

Quarterly Newsletter – September 2006

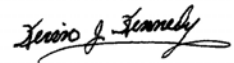
From the Desk of CEO Kevin Kennedy

As JDSU continues on the path to profitability, we are so focused on execution internally that we rarely take a moment to look back and remind ourselves where we have come from. The end of our fiscal year, on June 30th, allowed us that brief opportunity to pause to review our journey to date.

While we still have much to do, it is clear that JDSU was a very different company at the end of fiscal 2006 than it was at the end of fiscal 2005. Revenue of \$712.2 million grew – thanks to acquisitions as well as organically developed new products – to more than \$1.2 billion. Our cost reduction programs eliminated more than \$88 million in annualized expenses, contributing to non-GAAP gross margin improvement from 18.4% for fiscal 2005 to 35.0% for fiscal 2006. On the bottom line, our non-GAAP net loss narrowed from \$(86.9) million to \$(23.8) million, and the achievement of our third consecutive quarter of non-GAAP EBITDA positive results is an important milestone on our journey to non-GAAP net income.

As I write this message, JDSU has just announced a 1-for-8 reverse stock split to be effective after market on Monday, October 16, 2006. We believe that the reverse will greatly enhance investors' visibility into our progress on a per share basis. For example, our reported non-GAAP net loss on a per share basis was \$(0.01) and \$(0.00) for the fourth quarter of fiscal 2005 and 2006, respectively. However, taking account of a 1-for-8 reverse stock split, our non-GAAP net loss on a per share basis was \$(0.12) for Q405 and \$(0.01) for Q406. Can you see how much more visible our progress will be once the reverse is effected?

Looking forward, we are very pleased that the majority of the company is now focused on growth and profitability rather than restructuring which was the case for much of fiscal 2006. As we approach the end of the calendar year, we will be putting the bulk of the heavy lifting behind us, and the team is genuinely excited by the opportunities that lie ahead



One-for-Eight Reverse Stock Split

On September 21, 2006, JDSU announced that the Board of Directors had approved a one-for-eight reverse stock split, following approval by the Company's stockholders on December 1, 2005. JDSU's common stock (listed on NASDAQ) and exchangeable shares of JDS Uniphase Canada Ltd. (listed on the Toronto Stock Exchange) will begin trading on a split adjusted basis when the market opens on Tuesday, October 17, 2006.

The following table shows the impact of the reverse split, assuming a hypothetical situation in which you have 1,000 shares that are trading at \$2 at the time of the split.

	Pre-Split	Post-Split
Number of Shares	1,000	125
Trading Price	\$2	\$16
Total 'Value'	\$2,000	\$2,000

Upon execution, JDSU stockholders will receive one new share of stock for every eight shares held. Stockholders with fractional shares as a result of the reverse stock split will receive cash in lieu of fractional shares.

Stockholders with fewer than eight JDSU shares will receive only cash in lieu of fractional shares. The reverse stock split will reduce the number of shares of common stock outstanding from approximately 1.7 billion to approximately 211 million.

JDSU's reverse is intended to enhance investors' visibility into the Company's improving profitability on a per share basis. The Company also believes that a higher share price could broaden JDSU's appeal to investors, in addition to reducing per share transaction fees and certain administrative costs.

Registered holders of JDSU common stock and JDU exchangeable shares will receive a letter of transmittal shortly after the effective date with instructions for the exchange of stock certificates. Stockholders with shares in brokerage accounts will be contacted by their brokers with instructions. For JDSU common stock, American Stock Transfer and Trust will act as the exchange agent and can be contacted at (800) 937-5449. For JDU exchangeable shares, CIBC Mellon will act as the exchange agent and can be contacted at (800) 387-0825.

Recent and Upcoming Events

All webcast replays are available at www.jdsu.com/investors

Globalcomm – June 4-7, 2006

Fiscal 2006 4th Quarter Earnings Results – Aug. 30, 2006

JDSU at Citigroup Conference – Sept. 5-7, 2006

ECOC 2006 – Sept. 24-28, 2006

2006 FTTH Conference & Expo – Oct. 2-5, 2006

Reverse Stock Split Effective Date – Oct. 16, 2006

Fiscal 2007 1st Quarter Earnings Results – TBD

Annual Stockholders' Meeting – Nov. 14, 2006

JDSU Recognized by Industry Analysts

Service Offering Award

On August 22, 2006 JDSU announced that its Communications Test & Measurement segment had received Frost & Sullivan's 2006 Service Offering Strategy Leadership Award for "setting the standard of excellence in the industry." The award goes to the company that makes the best use of its offerings by leveraging products, services, and solutions with the various price, performance, and feature points needed by customers.

Optical Communications Innovator Award

On August 30, 2006, JDSU announced that industry research firm Ovum-RHK had recognized it as a top innovator in the optical communications field. The report cites JDSU as "the only company with significant sales in all listed product categories," adding that "this high innovation rating is signature to both product depth and breadth." JDSU's commitment to innovation and excellence has helped the Company maintain the leading global optical components market share for eight consecutive quarters.

IP Video Growth Strategy Award

On September 12, 2006, JDSU announced that it had earned Frost & Sullivan's 2006 Growth Strategy Award for IP Video/IPTV. This award recognizes a company whose growth strategy produces high year-to-year growth rates in IPTV. JDSU is the only company with a complete set of solutions that enable the deployment of IP-based video services from the core network *into* the home – for both telecommunications and cable network operators. Our IPTV test portfolio includes solutions for the installation, maintenance and monitoring of cable and telecom networks as well as lab testing for network equipment manufacturers.

Recent News In Brief

6/26/06 – JDSU announced that its test lab in Shenzhen, China became the first optical communications manufacturing test lab in Asia to complete Verizon's Fiber Optic Component testing program. This means that JDSU's lab is certified for testing to confirm that new fiber products in Verizon's FTTP network are compliant with industry standards and meet Verizon's reliability and quality requirements. Passing this certification will enable JDSU to deliver optical communications components more cost-effectively and with improved cycle times.

During the past few months, our **Communications Test and Measurement** team has introduced many new products, including:

- VoIP NetComplete Service Assurance Solution for the cable industry, which is already deployed by one of North America's largest cable operators.
- The IVT-600, a home networking installation meter that handles a full range of physical wiring tests for the fast, efficient delivery of IP-based voice, video and data services in the home or small office.
- The DTS-330, a software tool that helps network equipment manufacturers (NEMs) verify equipment for IPTV and other triple-play service deployment by identifying and troubleshooting issues or improving performance before it is shipped.
- The QT-50, an innovative new software agent that helps ensure business-class, high quality of service (QoS) for providers supporting the large-scale transition of their business customers to Voice over Internet Protocol (VoIP) service.

Additional news can be found on our website at www.jdsu.com.

Safe Harbor Statement

Certain statements in this document constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1934. "Forward-looking" statements are all statements made by us, other than those dealing specifically with historical matters and any statements we make about the conduct of our business or finances up to this moment. All other statements made by us are forward-looking statements which include any information provided on future business operations and guidance regarding our future financial performance. Actual results may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to materially differ from those in the forward-looking statements are discussed in the Company's Securities and Exchange Commission Filings.

This document includes Non-GAAP financial measures where indicated. These non-GAAP financial measures complement the Company's consolidated financial statements presented in accordance with GAAP. However, these non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. A detailed reconciliation of historical GAAP results to the historical non-GAAP results is provided in the "Non-GAAP Condensed Consolidated Statement of Operations" schedule to our news release announcing the financial results of the fourth quarter of fiscal 2006. A discussion of the GAAP measures excluded from the forward-looking non-GAAP measures is provided in the "Business Outlook" paragraph of the news release. The news release is located in the Investor Relations section of our web site at www.jdsu.com