement, (iv) a $67,000 increase for fees related to our 2016 stockholders' annual meeting and related proxy solicitations, (v) a $334,000 increase in legal expenses related to the 2016 stockholders' annual meeting and the ISP acquisition, and (vi) a $139,000 increase in other expenses. We project that our selling, general and administrative expenses will increase in fiscal 2017, due to an increase in commissions earned by our sales force and incentive compensation paid to our named executive officers and key employees as a result of an increase in forecasted sales.

New Product Development:

New product development costs in fiscal 2016 decreased by approximately $440,000 to $669,000 from $1.1 million in fiscal 2015. This decrease was primarily due to a decrease in wages as a result of the re-positioning of personnel to selling, general and administrative expenses in connection with our transition to a technical sales process and a decrease in materials used for engineering projects. We anticipate an increase in product development spending in fiscal 2017 as compared to fiscal 2016.

Interest expense was approximately $37,600 for fiscal 2016 as compared to approximately $31,500 for fiscal 2015. Interest expense resulted from amortization of debt costs related to our invoice-based working capital revolving line of credit (the "Invoiced Base Line") with AvidBank Corporate Finance, a division of AvidBank ("AvidBank") and interest on capital lease obligations.

Other Income (Expense):

In fiscal 2016 and 2015, we recognized approximately $52,000 and $464,000 in expense, respectively, related to the change in the fair value of derivative warrants issued in connection with our June 2012 private placement. This fair value will be re-measured each reporting period throughout the five year life of the warrants, or until exercised.

Investment and other income decreased by approximately $347,000 to an expense of $305,000 in fiscal 2016 primarily from the impact of foreign exchange rates reflecting the change in foreign exchange rates during the period of time between when we received invoices and paid those invoices and the book value change on our fixed assets and inventory in China.

We execute all foreign sales from our Orlando facility and inter-company transactions in United States dollars, mitigating the impact of foreign currency fluctuations. Assets and liabilities denominated in non-United States currencies, primarily the Chinese Renminbi, are translated at rates of exchange prevailing on the balance sheet date, and revenues and expenses are translated at average rates of exchange for the year. During the years ended June 30, 2016 and 2015, we incurred a gain of $75,428 and a loss of $1,000 on foreign currency translation, respectively.

Net Income (Loss):

Net income for fiscal 2016 was approximately $1.41 million compared with a net loss of approximately $715,000 in fiscal 2015, an increase of approximately $2.13 million. This increase in net income from fiscal 2015 to fiscal 2016 was primarily driven by higher sales with increased gross margin, partially offset by the negative impact of accounting entries for the change in the fair value of our warrant liability.

Liquidity and Capital Resources

At June 30, 2016, we had working capital of approximately $7.94 million and total cash and cash equivalents of approximately $2.91 million, of which approximately $1.45 million of the total cash was held by our foreign subsidiaries.

Cash and cash equivalents held by our foreign subsidiaries in China were generated in China as a result of foreign earnings. Before any funds can be repatriated the retained earnings in China must equal at least 150% of the registered capital. As of June 30, 2016, we had retained earnings of $1.18 million and we need to have retained earnings of $11.3 million before repatriation will be allowed. We currently intend to permanently invest earnings generated from our foreign operations, and, therefore, we have not previously provided for United States taxes on the related earnings. However, if in the future we change such intention, we would provide for and pay additional United States taxes at such time.

We generally rely on cash from operations and equity and debt offerings, to the extent available, to satisfy our liquidity needs. From February 1996 (when our initial public offering occurred) through the end of fiscal 2016, inclusive, we raised a net total of approximately $106 million from the issuance of common and preferred stock, the sale of convertible debt and the exercise of options and warrants for shares of our common stock.

On December 23, 2014, we entered into the Amended and Restated Loan and Security Agreement (the "Amended LSA") with AvidBank for the Invoice Based Line. Pursuant to the Amended LSA, AvidBank will, in its discretion, make loan advances to us up to a maximum aggregate principal amount outstanding not to exceed the lesser of (i) One Million Dollars ($1,000,000) or (ii) eighty percent (80%) (the "Maximum Advance Rate") of the aggregate balance of our eligible accounts receivable, as determined by AvidBank in accordance with the Amended LSA. AvidBank may, in its discretion, elect to not make a requested advance, determine that certain accounts are not eligible accounts, change the Maximum Advance Rate or apply a lower advance rate to particular accounts or terminate the Amended LSA. Our obligations under the Amended LSA are secured by a first priority security interest (subject to permitted liens) in cash, U.S. inventory and accounts receivable.

On December 23, 2015, we executed the First Amendment to the Amended LSA to extend the term to December 23, 2016. Amounts borrowed under the Amended LSA may be repaid and re-borrowed at any time prior to December 23, 2016, at which time all amounts shall be immediately due and payable. We did not have any amount outstanding under the Amended LSA as of June 30, 2016. We do not anticipate the need to draw upon this facility during fiscal 2017. However, if we would draw upon this facility, cash flows generated from U.S. operations are estimated to be sufficient to service this debt. For additional information, see Note 16, Loan Payable, to the Notes to the Financial Statements starting on page F-1 of this proxy statement.

We believe we have adequate financial resources to sustain our current operations in the coming year. We have established milestones that will be tracked to ensure that as funds are expended we are achieving results before additional funds are committed. We anticipate sales growth in fiscal 2017 primarily from precision molded optics, with the emphasis on HVPMO applications, specialty products, and infrared products. We also expect to be better positioned to accelerate our revenue growth and profitability as a result of certain strategic growth initiatives and an organizational optimization plan where we transitioned to a technical sales process that leverages the success of our existing demand-creation model. These growth initiatives and organizational modifications are intended to further enhance our incremental organic growth position for our core aspheric lens business, prime our operations for the

anticipated high growth of our new infrared products, and allow for the integration of strategic acquisitions. We are also benefiting from a substantial increase in revenue generating opportunities and broader market applications as a result of our investments in technologies that decreased our lens production costs and expanded our production capacity. We believe we can further improve upon our track record of growth – and do so far more profitably.

There are a number of factors that could result in the need to raise additional funds, including a decline in revenue or a lack of anticipated sales growth, increased material costs, increased labor costs, planned production efficiency improvements not being realized, increases in property, casualty, benefit and liability insurance premiums, and increases in other discretionary spending, particularly sales and marketing related. We will also continue efforts to keep costs under control as we seek renewed sales growth. Our efforts are directed toward generating positive cash flow and profitability. If these efforts are not successful, we may need to raise additional capital. Should capital not be available to us at reasonable terms, other actions may become necessary in addition to cost control measures and continued efforts to increase sales. These actions may include exploring strategic options for the sale of the Company, the sale of certain product lines, the creation of joint ventures or strategic alliances under which we will pursue business opportunities, the creation of licensing arrangements with respect to our technology, or other alternatives.

Cash Flows – Financings:

Net cash provided by financing activities was approximately $237,000 in fiscal 2016 compared to approximately $963,000 in fiscal 2015. As of June 30, 2016 and 2015, we had an accumulated deficit of approximately $204 million and $205 million, respectively.

On January 20, 2015, we closed a sale of our securities in accordance with that certain Securities Purchase Agreement with Pudong Science & Technology Investment (Cayman) Co., Ltd. ("Pudong Investment"). Prior to the closing, the Securities Purchase Agreement was amended (as amended, the "Securities Purchase Agreement") and assigned by Pudong Science & Technology (Cayman) Co., Ltd. ("Pudong") to its affiliate, Pudong Investment.

In connection with the closing, we sold to Pudong Investment 930,790 shares of Class A common stock at a price of $1.40 per share, which was adjusted from the initial per share purchase price of $1.62 pursuant to the terms of the Securities Purchase Agreement. We received gross cash proceeds from the issuance of the Class A common stock in the amount of approximately $1,303,000. The costs associated with this equity raise were approximately $181,000, leaving net proceeds of approximately $1,122,000. We used the sale proceeds to provide working capital in support of our continued growth, particularly new product development, sales and marketing of our infrared product line, capital expenditures related to the acquisition of new equipment and for working capital needs for our U.S. and Chinese operations.

Immediately following the issuance of the shares of Class A common stock pursuant to the Securities Purchase Agreement, Pudong Investment beneficially owned 14.9% of our outstanding shares of Class A common Stock.

The shares of Class A common stock issued were exempt from the registration requirements of the Securities Act. The shares of Class A common stock are restricted securities that have not been registered under the Securities Act and may not be offered or sold absent registration or applicable exemption from the registration requirements.

Cash Flows – Operating and Investing:

Cash flow provided by operations was approximately $1.53 million for the year ended June 30, 2016, an increase of approximately $1.44 million from fiscal 2015. Our cash flow provided by operations was approximately $290,000 for the fourth quarter of fiscal 2016, compared to cash flow provided by operations of approximately $747,000 for the fourth quarter of fiscal 2015. We anticipate improvement in our cash flows provided by operations in future years due

to sales growth and continued margin improvements based on production efficiencies and reductions in product costs, offset by marginal increases in selling, administrative, and new product development expenditures.

During fiscal 2016, we expended approximately $1.13 million for capital equipment as compared to $689,000 during fiscal 2015. In fiscal 2015, we initiated capital leases in the amount of $524,000 for manufacturing equipment. The majority of our capital expenditures during both fiscal 2016 and fiscal 2015 were related to the purchase of equipment used to enhance or expand our production capacity, tooling for our precision molded products, and equipment and facility improvements for our new facility in Zhenjiang. We anticipate an increase in capital expenditures during fiscal 2017; however, the total amount expended will depend on opportunities and circumstances.

License Agreement:

On April 28, 2015, we entered into a License Agreement with one of our specialty products customers (the "Customer") whereby we granted an irrevocable license of certain technology to be used by the Customer to manufacture fiber collimator assemblies. As we no longer intend to produce such assemblies for the Customer in the future, we provided process work instructions, training and inventory to the Customer in order for them to continue manufacturing these assemblies on their own. Pursuant to the License Agreement, we received $200,000 in fees in consideration of our disclosure of the technology and the grant of a license to the Customer to use the technology to manufacture specific fiber collimator assemblies. The license fees were paid in two installments. The first installment of $100,000 was received in May 2015 and the second installment of $100,000 was received in August 2015. The transaction was accounted for under the guidance of ASC 605-10, Revenue Recognition and was recognized over the ninety-day training period which was completed in August 2015. Pursuant to the License Agreement, the Customer also agreed to order and purchase from us a certain number of fiber collimator assemblies during the transition process. We recognized approximately $76,000 of revenue in fiscal 2016, with expenses of $15,000. We recognized approximately $124,000 of revenue in fiscal 2015, with expenses of $18,000. The costs associated with this License Agreement were approximately $33,000.

How We Operate

We have continuing sales of two basic types: occasional sales via ad-hoc purchase orders of mostly standard product configurations (our "turns" business) and the more challenging and potentially more rewarding business of customer product development. In this latter type of business we work with customers to help them determine optical specifications and even create certain optical designs for them, including complex multi-component designs that we call "engineered assemblies." This is followed by "sampling" small numbers of the product for the customers' test and evaluation. Thereafter, should a customer conclude that our specification or design is the best solution to their product need; we negotiate and "win" a contract (sometimes called a "design win") – whether of a "blanket purchase order" type or a supply agreement. The strategy is to create an annuity revenue stream that makes the best use of our production capacity as compared to the turns business, which is unpredictable and uneven. This annuity revenue stream can also generate low-cost, high-volume type orders. A key business objective is to convert as much of our business to the design win and annuity model as is possible. We face several challenges in doing so:

Maintaining an optical design and new product sampling capability, including a high-quality and responsive optical design engineering staff;

The fact that as our customers take products of this nature into higher volume, commercial production (for example, in the case of molded optics, this may be volumes over one million pieces per year) they begin to work seriously to reduce costs – which often leads them to turn to larger or overseas producers, even if sacrificing quality;

and

Our small business mass means that we can only offer a moderate amount of total productive capacity before we reach financial constraints imposed by the need to make additional capital expenditures – in other words, because of our limited cash resources and cash flow, we may not be able to service every opportunity that presents itself in our markets without arranging for such additional capital expenditures.

Despite these challenges to winning more “annuity” business, we nevertheless believe we can be successful in procuring this business because of our unique capabilities in optical design engineering that we make available on the merchant market, a market that we believe is underserved in this area of service offering. Additionally, we believe that we offer value to some customers as a source of supply in the United States should they be unwilling to commit to purchase their entire supply of a critical component to foreign merchant production sources. We also continue to have the proprietary GRADIUM lens glass technology to offer to certain laser markets.

Our Key Performance Indicators

Usually on a weekly basis, management reviews a number of performance indicators. Some of these indicators are qualitative and others are quantitative. These indicators change from time to time as the opportunities and challenges in the business change. They are mostly non-financial indicators such as units of shippable output by product line, production yield rates by major product line, and the output and yield data from significant intermediary manufacturing processes that support the production of the finished shippable product. These indicators can be used to calculate such other related indicators as fully yielded unit production per-shift, which varies by the particular product and our state of automation in production of that product at any given time. Higher unit production per shift means lower unit cost, and, therefore, improved margins or improved ability to compete where desirable for price sensitive customer applications. The data from these reports is used to determine tactical operating actions and changes. We believe that our non-financial production indicators, such as those noted, are proprietary information.

The discussions of our results as presented in this proxy statement include use of the non-GAAP terms "EBITDA," "adjusted EBITDA," "adjusted net income," and "gross margin." EBITDA, adjusted EBITDA, and adjusted net income are discussed below. Gross margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes manufacturing direct and indirect labor, materials, services, fixed costs for rent, utilities and depreciation, and variable overhead. Gross margin should not be considered an alternative to operating income or net income, both of which are determined in accordance with GAAP. We believe that gross margin, although a non-GAAP financial measure, is useful and meaningful to investors as a basis for making investment decisions. It provides investors with information that demonstrates our cost structure and provides funds for our total costs and expenses. We use gross margin in measuring the performance of our business and have historically analyzed and reported gross margin information publicly. Other companies may calculate gross margin in a different manner.

Financial indicators that are usually reviewed at the same time include the major elements of the micro-level business cycle:

- sales backlog;
- revenue dollars and units by product group;
- inventory levels;
- accounts receivable levels and quality; and
- other key indicators.

These indicators are similarly used to determine tactical operating actions and changes and are discussed in more detail below.

49

Sales Backlog:

We believe that sales growth has been and continues to be our best indicator of success. Our best view into the efficacy of our sales efforts is in our "order book." Our order book equates to sales "backlog." It has a quantitative and a qualitative aspect: quantitatively, our backlog's prospective dollar value and qualitatively, what percent of the backlog is scheduled by the customer for date-certain delivery. We define our "12-month backlog" as that which is requested by the customer for delivery within one year and which is reasonably likely to remain in the backlog and be converted into revenues. This includes customer purchase orders and may include amounts under supply contracts if they meet the aforementioned criteria. Generally, a higher 12-month backlog is better for us.

Our 12-month backlog grew while we increased our shipment volume by 26%, maintaining our strong booking performance. Our 12-month backlog at June 30, 2016 was approximately $6.60 million compared to $6.49 million as of June 30, 2015. Backlog growth rates for fiscal 2016 and 2015 are:

Quarter	**Backlog ($ 000)**	**Change From Prior Year End**	**Change From Prior Quarter End**
Q1 2015	$ 5,340	25 %	25 %
Q2 2015	$ 5,592	31 %	5 %
Q3 2015	$ 6,153	44 %	10 %
Q4 2015	$ 6,493	52 %	6 %
Q1 2016	$ 5,064	-22 %	-22 %
Q2 2016	$ 6,424	-1 %	27 %
Q3 2016	$ 6,969	7 %	8 %
Q4 2016	$ 6,598	2 %	-5 %

Our order intake remained strong in fiscal 2016 with solid bookings across all of the major markets we serve with particular strength in our telecommunications products and infrared products. China's construction industry experienced some recovery during fiscal 2016, which resulted in an increase in order intake for our industrial tool products. Our infrared products group achieved an 80% increase in product bookings during fiscal 2016 compared to fiscal 2015, partially due to an increase in bookings of commercial fire safety equipment.

We have been able to diversify our business by developing new applications for our products in markets such as digital imaging, laser tools, telecommunications, digital projectors, industrial equipment, weapon sights, and green lasers. Examples of these new applications are: 2D scanning, fiber laser delivery systems, disposable medical instruments and infrared sensor applications. Based on recent quote activity, we expect to show increases in revenue of our LVPMOs, HVPMOs, specialty products, and infrared products for fiscal 2017.

Revenue Dollars and Units by Product Group:

The following table sets forth revenue dollars and units by our five product groups for the three and twelve month periods ended June 30, 2016 and 2015:

		(unaudited) Quarter ended June 30,		QTR %		Year ended June 30,		Year-to-date	
		2016	2015	Change		2016	2015	% Change	
Revenue	LVPMO	1,925,100	2,092,363	-8	%	7,180,741	6,894,663	4	%
	HVPMO	1,392,659	853,328	63	%	4,000,155	2,535,199	58	%
	Infrared Products	641,320	417,873	53	%	1,753,221	1,194,234	47	%
	Speciality Products	716,637	995,452	-28	%	3,769,584	2,765,693	36	%
	NRE	57,888	147,531	-61	%	568,537	271,778	109	%
	Total sales, net	4,733,604	4,506,547	5	%	17,272,238	13,661,568	26	%
Units	LVPMO	83,400	82,533	1	%	301,487	283,868	6	%
	HVPMO	388,706	303,004	28	%	1,448,555	1,216,313	19	%
	Infrared Products	12,887	9,226	40	%	32,631	22,761	43	%
	Speciality Products	44,526	59,365	-25	%	137,537	186,075	-26	%
	NRE	1,460	9	16122	%	1,914	75	2452	%
		530,979	454,137	17	%	1,922,124	1,709,092	12	%

50

Overall, our global diversification strategies have resulted in revenue increasing 26% for fiscal 2016 as compared fiscal 2015, with growth in shipments for most of our product groups, with particularly strong growth in our HVPMO, infrared, and NRE product groups. Our specialty products group experienced a decrease in units sold during fiscal 2016, as compared to fiscal 2015, but the average selling price increased during fiscal 2016, as compared to fiscal 2015.

There was a 19% increase in the unit shipment volume of HVPMO lenses in fiscal 2016 compared to fiscal 2015 driven by the recovery in the Chinese construction industry due to increased stimulus by the Chinese government.

We also had significant growth in the infrared product group. Our infrared product group revenue increased 47% in fiscal 2016 as compared to fiscal 2015. The increase in revenue is primarily derived from sales to customers in the distribution, telecommunications and medical markets.

Finally, we experienced significant growth in our NRE product group. NRE revenue is project-based and increases or decreases based on customer requirements. We typically do not include NRE revenues in our internal projections due to being unable to control when our customers will have a project.

Inventory Levels:

We manage inventory levels to minimize investment in working capital but still have the flexibility to meet customer demand to a reasonable degree. We review our inventory for obsolete items quarterly. While the mix of inventory is an important factor, including adequate safety stocks of long lead-time materials, an important aggregate measure of inventory in all phases of production is the quarter's ending inventory expressed as a number of days' worth of the quarter's cost of sales, also known as "days cost of sales in inventory," or "DCSI." It is calculated by dividing the quarter's ending inventory by the quarter's cost of goods sold, multiplied by 365 and divided by 4. Generally, a lower DCSI measure equates to a lesser investment in inventory, and, therefore, more efficient use of capital. The table below shows our DCSI for the immediately preceding eight fiscal quarters:

Fiscal	**Quarter Ended**	**DCSI (days)**
Q4-2016	6/30/2016	155
Q3-2016	3/31/2016	178
Q2-2016	12/31/2015	163
Q1-2016	9/30/2015	155
Fiscal 2016 average		**163**
Q4-2015	6/30/2015	122
Q3-2015	3/31/2015	195
Q2-2015	12/31/2014	145
Q1-2015	9/30/2014	197

Fiscal 2015 average	**165**

51

Our average DCSI for fiscal 2016 was 163, compared to 165 for fiscal 2015. The decrease in DCSI from the previous fiscal year end is due to an increase in revenue offset by higher levels of finished inventory to support our 12-month backlog and our sales forecast.

Accounts Receivable Levels and Quality:

Similarly, we manage our accounts receivable to minimize investment in working capital. We measure the quality of receivables by the proportions of the total that are at various increments past due from our normally extended terms, which are generally 30 days. The most important aggregate measure of accounts receivable is the quarter's ending balance of net accounts receivable expressed as a number of days' worth of the quarter's net revenues, also known as "days sales outstanding," or "DSO." It is calculated by dividing the quarter's ending net accounts receivable by the quarter's net revenues, multiplied by 365 and divided by 4. Generally, a lower DSO measure equates to a lesser investment in accounts receivable, and therefore, more efficient use of capital. The table below shows our DSO for the preceding eight fiscal quarters:

Fiscal	**Quarter Ended**	**DSO (days)**
Q4-2016	6/30/2016	68
Q3-2016	3/31/2016	67
Q2-2016	12/31/2015	62
Q1-2016	9/30/2015	63
Fiscal 2016 average		**65**
Q4-2015	6/30/2015	62
Q3-2015	3/31/2015	67
Q2-2015	12/31/2014	66
Q1-2015	9/30/2014	72
Fiscal 2015 average		**67**

Our average DSO for fiscal 2016 was 65 compared to 67 for fiscal 2015. The increased revenue lowered the DSO days as compared to the previous fiscal year. We strive to have a DSO no higher than 65.

Other Key Indicators:

Other key indicators include various operating metrics, some of which are qualitative and others are quantitative. These indicators change from time to time as the opportunities and challenges in the business change. They are mostly non-financial indicators such as on time delivery trends, units of shippable output by major product line, production yield rates by major product line, and the output and yield data from significant intermediary manufacturing processes that support the production of the finished shippable product. These indicators can be used to calculate such other related indicators as fully-yielded unit production per-shift, which varies by the particular product and our state of automation in production of that product at any given time. Higher unit production per shift means lower unit cost, and, therefore, improved margins or improved ability to compete where desirable for price sensitive customer applications. The data from these reports is used to determine tactical operating actions and changes. Management

also assesses business performance and makes business decisions regarding our operations using certain non-GAAP measures. These non-GAAP measures are described in more detail below under the heading “Non-GAAP Financial Measures”.

Non-GAAP Financial Measures

We report our historical results in accordance with GAAP; however, our management also assesses business performance and makes business decisions regarding our operations using certain non-GAAP measures. We believe the following non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition and results of operations computed in accordance with GAAP; however, we acknowledge that our non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP measures that other companies use.

Adjusted Net Income (Loss):

We calculate adjusted net income (loss) by excluding the change in the fair value of the June 2012 warrants from net income (loss). The fair value of the June 2012 warrants is re-measured each reporting period until the warrants are exercised or expire. Each reporting period, the change in the fair value of the June 2012 warrants is either recognized as non-cash expense or non-cash income. The change in the fair value of the June 2012 warrants is not impacted by our actual operations but is instead strongly tied to the change in the market value of our Class A common stock and the assumptions on when the warrant shares will be exercised. Management uses adjusted net income (loss) to evaluate our operating performance and for planning and forecasting future business operations, as the change in fair value of the June 2012 warrants are not tied directly to operating activities. We are focused on profitable growth and as such we monitor trends in adjusted net income. We believe the use of adjusted net income (loss) may be useful to investors as one means of evaluating our operational performance. The following table reconciles net income (loss) to adjusted net income (loss) for the three and twelve month period ended June 30, 2016 and 2015:

	(unaudited) Quarter ended:		Year ended:	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income (loss)	$331,467	$(367,234)	$1,414,615	$(715,280)
Change in fair value of warrant liability	27,243	839,347	52,454	464,039
Adjusted net income (loss)	$358,710	$472,113	$1,467,069	$(251,241)

Our adjusted net income for fiscal 2016 was approximately $1.47 million, as compared to adjusted net loss of approximately $251,000 for fiscal 2015. The difference in adjusted net income (loss) between the periods was principally caused by net income being recognized in fiscal 2016 versus a net loss in fiscal 2015. We also recognized lower non-cash expense as a result of the change in the fair value of the June 2012 warrant liability during fiscal 2016, as compared to the prior year period.

53

EBITDA and Adjusted EBITDA:

EBITDA and adjusted EBITDA are non-GAAP financial measures used by management, lenders, and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial position and core operating performance. Investors sometimes use EBITDA as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation and amortization. EBITDA also does not include changes in major working capital items such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of our core operations and for planning purposes. We calculate EBITDA by adjusting net income (loss) to exclude net interest expense, income tax expense or benefit, depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

We also calculate an adjusted EBITDA, which excludes the effect of the non-cash income or expense associated with the mark-to-market adjustments, related to our June 2012 Warrants. The fair value of the June 2012 Warrants is re-measured each reporting period until the warrants are exercised or expire. Each reporting period, the change in the fair value of the June 2012 Warrants is either recognized as a non-cash expense or non-cash income. The change in the fair value of the June 2012 Warrants is not impacted by our actual operations but is instead strongly tied to the change in the market value of our common stock and the assumptions on when the warrant shares will be exercised. Management uses adjusted EBITDA to evaluate our underlying operating performance and for planning and forecasting future business operations. We believe this adjusted EBITDA is helpful for investors to better understand our underlying business operations. The following table reconciles EBITDA and adjusted EBITDA to net income (loss) for the three and twelve month periods ended June 30, 2016 and 2015:

	(unaudited) Quarter ended:		Year ended:	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income (loss)	$331,467	$(367,234)	$1,414,615	$(715,280)
Depreciation and amortization	238,961	145,055	847,990	537,143
Income taxes	68,221	480	199,274	2,316
Interest expense	7,527	5,217	37,626	31,549
EBITDA	$646,176	$(216,482)	$2,499,505	$(144,272)
Change in fair value of warrant liability	27,243	839,347	52,454	464,039
Adjusted EBITDA	$673,419	$622,865	$2,551,959	$319,767

Our adjusted EBITDA for fiscal 2016 was approximately $2.55 million, compared to approximately $320,000 for fiscal 2015. The difference in adjusted EBITDA between the periods was principally caused by higher revenue and profit margins achieved in fiscal 2016.

Off Balance Sheet Arrangements

We do not engage in any activities involving variable interest entities or off balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expense during the reporting periods presented. Our critical estimates include the allowance for trade receivables which is made up of reserves for bad debts, inventory reserves for obsolescence, revenue recognition, valuation of compensation expense on stock-based awards and warrant valuation related to a private placement. Although we believe that these estimates are reasonable, actual results could differ from those estimates given a change in conditions or assumptions that have been consistently applied.

Management has discussed the selection of critical accounting policies and estimates with our Board, and the Board has reviewed our disclosure relating to critical accounting policies and estimates in this prospectus. The critical accounting policies used by management and the methodology for its estimates and assumptions are as follows:

Allowance for accounts receivable is calculated by taking 100% of the total of invoices that are over 90 days past due from due date and 10% of the total of invoices that are over 60 days past due from the due date for U.S. based accounts and 100% on invoices that are over 120 days past due for China based accounts without an agreed upon payment plan. Accounts receivable are customer obligations due under normal trade terms. We perform continuing credit evaluations of our customers' financial condition. Recovery of bad debt amounts which were previously written off is recorded as a reduction of bad debt expense in the period the payment is collected. If our actual collection experience changes, revisions to our allowance may be required. After attempts to collect a receivable have failed, the receivable is written off against the allowance.

Inventory obsolescence reserve is calculated by reserving 100% for items that have not been sold in two years or that have not been purchased in two years or which we have more than a two year supply. These items as identified are reserved at 100%, as well as reserving 50% for other items deemed to be slow moving within the last twelve months and reserving 25% for items deemed to have low material usage within the last six months. The parts identified are adjusted for recent order and quote activity to determine the final inventory reserve.

Revenue is recognized from product sales when products are shipped to the customer, provided that we have received a valid purchase order, the price is fixed, title has transferred, collection of the associated receivable is reasonably assured, and there are no remaining significant obligations. Revenues from product development agreements are recognized as milestones as completed in accordance with the terms of the agreements and upon shipment of products, reports or designs to the customer. Invoiced amounts for value-added taxes (VAT) related to sales are posted to the balance sheet and not included in revenue. Revenue recognized from equipment leasing is recognized over the lease term.

Stock based compensation is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. We estimate the fair value of each stock option as of the date of grant using the Black-Scholes-Merton pricing model. Most options granted under the Amended and Restated Omnibus Incentive Plan vest ratably over two to four years and generally have ten-year contract lives. The volatility rate is based on four-year historical trends in common stock closing prices and the expected term was determined based primarily on historical experience of previously outstanding options. The interest rate used is the U.S. Treasury interest rate for constant maturities. The likelihood of meeting targets for option grants that are performance based are evaluated each quarter. If it is determined that meeting the targets is probable then the compensation expense will be amortized over the remaining vesting period.

ISP

Set forth below is a discussion and analysis of the financial condition and results of operation for ISP for the six months ended June 30, 2016 and 2015 and the years ended December 31, 2015 and 2014. The following discussion and analysis of ISP’s financial condition and results of operations should be read in conjunction with the unaudited financial statements of ISP and the notes thereto, as of and for the six months ended June 30, 2016 and 2015 and the audited financial statements of ISP and the notes thereto, as of and for the years ended December 31, 2015 and 2014, prepared in accordance with GAAP starting on page F-21 of this proxy statement.

Results of Operations

Six Months Ended June 30, 2016 compared to the Six Months Ended June 30, 2015:

Revenues:

Revenue for the six month period ended June 30, 2016 totaled approximately $6.39 million compared to approximately $6.13 million for the same period in 2015, an increase of 4%. The 4% increase in revenue is largely attributable to an expanded volume of work amongst ISP's top customers. Growth among its base of recurring top customers was supplemented by additional work from new customers brought in during the six month period. There was no increase in revenues for the first six months of 2016 due to price increases of ISP's products.

Cost of Goods Sold:

Gross margin percentage for the six month period ended June 30, 2016 was 38% compared to 43% during the same period in 2015. The decline in gross margin is primarily attributed to custom product mix variances in each six month period, as well as marginal cost increases in labor and overhead year-over-year. Labor costs rose from approximately $240,000 for the six month period ended June 30, 2015 to approximately $352,000 over the same period in 2016 and overhead rose from approximately $900,000 to approximately $1.45 million year-over-year across the same six month period. Total manufacturing costs were approximately $3.99 million, an increase of approximately $522,000 as compared to the first six months of 2015. The increase in manufacturing costs was primarily related to increased product sales volume and rising raw material costs. Specifically, ISP's spending on materials increased from approximately $120,000 to approximately $150,000 for its catalog business between the six month period ending June 30, 2015 and June 30, 2016. Over the same period, the materials for coating increased from under $15,000 to approximately $45,000.

In general, the reduction in gross margin over the period is primarily attributable to lower margin custom products comprising a higher percentage of sales. The significant proportion of customer work requiring unique specifications or custom features yields fluctuations in material costs depending on specific job requirements, while labor costs remain relatively flat. A portion of the costs captured in overhead depend on consumable materials used in the manufacturing process, including gasses, chemicals, tooling, and shop supplies, as well as maintenance and repair for manufacturing equipment. The rise in total material costs from the six month period ended June 30, 2015 to the same period in 2016 was driven by the mix of products sold over that period and the fact that the products required a larger volume of the consumable materials for production; the rise in total cost was not driven by a relevant increase in the cost of specific consumable materials.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses increased by approximately $280,000 to $1.60 million in the first six months of 2016 as compared to $1.32 million in the same period of 2015. The increase in selling, general and administrative expenses was primarily related to non-recurring transaction expenses.

Interest Expense:

Interest expense was approximately $31,000 for the first six months of 2016 as compared to approximately $30,000 for the same period in 2015. Interest expense resulted from amortization of debt costs related to ISP's revolving line of credit and interest on notes payable.

Other Income (Expense):

Other income increased by approximately $39,000 to $57,000 for the six month period ended June 30, 2016 from approximately $18,000 in the first six months of 2015 primarily from currency fluctuations and income earned on the sale of certain assets.

ISP executes all foreign sales from ISP's New York facility and inter-company transactions in United States dollars, mitigating the impact of foreign currency fluctuations. Assets and liabilities denominated in non-United States currencies, primarily the Euro, are translated at rates of exchange prevailing on the balance sheet date, and revenues and expenses are translated at average rates of exchange for the year. During the six months ended June 30, 2016 and 2015, ISP incurred a loss of approximately $11,000 and a gain of approximately $17,000 on foreign currency translation, respectively.

Net Income:

Net income the six month period ended June 30, 2016 was approximately $825,000 compared to approximately $1.32 million during the same period in 2015, a decrease of approximately $495,000. This decline in net income was primarily driven by the decline in gross profit, as well as the increase in selling, general and administrative expenses.

There was no net income attributable to the non-controlling interest during the first six months of 2016 and approximately $12,000 for the first six months of 2015.

Fiscal Year Ended December 31, 2015 compared to the Fiscal Year Ended December 31, 2014:

Revenues:

Revenue for fiscal 2015 totaled approximately $12.12 million compared to approximately $10.33 million for fiscal 2014, an increase of 17%. The 17% increase in revenue primarily resulted from an increase in sales of custom optics lenses for both commercial and aerospace and defense applications. There was no increase in revenues for fiscal 2015 due to price increases of ISP's products. The majority of ISP's revenues are derived from "custom jobs;" therefore, there are no standard prices to be increased as each quote is tailored to that particular job. The minority of ISP revenues comes from catalog products, and the catalog prices have not increased. Based upon recent quote activity and market trends, ISP anticipates continued modest growth in sales to be derived primarily from full scale production of custom optics lenses, as well as an increase in catalog optics sales

Cost of Goods Sold:

Gross margin percentage for fiscal 2015 was 37% compared to 29% in fiscal 2014. The improvement in gross margin is primarily attributed to increased revenues, as well as increased purchasing power and resulting economies of scale from increased volume of purchased materials and volume discounts from suppliers. Total manufacturing costs were approximately $7.62 million in fiscal 2015, an increase of approximately $258,000 as compared to fiscal 2014. The increase in manufacturing costs was primarily related to increased product sales volume and rising raw material costs.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses decreased by approximately $9,000 to $2.71 million in fiscal 2015 as compared to $2.72 million in fiscal 2014. ISP projects that its selling, general and administrative expenses will decrease slightly from fiscal 2015 levels, due to the elimination of certain non-recurring expenses.

Interest Expense:

Interest expense was approximately $62,000 for fiscal 2015 as compared to approximately $78,000 for fiscal 2014. Interest expense resulted from amortization of debt costs related to ISP's revolving line of credit and interest on notes payable.

Other Income (Expense):

Other income increased by approximately $58,000 to $78,000 for fiscal 2015, compared to approximately $20,000 in fiscal 2014 primarily from income earned on the sale of certain assets.

ISP executes all foreign sales from its New York facility and inter-company transactions in United States dollars, mitigating the impact of foreign currency fluctuations. Assets and liabilities denominated in non-United States currencies, primarily the Euro, are translated at rates of exchange prevailing on the balance sheet date, and revenues and expenses are translated at average rates of exchange for the year. During the years ended December 31, 2015 and 2014, ISP incurred a loss of approximately $102,000 and a gain of approximately $26,000 on foreign currency translation, respectively.

Net Income:

Net income for fiscal 2015 was approximately $1.47 million compared to approximately $240,000 in fiscal 2014, an increase of approximately $1.23 million. This increase in net income from fiscal 2014 to fiscal 2015 was primarily driven by higher sales with increased gross margin.

Net income attributable to a non-controlling interest was approximately $23,500 for fiscal 2015 and approximately $2,000 for fiscal 2014.

57

Liquidity and Capital Resources

At June 30, 2016, ISP had net working capital of approximately $1.96 million and total cash and cash equivalents of approximately $814,000, which consists solely of cash. If ISP's actual collection experience changes, and its management deems any portion of accounts receivable as uncollectible, establishment and subsequent revisions to an allowance for doubtful accounts may be required. There was no allowance for doubtful accounts recorded by ISP for the six months ended June 30, 2016.

ISP generally relies on cash from operations as well as notes payable and its line of credit, to the extent available, to satisfy any liquidity needs. As of June 30, 2016, ISP had seven outstanding notes payable through its U.S. operations, including: (i) a 4.82% revolving note payable dated February 2012 in the amount of $497,000 with maturity in September 2017 and an outstanding balance of $127,020; (ii) a 4.90% installment note payable dated August 2012 in the amount of $466,000 with maturity in August 2017 and an outstanding balance of $115,642; (iii) a 4.11% installment note payable dated October 2012 in the amount of $300,000 with maturity in October 2017 and an outstanding balance of $86.195; (iv) a 4.25% installment note payable dated January 2014 in the amount of $228,000 with maturity in January 2019 and an outstanding balance of $123,722; (v) a 4.94% installment note payable dated September 2015 in the amount of $191,045 with maturity in June 2020 and an outstanding balance of $162,442; (vi) a 5.44% installment note payable dated December 2015 in the amount of $170,000 with maturity in December 2020 and an outstanding balance of $154,956; and (vi) a line of credit bearing interest at the prime rate + 1.75% dated October 2012 in the amount of $650,000 and an outstanding balance of $150,000.

Additionally, ISP has several notes payable to certain entities in Riga, Latvia for the financing of equipment by ISP Latvia. The loans were originally for amounts ranging from $18,675 to $358,000 with interest accruing at rates ranging from EURIBOR 3 month + 3.50% to EURIBOR 3 month + 4.70%. Maturity dates range from January 2016 to August 2020 and collectively have an outstanding balance of $263,534. Two of ISP's loans matured in January and June of 2016, respectively. The loan that matured in January 2016, was an overdraft credit line with a maximum available principal amount of approximately $272,000, carried interest at the 3-month EURIBOR rate + 4.0%, and was paid in full upon its maturity. The loan that matured in June 2016, was originated on June 22, 2011, was for the principal amount of approximately $250,000, and carried interest at the 3-month EURIBOR rate + 3.5%. The balance of this loan was amortized over the five-year life of the loan and was paid in full on June 22, 2016. The lender for both of the loans described above was Swedbank.

Cash Flows – Financings:

Net cash used for financing activities was approximately $224,000 in the six months ended June 30, 2016 compared to net cash provided by financing activities of approximately $1,000 for the six months ended June 30, 2015, a decrease of approximately $225,000. The decrease was primarily attributed to the fact that ISP did not borrow additional notes payable during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015, in which it

borrowed approximately $205,000.

Cash Flows – Operating and Investing:

Cash flow provided by operations was approximately $655,000 for the six months ended June 30, 2016, an increase of approximately $93,000 compared to the six months ended June 30, 2015. ISP expects cash flows provided by operations to continue to improve for the foreseeable future in part driven by ISP’s forecast for increased revenue as a result of identifiable and actionable growth opportunities and a growing market for infrared lenses. The increased revenue is likely to be partially offset by increased costs associated with selling, general and administrative expenses as well as income taxes payable as a result of higher taxable income in future periods.

During the six months ended June 30, 2016, ISP capitalized approximately $456,000 in capital equipment, an increase of approximately $362,000 when compared with the six months ended June 30, 2015 in which ISP expended approximately $76,000 on capital equipment. The majority of ISP’s capital expenditures during fiscal 2016 were related to the purchase of manufacturing equipment used to enhance operational efficiencies and reduce long-term costs.

Key Performance Indicators

ISP's management team uses a variety of key performance indicators, both qualitative and quantitative, to regularly measure its performance and other trends or challenges seen in the industry. Typically, these metrics are more macro-level financial indicators that include: (i) revenue and shipments (in total and by product category), (ii) gross margins (in total and by product category), (iii) bookings, and (iv) sales backlog. ISP's management team conducts variance analyses utilizing these metrics to compare actual results with budgets and identify and analyze historical trends across periods. The data produced via these analyses is used by ISP's management to gain an understanding of the factors impacting ISP's operating performance and to determine any necessary operating actions and changes.

Revenue Dollars by Product Category:

The following table sets forth revenue dollars by ISP's five product groups for the full year ending December 31, 2015 and 2014 as well as the six and twelve month periods ended June 30, 2016 and 2015. ISP recognizes revenue as orders are shipped, thus shipment data mirrors the revenue figures outlined below:

		Year ended December 31,		**%**	**Six months ended June 30,**		
		2015	**2014**	**Change**	**2016**	**2015**	**% Change**
Revenue	Catalog	860,870	855,049	1 %	516,137	435,214	19 %
	Coating Services	733,953	782,661	(6) %	436,241	338,017	29 %
	Custom Prototype	2,018,556	1,736,988	16 %	689,767	709,077	(3) %
	Custom Volume	8,342,701	6,765,036	23 %	4,593,404	4,597,115	0 %
	Lens Assembly	159,058	192,011	(17)%	154,367	51,312	201 %
	Total sales, net	12,115,138	10,331,745	17 %	6,389,915	6,130,735	4 %

Overall, ISP's revenue increased 17% for the twelve months ended December 31, 2015 as compared to the same period in 2014, with growth in shipments for most of our product groups, with particularly strong growth in ISP's custom prototype and custom volume products groups.

ISP also exhibited growth of 4% for the six months ended June 30, 2016 as compared to the same six month period in 2015. ISP had significant growth in the catalog, coating services, and lens assembly product groups across this period. Catalog sales as well as coating services revenue increased by 19% and 29%, respectively.

Gross Margins by Product Category:

The following table sets forth gross margins by ISP's five product groups for the year ended December 31, 2015 and 2014 as well as the six month period ended June 30, 2016 and 2015:

		Year ended December 31,		%	Six months ended June 30,		%
		2015	**2014**	**Change**	**2016**	**2015**	**Change**
Gross Margins	Catalog	494,722	458,266	8 %	299,005	273,885	9 %
	Coating Services	500,401	482,404	4 %	271,882	271,062	0 %
	Custom Prototype	681,700	632,149	8 %	249,597	248,841	0 %
	Custom Volume	2,799,464	1,335,151	110 %	1,550,187	1,880,390	(18) %
	Lens Assembly	18,753	61,183	(69) %	28,226	21,197	33 %
	Total gross margin	4,495,040	2,969,153	51 %	2,398,896	2,695,376	(11) %

ISP's gross margins increased year-over-year between 2015 and 2014 due in large part to an increase in topline revenue. As sales increased significantly in 2015, economies of scale and increased purchasing power allowed ISP to recognize significantly higher margins on the year, partially through volume discounts on purchased materials. ISP's existing infrastructure and personnel allowed ISP to grow its sales without the need for significant increases in direct costs. In particular, the increase in gross margins for the custom prototype and volume product lines can be attributed to two factors: (i) a significant uptick in sales, with 2015 seeing sales increase by more than $1.5 million compared to the same period in 2014; and (ii) a shift in the product mix within custom products that produced more orders for higher margin products as compared to lower margin products. Given the highly customized nature of these products, margin profiles on individual orders can vary on a customer by customer, and even product by product basis.

For the six months ended June 30, 2016, gross margins declined period-over-period, driven in large part by a decrease in margin on ISP's custom volume products. Across ISP's other products, including catalog, coating services, custom prototype, and lens assembly, gross margins for the first half of 2016 were flat or up from the same period in 2015. Similar to the change in year-over-year margins from 2014 to 2015, gross margins on ISP's custom volume products inherently fluctuate as a direct result of the shift in customer orders for products with unique and specific requirements.

Bookings:

Another key metric used to measure the success of ISP's sales efforts is quarterly bookings. ISP's ability to generate new bookings is a strong driver of future revenue. The increase in bookings is primarily attributable to ISP's continued success in expanding its existing business with its top core customers.

Bookings for the first half of 2016 are roughly in line with the year-over-year periods in 2015, as ISP continues to deliver on its existing sales strategy. Bookings for the three months ending June 30, 2016 reached $2.8 million, an increase over the prior period in 2015 in which bookings for the quarter reached only $2.7 million. Bookings for fiscal 2015 were approximately $12.5 million compared to approximately $11.8 million for fiscal 2014.

Looking at the final half of 2016, ISP expects to see a significant uptick in bookings in the final quarter of the year. This expectation is consistent with 2015 and 2014, in which ISP saw bookings of just over $5.0 million for the three months ended December 31, 2015 and approximately $5.4 million for the three months ended December 31, 2014. ISP consistently negotiates and books a new contract with one of its top customers in October, which is a significant driver of the increase in bookings for the final quarter of each year.

Sales Backlog:

ISP recognizes that sales growth is a key indicator of success. One important measure of the success of ISP's sales efforts is captured in sales "backlog." ISP defines its backlog as the total value of purchase orders signed by customers but not yet delivered.

ISP's order flow remained strong in the first six months of 2016 with solid bookings across all of its major end-markets, led by an uptick in custom volume orders from its top customer. Based on recent quote activity, ISP expects to show significant increases in revenue of custom prototype, coating services and custom volume products for 2017. Sales backlog at June 30, 2016 saw an uptick compared to the same period in 2015, increasing to approximately $5.0 million from $4.9 million in 2015. The increase in bookings in the quarter ending December 31, 2015 has helped drive the growth in sales backlog in 2016. At December 31, 2015, ISP sales backlog was approximately $6.2 million. ISP's management did not look at sales backlog as a key performance indicator prior to fiscal 2015.

Additional key performance indicators include on time delivery metrics and return material authorization analysis. ISP uses on time delivery analysis through its Visual ERP system to assist in improving and maintaining its delivery schedule to customers. This metric analyzes the difference between delivery dates and due dates. By analyzing the

deltas in delivery dates ISP can identify any areas within the manufacturing process that are causing delays and promptly address these issues through process improvement, capital expenditures, or additional hiring. ISP's Visual ERP system allows it to see the impacts that each order, manufacturing constraint, and production bottleneck has on its deliveries. Production throughput and customer satisfaction are improved as a result. Additionally, ISP monitors the ratio of the quantity of returned parts to the total amount of parts shipped to customers on a monthly basis. ISP's goal is to incrementally decrease this ratio from month to month. For the first six months of 2016, this ratio was under 0.3% compared to approximately 1.0% in 2015.

ISP also analyzes cost variances using data from Visual ERP. The bar code labor ticket tracking system, which is performed at each production operation, allows ISP to determine if a job took longer than estimated or if there were issues during production which caused the labor hours to exceed expectations. ISP also tracks material costs to identify if costs were in line with estimates made during the material RFQ process. This analysis allows ISP to understand where and why fluctuations occur in its business and helps ISP correct them.

Off Balance Sheet Arrangements

ISP has no off-balance sheet arrangements.

Critical Accounting Policies

Management uses estimates and assumptions during the preparation of ISP's consolidated financial statements that affect amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Revenue. Revenue is recognized from product sales when products are shipped to the customer and title has changed hands, provided that ISP has received a valid purchase order, the price is fixed, title has transferred, collection of the associated receivable is reasonably assured, and there are no remaining significant obligations. Revenues are presented net of returns and discounts.

Accounts Receivable. Accounts receivable are customer obligations due under normal trade terms. ISP performs continuing credit evaluations of its customers' financial condition. If ISP's actual collection experience changes, and ISP's management deems any portion of accounts receivable as uncollectible, establishment and subsequent revisions to an allowance for doubtful accounts may be required.

60

Inventories. Inventories which consist principally of raw materials, work-in-process and finished optical components are stated at the lower of cost or market, on a first-in, first-out basis. Inventory costs include materials, labor, and manufacturing overhead. ISP considers the following criteria for their inventory reserve: items that are deemed to have low material usage over the previous two years are reserved at 50%; items that have had no movement during the past twelve months are reserved at 100%.

Long-Lived Assets. Long-lived assets such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated discounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recorded for the six months ended June 30, 2016 and 2014. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Intangible Assets. Customer relationships and product formulations were established as a result of a business combination consummated in ISP's fiscal 2008. They are being amortized on a straight-line basis over the estimated economic life of the assets, or 10 years and were originally valued at $250,000. ISP assesses the recoverability of finite-lived intangible assets in the same manner as for long-lived assets, as described above. ISP did not recognize impairment of intangible assets during the six months ending June 30, 2016 and 2015.

Income taxes. Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are computed on the basis of differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based upon enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances have been established to reduce deferred tax assets to the amount expected to be realized.

ISP has not recognized a liability for uncertain tax positions. A reconciliation of the beginning and ending amount of unrecognized tax benefits or penalties has not been provided since there has been no unrecognized benefit or penalty. If there were an unrecognized tax benefit or penalty, ISP would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

ISP files U.S. Federal income tax returns, and various states and foreign jurisdictions. ISP's open tax years subject to examination by the Internal Revenue Service and the New York Department of Revenue generally remain open for

three years from the date of filing. ISP's cash and cash equivalents totaled approximately $814,000 at June 30, 2016. Of this amount, approximately 24% was held by ISP's foreign subsidiary, ISP Latvia.

Fair Value of Financial Instruments. ISP accounts for financial instruments in accordance with ASC 820, which provides a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2016.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and cash equivalents, receivables, accounts payable and accrued liabilities. Fair values were assumed to approximate carrying values for these financial instruments since they are short term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of ISP's notes payable approximate their carrying value based upon current rates available to ISP.

ISP does not have any other financial or non-financial assets or liabilities that would be characterized as Level 2 or Level 3 instruments.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

LIGHTPATH

As a smaller reporting company, we are not required to provide the information called for by this Item.

ISP

ISP does not have a class of securities registered pursuant to Section 12(b) of the Exchange Act or a class of equity securities registered pursuant to Section 12(g) of the Exchange Act; however, if it did, ISP would qualify as a "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act. As a "smaller reporting company," ISP would not be required to provide the information called for by this Item.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

LIGHTPATH

As previously disclosed by us in a Current Report on Form 8-K filed on August 5, 2015 with the SEC, on August 1, 2015, we were notified that effective August 1, 2015, the accounting practice of Cross, Fernandez & Riley LLP ("CFR"), our former independent public accountant, was combined with BDO, and, as a result, CFR's professional employees and partners joined BDO either as employees or partners. Accordingly, effective August 1, 2015, CFR resigned as our auditors and with the approval of the Audit Committee, BDO was engaged as our independent public accountant for the year ended June 30, 2015, in connection with the audit of our financial statements, and the review of our quarterly reports for fiscal 2016.

Prior to engaging BDO, we did not consult with BDO regarding (a) the application of accounting principles to a specific completed or contemplated transaction or regarding the type of audit opinions that might be rendered by BDO on our financial statements, and BDO did not provide any written or oral advice that was an important factor considered by us in reaching a decision as to any such accounting, auditing, or financing reporting issue, or (b) a disagreement or reportable event as described under Item 304(a)(2)(ii) of Regulation S-K.

The Report of Independent Registered Public Accounting Firm of CFR regarding our financial statements for the fiscal years ended June 30, 2014 and 2013 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended June 30, 2014 and 2015, and during the interim period from the end of the most recently completed fiscal year through August 1, 2015, the date of resignation, there were no (a) disagreements, as described under Item 304(a)(1)(iv) of Regulation S-K, with CFR on any matter of accounting principles or disagreements, if not resolved to the satisfaction of CFR would have caused it to make reference to such disagreement in its reports, or (b) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K.

ISP

None.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of November 3, 2016, the number and percentage of outstanding shares of our Class A common stock, owned by: (i) each of our directors, (ii) each of our named executive officers, (iii) our directors and named executive officers as a group, and (iv) each person known by us to be the beneficial owner of more than 5% of our outstanding Class A common stock. The number of shares of our Class A common stock outstanding as of November 3, 2016 was 15,653,258. For purposes of this table, we have also included a column that relates to the potential percent owned by each of our directors, named executive officers, and more than 5% beneficial owners following the Acquisition, assuming we issue 8,000,000 shares of Class A common stock in connection with the Acquisition. We currently do not know how many shares of Class A common stock we will issue in connection with the Acquisition.

The number of shares beneficially owned by each director, named executive officer, and greater than 5% beneficial owner is determined under SEC rules, and the information is not necessarily indicative of the beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares to which the individual has the sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days of November 3, 2016, through the exercise of any stock option or other right to purchase, such as a warrant. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with his or her spouse) with respect to the shares set forth in the following table. In certain instances, the number of shares listed may include, in addition to shares owned directly, shares held by the spouse or children of the person, or by a trust or estate of which the person is a trustee or an executor or in which the person may have a beneficial interest. The table that follows is based upon information supplied in a questionnaire completed by each named executive officer and director and stockholders beneficially owning greater than 5% of our Class A common stock.

	Securities Class A Common Stock								
Name and Address (1)	Restricted (2)	Unrestricted	Options	**Amount of Shares of Class A Common Stock Beneficially Owned**		**Percent Owned (%) (Pre-Acquisition)**		**Percent Owned (%) (Post-Acquisition)**	
Robert Ripp, Director	261,445	611,107	30,000	902,552	(3)(4)	5.7	%	3.5	%
Louis Leeburg, Director	261,445	67,898	—	329,343		2.1	%	1.3	%
Sohail Khan, Director	262,645	—	—	262,645		1.7	%	1.0	%
Dr. Steven Brueck, Director	261,445	46,077	—	307,522		1.9	%	1.2	%
M. Scott Faris, Director	160,745	—	—	160,745		1.0	%	*	
Craig Dunham, Director	70,285	—	—	70285		*		*	
J. James Gaynor, President & CEO	—	51,504	353,556	405,060	(5)	2.5	%	1.6	%
Dorothy Cipolla, CFO, Secretary & Treasurer	—	1,117	109,524	110,641	(6)	*		*	

Alan Symmons, Executive Vice President of Operations	—	4,240	102,762	107,002	(7)	*		*	
All directors and named executive officers currently holding office as a group (9 persons)	1,278,010	781,943	595,842	2,655,795		15.2	%	9.6	%
Berg & Berg Enterprises, LLC	—	1,800,898	—	1,800,898		11.5	%	7.0	%
Pudong Science and Technology Investment (Cayman) Co., Ltd.	—	2,270,026	—	2,270,026	(8)	14.5	%	8.8	%

*Less than 1%

63

Notes:

(1) Except as otherwise noted, each of the parties listed above has sole voting and investment power over the securities listed. The address for all directors and officers is "in care of" LightPath Technologies, Inc., 2603 Challenger Tech Court, Suite 100, Orlando, FL 32826. The address for Berg & Berg Enterprises, LLC, as filed on a Schedule 13G filed February 14, 2008, is 10050 Bandley Drive, Cupertino, CA, 94014. The address for Pudong Science and Technology (Cayman) Co. Ltd., as filed on a Schedule 13G filed August 15, 2013, is 13 Building, No. 439, Chunxiao Rd., Zhangjiang High-tech Park, Pudong, Shanghai 201203, PRC.

(2) Restricted stock units awarded to our directors vest over three years. All directors have elected to defer receipt of the vested shares until after they leave the Board, either by reason of resignation, termination, or otherwise. Therefore, these vested shares remain unissued. All of the director's unvested restricted stock units will vest upon such director's resignation or termination from the Board. The amounts of restricted stock set forth above reflects both vested and unvested shares included in the restricted stock unit awards. The amounts of vested shares for each director, other than Mr. Gaynor, are as follow: Mr. Ripp – 191,506, Mr. Leeburg – 191,506, Mr. Khan – 192,706, Dr. Brueck – 191,506, Mr. Faris – 90,806, and Mr. Dunham – 12,166.

(3) Does not include 7,812 shares of our Class A Common Stock and warrants to purchase 15,000 shares of our Class A Common Stock which are owned by trusts for Mr. Ripp's adult children and for which he disclaims beneficial ownership.

(4) Includes 30,000 shares of our Class A Common Stock with respect to which Mr. Ripp has the right to acquire. Mr. Ripp holds options which are currently exercisable for an aggregate of 30,000 shares of our Class A Common Stock.

(5) Includes 353,556 shares of Class A Common Stock with respect to which Mr. Gaynor has the right to acquire. Mr. Gaynor holds options which are currently exercisable for an aggregate of 353,556 shares of our Class A Common Stock. This amount does not include 58,000 shares of our Class A Common Stock underlying options which remain unvested.

(6) Includes 109,524 shares of our Class A Common Stock with respect to which Ms. Cipolla has the right to acquire. Specifically, Ms. Cipolla holds options which are currently exercisable for an aggregate of 109,524 shares of our Class A Common Stock. This amount does not include 13,750 shares of our Class A Common Stock underlying options which remain unvested.

(7) Includes 102,762 shares of our Class A Common Stock with respect to which Mr. Symmons has the right to acquire. Mr. Symmons holds options which are currently exercisable for an aggregate of 102,762 shares of our Class A Common Stock. This amount does not include 25,000 shares of Class A Common Stock underlying options which remain unvested.

(8) Pudong Science and Technology Investment (Cayman) Co., Ltd. is wholly owned by Shanghai Pudong Science and Technology Investment Co., Ltd., and for purposes hereof is also deemed as a beneficial owner of the shares.

We do not know of any arrangements which may, at a subsequent date, result in a change-in-control.

64

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Exchange Act, and we file annual, quarterly, and current reports, proxy statements and other information with the SEC. You may read and copy these reports, proxy statements, and other information that we file at the SEC's Public Reference Room at 100 F Street N.E., Room 1580, Washington D.C. 20549 at prescribed rates. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC. Our filings are also available free of charge at the SEC's website at http://www.sec.gov.

We also maintain a website at http://www.lightpath.com, through which you can access our SEC filings. The information set forth on, or accessible from, our website is not part of this proxy statement.

OTHER BUSINESS

The Board is not aware of any other business to be considered or acted upon at the Special Meeting other than that for which notice is provided in this proxy statement and the accompanying notice. In the event any other matters properly come before the Special Meeting, it is expected that the shares represented by proxy will be voted with respect thereto in accordance with the judgment of the persons voting them.

By Order of the Board of Directors,

J. James Gaynor

President & Chief Executive Officer
Orlando, Florida
November 8, 2016

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Financial Statements for LightPath Technologies, Inc.:	
Consolidated Balance Sheets as of June 30, 2016 and 2015	F-2
Consolidated Statements of Comprehensive Income (Loss) for the years ended June 30, 2016 and 2015	F-3
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2016 and 2015	F-4
Consolidated Statements of Cash Flows for the years ended June 30, 2016 and 2015	F-5
Notes to Consolidated Financial Statements	F-6
Unaudited Financial Statements of ISP:	
Unaudited Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015	F-21
Unaudited Consolidated Statements of Comprehensive Income for the six months ended June 30, 2016 and 2015	F-22
Unaudited Consolidated Statements of Stockholders' Equity for the six months ended June 30, 2016	F-23
Unaudited Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015	F-24
Notes to Unaudited Consolidated Financial Statements	F-25
Report of Independent Registered Public Accounting Firm - BDO USA, LLP	F-35
Report of Independent Registered Public Accounting Firm – Ltd. ARMA K Revidents Auditors	F-37
Consolidated Financial Statements for ISP Optics Corporation:	
Consolidated Balance Sheets as of December 31, 2015 and 2014	F-38
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015 and 2014	F-39
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015 and 2014	F-40
Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014	F-41
Notes to Consolidated Financial Statements	F-42

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders