FORM 10−Q

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JDS UNIPHASE CORP /CA/ − jdsu

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DESCRIPTION
Quarterly report which provides a continuing view of a company's financial position

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10−Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2004*

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________ to __________

Commission file number 0−22874

JDS Uniphase Corporation

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**94−2579683** (I.R.S. Employer Identification No.)
1768 Automation Parkway, San Jose, CA (Address of principal executive offices)	**95131** (Zip Code)

(408) 546−5000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b−2 of the Exchange Act). Yes ☑

No ☐

Number of shares of common stock outstanding as of January 31, 2005 was 1,444,685,306 including 59,020,369 exchangeable shares of JDS Uniphase Canada Ltd. Each exchangeable share is exchangeable at any time into common stock on a one−for−one basis, entitles a holder to dividend and other rights economically equivalent to those of the common stock, and through a voting trust, votes at meetings of stockholders of the Registrant.

* Our quarter ended formally on January 1, 2005. For more information see Note 1 to Condensed Consolidated Financial Statements regarding Registrant's fiscal periods.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

JDS UNIPHASE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Net revenue	$ 180.5	$ 152.6	$ 375.0	$ 300.0
Cost of sales	150.7	120.5	302.3	236.1
Gross profit	29.8	32.1	72.7	63.9
Operating expenses:				
Research and development	24.4	24.1	48.9	48.8
Selling, general and administrative	43.5	34.6	80.7	75.6
Amortization of intangibles	4.8	3.9	9.5	7.8
Reduction of other long−lived assets	—	38.4	4.5	43.3
Restructuring charges	3.8	9.4	9.1	5.8
Total operating expenses	76.5	110.4	152.7	181.3
Loss from operations	(46.7)	(78.3)	(80.0)	(117.4)
Interest and other income, net	5.3	8.5	8.0	11.4
Gain on sale of investments	2.0	19.6	2.3	20.2
Reduction in fair value of investments	(2.7)	(1.1)	(5.0)	(2.3)
Loss on equity method investments	(0.8)	(4.7)	(3.7)	(5.9)
Loss before income taxes and cumulative effect of an accounting change	(42.9)	(56.0)	(78.4)	(94.0)
Income tax expense (benefit)	(1.9)	2.5	(1.4)	(10.4)
Loss before cumulative effect of an accounting change	(41.0)	(58.5)	(77.0)	(83.6)
Cumulative effect of an accounting change	—	—	—	(2.9)
Net loss	$ (41.0)	$ (58.5)	$ (77.0)	$ (86.5)
Loss per share before cumulative effect of an accounting change—basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)	$ (0.06)
Net loss per share—basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)	$ (0.06)
Shares used in per−share calculation—basic and diluted	1,444.1	1,435.0	1,443.9	1,434.7

See accompanying notes to condensed consolidated financial statements

JDS UNIPHASE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	December 31, 2004 (unaudited)	June 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 314.2	$ 327.5
Short−term investments	1,102.2	1,221.2
Accounts receivable, less allowances of $10.6 at December 31, 2004 and $11.8 at June 30, 2004	113.6	112.7
Inventories, net	121.4	125.0
Refundable income taxes	5.8	5.8
Other current assets	81.3	59.5
Total current assets	1,738.5	1,851.7
Property, plant and equipment, net	171.8	195.6
Deferred income taxes	6.1	12.0
Goodwill	214.4	204.8
Other intangibles, net	78.3	81.4
Long−term investments	42.3	42.4
Other assets	4.3	4.3
Total assets	$ 2,255.7	$ 2,392.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 72.3	$ 74.1
Accrued payroll and related expenses	35.4	38.4
Income taxes payable	29.3	33.5
Deferred income taxes	6.1	12.0
Restructuring accrual	53.5	84.2
Warranty accrual	18.1	25.1
Other current liabilities	77.7	80.7
Total current liabilities	292.4	348.0
Long−term debt	465.9	464.7
Other non−current liabilities	8.2	8.4
Stockholders' equity:		
Preferred stock – par value $0.001, 1,000,000 authorized; one share issued and outstanding	—	—
Common stock − par value $0.001, 3,000,000,000 authorized; 1,444,553,213 and 1,440,404,236 shares issued and outstanding	1.4	1.4
Additional paid−in capital	68,585.5	68,577.1
Accumulated deficit	(67,089.0)	(67,012.0)
Accumulated other comprehensive income (loss)	(8.7)	4.6
Total stockholders' equity	1,489.2	1,571.1
Total liabilities and stockholders' equity	$ 2,255.7	$ 2,392.2

See accompanying notes to condensed consolidated financial statements

JDS UNIPHASE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended	
	December 31, 2004	December 31, 2003
OPERATING ACTIVITIES:		
Net loss	$ (77.0)	$ (86.5)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	20.5	21.1
Amortization expense	9.5	7.8
Amortization of deferred compensation and other stock−based compensation expense	(0.1)	1.8
Non−cash tax benefit associated with unrealized gain on marketable securities	—	(11.4)
Non−cash accretion on discount of long−term debt	1.2	0.4
Non−cash restructuring charge	—	9.4
Reduction of goodwill and other long−lived assets	4.5	43.5
Gain on sale of investments	(2.3)	(20.2)
Reduction in fair value of investments	5.0	2.4
Loss on equity method investments	3.7	5.9
Loss on disposal of property and equipment	0.5	0.3
Cumulative effect of change in accounting principle	—	2.9
Changes in operating assets and liabilities:		
Accounts receivable	(0.6)	13.0
Inventories	(2.3)	(1.0)
Other current assets	(4.3)	(0.5)
Accounts payable	(1.9)	(1.3)
Income taxes payable	(5.0)	10.3
Accrued payroll and related expenses	(3.2)	(5.0)
Other liabilities	(41.4)	(62.6)
Net cash used in operating activities	(93.2)	(69.7)
INVESTING ACTIVITIES:		
Purchases of short term investments	(995.9)	(1,293.6)
Proceeds from sales of short term investments	1,102.6	1,278.2
Net purchases of long term investments	(7.7)	(1.9)
Acquisitions of businesses, net of cash acquired	(13.1)	(1.6)
Purchases of property, plant and equipment	(15.7)	(56.2)
Proceeds from sale of property, plant and equipment	1.6	34.2
Net cash provided by (used in) investing activities	71.8	(40.9)
FINANCING ACTIVITIES:		
Repayment of debt	(0.5)	(0.2)
Proceeds from issuance of debt	—	462.7
Proceeds from issuance of common stock other than in initial public offering	8.5	7.3
Net cash provided by financing activities	8.0	469.8
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.6)
Increase / (decrease) in cash and cash equivalents	(13.3)	358.6
Cash and cash equivalents at beginning of period	327.5	241.9
Cash and cash equivalents at end of period	$ 314.2	$ 600.5

See accompanying notes to condensed consolidated financial statements

JDS UNIPHASE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed, consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Annual Report to Stockholders of JDS Uniphase Corporation (the “Company”) for fiscal 2004.

Note 1. Basis of Presentation

The financial information as of December 31, 2004 and for the three and six months ended December 31, 2004 and 2003 is unaudited, but includes all adjustments (which include only normal, recurring adjustments) that JDS Uniphase Corporation (the “Company”) considers necessary for a fair presentation of the financial information set forth herein, in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and rules and regulations of the Securities and Exchange Commission. Accordingly, such information does not include all of the information and footnotes required by U.S. GAAP for annual financial statements. For further information, please refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10−K for the year ended June 30, 2004.

The balance sheet at June 30, 2004 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The results for the three and six months ended December 31, 2004 may not be indicative of results for the year ending June 30, 2005 or any future periods.

Fiscal Years:

The Company utilizes a 52−53 week fiscal year ending on the Saturday closest to June 30. The second quarters of fiscal 2005 and 2004 ended on January 1, 2005 and January 3, 2004, respectively. For comparative presentation purposes, all accompanying financial statements and footnotes thereto have been shown as ending on the last day of the calendar month.

Cumulative Effect of an Accounting Change:

During the first quarter of fiscal 2004, the Company adopted FIN 46, Consolidation of Variable Interest Entities (FIN 46) with respect to a synthetic lease agreement pertaining to two separate properties. The arrangement was a variable interest entity as defined under FIN 46 and the Company was the primary beneficiary.

As a result, the Company recognized a non−cash adjustment of $2.9 million, reflecting cumulative depreciation on the two properties from the inception of the lease until the assets were purchased by the Company on September 16, 2003, as a cumulative effect of an accounting change in the accompanying Condensed Consolidated Statements of Operations.

Reclassifications:

The Company has reclassified certain immaterial prior year balances to conform to the current year presentation.

Note 2. Recent Accounting Pronouncements

SFAS No. 123 (R)

In December of 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123 (revised 2004), Share−Based Payment (Statement of Financial Accounting Standard (SFAS) No. 123(R)). SFAS No. 123(R) will require us to measure all employee stock−based compensation awards using a fair value method and record such expense in our consolidated financial statements. In addition, the adoption of SFAS No. 123(R) will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share−based payment arrangements. SFAS No. 123(R) is effective beginning in our first quarter of fiscal 2006. The adoption of SFAS No. 123(R) is expected to have a material impact on our consolidated financial position and results of operations. The Company plans to use the modified prospective transition method to adopt this new standard. For the historical impact of stock−based compensation expense, see Note 3.

SFAS No. 151

In November of 2004, the FASB issued SFAS No. 151, Inventory Costs – An Amendment of ARB No. 43, Chapter 4 (SFAS 151). SFAS 151 clarifies treatment of abnormal amounts of idle facility expense, freight, handling costs and spoilage, specifying that such costs should be expensed as incurred and not included in overhead. The new statement also requires that allocation of fixed production overheads to conversion costs should be based on normal capacity of the production facilities. The provisions in SFAS 151 are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Companies must apply the standard prospectively. The Company does not believe that the impact of this new standard will have a material effect on our financial statements or results of operations.

SFAS No. 153

In December of 2004, the FASB issued Statement No. 153 (SFAS No. 153), Exchanges of Non−monetary Assets, an amendment of APB Opinion No. 29. SFAS No. 153 addresses the measurement of exchanges of non−monetary assets and redefines the scope of transactions that should be measured based on the fair value of the assets exchanged. SFAS No. 153 is effective for non−monetary asset exchanges beginning in our first quarter of fiscal 2006. We do not believe adoption of SFAS No. 153 will have a material effect on our consolidated financial position or results of operations.

FSP No. FAS 109−2

On December 21, 2004, the FASB issued FASB Staff Position No. FAS 109−2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (FSP FAS 109−2). The American Jobs Creation Act introduces a special one−time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer (repatriation provision), provided certain criteria are met. The Company currently has no plans to repatriate foreign earnings.

EITF No. 03−1

In March 2004, the FASB approved the consensus reached on the EITF (Emerging Issues Task Force) Issue No. 03−1, The Meaning of Other−Than−Temporary Impairment and Its Application to Certain Investments The objective of EITF 03−1 is to provide guidance for identifying impaired investments. EITF 03−1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. In October 2004, the FASB delayed the recognition and measurement provisions of EITF 03−1 until implementation guidance is issued, which is expected to be in early 2005. The disclosure requirements are effective for annual periods ending after June 15, 2004, and remain in effect. The Company has adopted EITF 03−1 disclosure requirements and does not believe the impact is material to the company’s overall results of operations or financial position.

EITF No. 04−8

In July 2004, the FASB Emerging Issues Task Force reached the consensus in EITF Issue No. 04−8, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share” that contingently convertible debt instruments should be included in the diluted earnings per share computation regardless of whether the contingency has been met. The consensus reached by the Task Force is effective for reporting periods ending after December 15, 2004.

Under the consensus reached by the EITF, the Company would include the 96.2 million contingently convertible shares in our calculation of diluted earnings per share if the Company had net income.

Note 3. Pro Forma Stock Compensation Expense

As noted in “Recent Accounting Pronouncements”, the FASB issued Statement No. 123 (revised 2004), Share−Based Payment (SFAS No. 123(R)) in December 2004. SFAS No. 123(R) will require us to measure all employee stock−based compensation awards using a fair value method and record such expense in our consolidated financial statements. Until the Company adopts SFAS No. 123(R) in fiscal 2006, we will continue to account for our stock compensation in accordance with Accounting Principles Board (APB) No. 25.

In accordance with “SFAS” No. 123, “Accounting for Stock−Based Compensation,” as amended by SFAS No. 148, “Accounting for Stock−Based Compensation—Transition and Disclosure,” the Company elected to continue to account for its employee stock compensation under the intrinsic value based method of accounting prescribed by APB

Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and disclose the pro forma effects of its employee stock compensation on net loss and net loss per share. Under APB Opinion No. 25, when the exercise price of the Company's employee stock compensation equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. For purposes of pro forma disclosure, the estimated fair value of the options or shares is amortized over the vesting period on a straight−line basis or using the graded method. The following table presents the effect on the Company's net loss and net loss per share as if the Company had applied the fair value based method of accounting under SFAS No. 123 (in millions, except per share data):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Reported net loss	$ (41.0)	$ (58.5)	$ (77.0)	$ (86.5)
Add: Stock−based compensation expense included in reported net loss, net of tax	0.0	0.6	0.1	1.8
Less: Pro forma stock−based compensation expense determined under the fair value based method, net of tax	(27.7)	(75.9)	(68.0)	(148.0)
Pro forma net loss	$ (68.7)	$ (133.8)	$ (144.9)	$ (232.7)
Reported net loss per share—basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)	$ (0.06)
Pro forma net loss per share—basic and diluted	$ (0.05)	$ (0.09)	$ (0.10)	$ (0.16)

The value of options granted was estimated at the date of grant using the following weighted average assumptions:

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Expected life (in years)	4.30	5.00	4.59	5.00
Volatility	53%	75%	60%	75%
Risk−free interest rate	3.33%	3.25%	3.43%	3.13%
Dividend yield	0.00%	0.00%	0.00%	0.00%

Note 4. Inventories

Inventories are stated at the lower of cost or market, and include material, labor and manufacturing overhead costs. The components of inventories (net) consisted of the following (in millions):

	December 31, 2004	**June 30, 2004**
Finished goods	$ 25.1	$ 23.3
Work in process	44.7	41.6
Raw materials and purchased parts	51.6	60.1
Total net inventories	$ 121.4	$ 125.0

Inventories contained components and assemblies in excess of the Company's current estimated requirements that were fully reserved at December 31, 2004 and June 30, 2004.

The Company recorded write−downs of excess and obsolete inventories of $6.0 million and $10.6 million for the three and six months ended December 31, 2004, respectively. The Company recorded write−downs of excess and obsolete inventories of $6.6 million and $9.5 million for the three and six months ended December 31, 2003, respectively.

In addition, the Company consumed previously written−down inventories of $6.6 million and $19.2 million for the three and six months ended December 31, 2004, respectively, and $13.1 million and $23.7 million for the three and six months ended December 31, 2003, respectively.

The majority of inventory previously written down is related to excess raw material components resulting from dramatic declines in customer demand. In cases where the Company sells previously written down inventory it is typically sold as a component part of a finished product. The finished product is sold at market price at that time resulting in higher average gross margin on such revenue.

The Company does not track the selling price of individual raw material components that have been previously written off since such raw material components usually are only a portion of the resultant finished products and related sales price.

Note 5. Goodwill

During the first six months of fiscal 2005, additional goodwill of $3.4 million was recorded as a result of the acquisition of E2O Communications Incorporated. The additional goodwill is included in the Communications Products segment. Goodwill of $6.2 million was recorded as a result of the acquisition of Advanced Digital Optics, Inc. (ADO) and is included in the Commercial and Consumer Products segment.

Goodwill by reportable segment is as follows (in millions):

	Communications Products Group	Commercial and Consumer Products Group	Total
December 31, 2004	$ 128.9	$ 85.5	$ 214.4
June 30, 2004	$ 125.5	$ 79.3	$ 204.8

During the three and six months ended December 31, 2004 and 2003, the Company recorded no impairment charges under SFAS No. 142, “Goodwill and Other Intangible Assets.”

Note 6. Other Intangibles

During the first six months of fiscal 2005, identified intangible assets of $6.6 million were acquired due to the acquisition of ADO, and no identified intangible assets were impaired. The following tables present detail of the Company’s other intangibles (in millions):

	December 31, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net
Developed technology	$ 120.5	$ (59.3)	$ 61.2
Other	41.3	(24.2)	17.1
Total intangibles	$ 161.8	$ (83.5)	$ 78.3

	June 30, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net
Developed technology	$ 114.0	$ (52.9)	$ 61.1
Other	41.3	(21.0)	20.3
Total intangibles	$ 155.3	$ (73.9)	$ 81.4

Amortization of intangibles was $4.8 million and $9.5 million for the three and six months ended December 31, 2004, respectively. Amortization of intangibles was $3.9 million and $7.8 million for the three and six months ended December 31, 2003, respectively.

Based on the carrying amount of the intangibles as of December 31, 2004, the estimated future amortization is as follows (in millions):

Years Ended June 30,	
2005 (January 1, 2005 to June 30, 2005)	$ 9.7
2006	17.8
2007	14.6
2008	8.0
2009	5.5
Thereafter	22.7
Total amortization	$ 78.3

Note 7. Investments

Available−For−Sale Investments:

The Company’s investments in debt securities and marketable equity securities were primarily classified as available−for−sale investments.

Of the total estimated fair value, $1,094.1 million was classified as short−term investments in the Company’s Condensed Consolidated Balance Sheet as of December 31, 2004.

An additional $8.1 million of short−term investments representing assets of a deferred compensation plan are classified as trading securities as of December 31, 2004.

Long−Term Investments:

The components of the Company’s long−term investments include non−marketable cost method investments and non−marketable equity method investments. The Company had total long−term investments of $42.3 million as of December 31, 2004.

Reduction of Fair Value of Investments:

The Company regularly evaluates the carrying value of its investments. When the carrying value of an investment exceeds the fair value and the decline in value is deemed to be other−than−temporary, the Company writes down the investment to its fair value. During the three and six months ended December 31, 2004 the Company recorded other−than−temporary reductions in fair value of certain non−marketable equity investments of $2.7 million and $5.0 million, respectively. During the three and six months ended December 31, 2003 the Company recorded other−than−temporary reductions in fair value of certain non−marketable equity investments of $1.1 million and $2.3 million, respectively.

Loss on Equity Method Investments:

During the three and six month periods ended December 31, 2004, the Company recorded $0.8 million and $3.7 million, respectively, as its pro rata share of net losses in its equity method investments. During the three and six month periods ended December 31, 2003, the Company recorded $4.7 million and $5.9 million, respectively, as its pro rata share of net losses in its equity method investments.

The Company has reviewed its cost and equity method investments and other variable interests with respect to revised Interpretation No. 46 (“FIN 46R”), “Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51,” which was originally issued in January 2003 to determine whether those entities are variable interest entities and, if so, if the Company is the primary beneficiary of any of its investee companies. At December 31, 2004, the Company had 23 cost and equity method investments primarily in privately held companies and venture funds that have the potential to provide strategic technologies and relationships to the Company’s businesses. The Company has determined that its equity investments, which are not material to the Company’s financial position, do not require consolidation as they are either not variable interest entities or in the event that they are variable interest entities, the Company is not considered to be the primary beneficiary. The Company’s maximum exposure to loss for these investments at December 31, 2004 is limited to the carrying amount of its investment of $32.4 million in such entities and its minimum funding commitments of $13.6 million.

During the three month period ended September 30, 2003, the Company entered into an agreement with a former customer, which settled product cancellation claims made by the Company against this former customer. As a result of this settlement, the Company received approximately 2.7 million preferred shares representing an approximate 5% ownership of the former customer, on a fully diluted basis, a convertible note with a principal amount of $5.1 million that is convertible at the former customer’s option into preferred shares of their company, a promissory note in the amount of $3.7 million that is in settlement of trade receivables owed the Company and is due and payable in installments through fiscal 2006 and a supply agreement whereby the Company has the option to buy certain components from the former customer at the former customer’s cost. The Company has evaluated the financial condition of the former customer and has determined that the realization of the assets received as part of the settlement is not probable and therefore has not ascribed any value to these assets, nor recognized any gain associated with settlement.

Note 8. Commitments and Contingencies

Pending Litigation

The Securities Class Actions:

As discussed in our previous filings, litigation under the federal securities laws has been pending against the Company and certain former and current officers and directors since March 27, 2002. On January 6, 2005, the Court issued rulings on Defendants' motions to dismiss Plaintiffs' Second Amended Complaint in *In re JDS Uniphase Corporation Securities Litigation*, C−02−1486 (N.D. Cal.). The Court denied the motion to dismiss claims against the Company, Jozef Straus, Anthony R. Muller, and Charles Abbe and granted in part and denied in part the motion to dismiss claims against Kevin Kalkhoven. Defendants' answers to the complaint are due by February 25, 2005. A case management conference is scheduled for April 29, 2005.

In *Zelman v. JDS Uniphase Corp.*, No. C−02−4656 (N.D. Cal.), a related securities case, an Amended Complaint was filed on February 4, 2005. The complaint is based on the same events alleged by the plaintiffs in *In re JDS Uniphase Securities Litigation*, and asserts claims against the Company, Jozef Straus, Anthony R. Muller, Charles Abbe, and Kevin Kalkhoven pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b−5. The complaint alleges a class period from March 6, 2001 through July 26, 2001, and purports to seek damages on behalf of a class of purchasers of securities issued by an investment bank that were allegedly linked to the price of JDSU stock. The *Zelman* plaintiffs seek an unspecified amount of damages. Defendants' responses to the Amended Complaint are due by February 25, 2005. If Defendants choose to respond by moving to dismiss, their motions will be heard on April 29, 2005.

The Derivative Actions:

As discussed in our previous filings, derivative actions purporting to be brought on the Company's behalf have been filed in state and federal courts against several of our current and former officers and directors based on the same events alleged in the securities litigation. On January 6, 2005, the Court issued an order staying *Corwin v. Kaplan*, No. C−02−2020 (N.D. Cal.), pending resolution of *In re JDS Uniphase Corporation Securities Litigation*. On January 19, 2005, the court issued a further order stating that, in light of the January 6, 2005 stay order, it would deny, Defendants' motion to dismiss the *Corwin* action without prejudice. A stay remains in place in the California state derivative action, *In re JDS Uniphase Corporation Derivative Litigation*, Master File No. CV806911 (Santa Clara Super. Ct.), and a status conference is scheduled for February 8, 2005. As noted in our previous filings, the plaintiff in that action has issued a shareholder inspection demand that has been disputed by the Company. The dispute remains unresolved. No activity has occurred in *Cromas v. Straus*, Civil Action No. 19580 (Del. Ch. Ct.), the Delaware derivative action, since our last filing.

The OCLI and SDL Shareholder Actions:

As discussed in our previous filings, plaintiffs purporting to represent the former shareholders of OCLI and SDL have filed suit against the former directors of those companies, asserting that they breached their fiduciary duties in connection with the events alleged in the securities litigation against the Company. No activity has occurred in either the OCLI action, *Pang v. Dwight*, No. 02−231989 (Sonoma Super. Ct.), or the SDL action, *Cook v. Scifres*, Master File No. CV814824 (Santa Clara Super. Ct.), since our last filing.

The ERISA Actions:

As discussed in our previous filings, a consolidated action entitled *In re JDS Uniphase Corporation ERISA Litigation*, Master File No. C−03−4743 CW, is pending in the District Court for the Northern District of California against the Company and certain of its former and current officers and directors on behalf of a purported class of participants in the Company's 401(k) Plan. Defendants' moved to dismiss Plaintiffs' consolidated amended complaint on January 31, 2005. A hearing on Defendant's motion to dismiss is scheduled for April 29, 2005

The Company believes that the factual allegations and circumstances underlying these securities class actions, derivative actions, the OCLI and SDL class actions, and the ERISA class actions are without merit. The expense of defending these lawsuits has been costly, will continue to be costly, and could be quite significant and may not be covered by our insurance policies. The defense of these lawsuits could also result in continued diversion of our management's time and attention away from business operations which could prove to be time consuming and disruptive to normal business operations. An unfavorable outcome or settlement of this litigation could have a material adverse effect on the Company's financial position, liquidity or results of operations.

The Company is a party to other litigation matters and claims, which are normal in the course of its operations. While the results of such litigation matters and claims cannot be predicted with certainty, the Company believes that their final outcome will not have a material adverse impact on its financial position, liquidity, or results of operations.

Note 9. Reduction of Other Long−Lived Assets

The Company reviews long−lived assets for reduction in accordance with our Critical Accounting Policies (included in our Annual Report on Form 10−K).

Long−lived assets held and used

We test long−lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Long−lived assets held for sale

We classify long−lived assets as held for sale when certain criteria are met, which include: management commitment to a plan to sell the assets; the availability of the assets for immediate sale in their present condition; whether an active program to locate buyers and other actions to sell the assets has been initiated; whether the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year; whether the assets are being marketed at reasonable prices in relation to their fair value; and how unlikely it is that significant changes will be made to the plan to sell the assets. Long−lived assets held for sale are included in other current assets.

We measure long−lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell. Fair value is determined using quoted market prices or the anticipated cash flows discounted at a rate commensurate with the risk involved.

During the three and six months ended December 31, 2004 and the three and six months ended December 31 2003, the Company recorded $0.0 million, $4.5 million, $38.4 million and $43.3 million, respectively, of reductions in the carrying value of its long−lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long−Lived Assets." The following table summarizes the components of the reductions of other long−lived assets (in millions):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31 2003**	**December 31, 2004**	**December 31 2003**
Assets held and used:				
Property, plant and equipment	$ —	$ —	$ —	$ 5.0
Assets held for sale:				
Property and equipment	—	38.4	4.5	38.3
Total reductions of other long−lived assets	$ —	$ 38.4	$ 4.5	$ 43.3

Three and Six Months Ended December 31, 2004:

Assets Held and Used:

During the six months ended December 31, 2004, no assets classified as held and used were reduced in value.

Assets Held for Sale:

During the six months ended December 31, 2004, the Company classified facilities at Melbourne, Florida and Research Triangle Park, North Carolina as held for sale. The Company began to market these facilities during the second quarter of fiscal 2005 and expects to complete the sale of these facilities by December 31, 2005. There were no reductions in value to these assets. During fiscal 2004, the Company consolidated its corporate headquarters to San Jose, California. In light of the decision to consolidate the corporate headquarters, the Company determined that it did not need to continue to operate a corporate campus in Ottawa, Ontario, Canada. In the three months ended December 31, 2004, the Ottawa corporate campus continued to be classified as held for sale and the Company is still actively marketing the property. In the first quarter of fiscal 2005, in accordance with SFAS 144, the Company adjusted down the carrying value of the Ottawa campus and certain other assets held for sale to the fair value of such assets, which resulted in a charge to income of $4.5 million for the six months ended December 31, 2004. There were no adjustments made to such assets during the three months ended December 31, 2004.

Three and Six Months Ended December 31, 2003:

Assets Held and Used:

During the first six months of fiscal 2004, as a result of the adoption of FIN 46 with respect to two properties under a synthetic lease agreement, the Company recognized a $5.0 million deferred impairment charge related to the Melbourne, Florida properties, which was originally being amortized over the term of the lease. The Company noted no indicators of impairment during the three and six months ending December 31, 2003 related to the Company’s remaining long−lived assets, including purchased intangibles.

Assets Held for Sale:

During the three and six months ended December 31, 2003, the Company adjusted the carrying value of certain assets classified as held for sale. In accordance with SFAS 144, the Company recorded total impairment charges of $38.4 million and $38.3 million for the three and six month periods ended December 31, 2003, representing the amount by which the carrying value of the assets exceeded fair value less cost to sell.

Note 10. Restructuring and Global Realignment

Overview:

During the second quarter of fiscal 2004, we announced the completion of the Global Realignment Program (GRP), which began in April 2001. That program focused on large−scale site and employee reductions. The Company will continue to take advantage of opportunities to further reduce costs through targeted, customer−driven, restructuring events, intended to reduce the Company’s footprint and rationalize the manufacture of our products based on core competencies and cost efficiencies. Restructure activities entered into through the second quarter of 2004 are described under the GRP, while activities beginning in the third quarter of fiscal 2004 are described under Restructuring Actions.

Restructuring Actions:

Beginning with the third quarter of fiscal 2004, the Company initiated restructuring activities to reduce costs and take advantage of manufacturing efficiencies and has recorded total restructuring activity charges of $11.6 million. In addition, the Company incurred charges other than restructuring of $0.2 million related to these activities.

During the second quarter of fiscal 2005, the Company notified for termination approximately 390 employees of which 264 were engaged in manufacturing and 26 in selling, general and administrative functions, and recorded lease adjustments to post GRP lease charges. These adjustments for the second quarter of 2005 totaled $0.9 million including $0.2 for facility leases and $0.7 million related to severance and benefits. All the employees are located in Asia. As of December 31, 2004, no employees have been terminated. The remaining severance and benefit payments resulting from the second quarter fiscal 2005 restructuring activities are scheduled to be paid through the first quarter of fiscal 2006.

During the first quarter of fiscal 2005, the Company terminated or notified for termination approximately 225 employees and restructured a lease at one of its manufacturing operations. This will create production efficiencies designed to eliminate costs. These actions resulted in restructuring charges of $4.8 million primarily related to severance and benefits. As of December 31, 2004, 20 employees have been terminated. The remaining severance and benefit payments resulting from the first quarter fiscal 2005 restructuring activities are scheduled to be paid through the first quarter of fiscal 2006.

The restructuring activities during the Company's third and fourth quarters of fiscal 2004 resulted in charges of $5.6 million primarily related to severance and benefits. Employee reductions during the third quarter restructuring were approximately 30 in North America and 30 in Asia−Pacific, of which 40 were engaged in manufacturing, 15 in research and development and 5 in selling, general and administration functions. Fourth quarter of fiscal 2004 employee reductions were all in North America and totaled approximately 75, of which 55 were in manufacturing and 20 in selling, general and administrative functions. As of December 31, 2004, 59 and 67 employees have been terminated relating to the third quarter and fourth quarter restructures, respectively. The remaining severance and benefit payments resulting from these restructuring activities are scheduled to be paid through the first quarter of fiscal 2006.

Global Realignment Program:

In April 2001, the Company initiated the GRP, under which it began restructuring its business in response to the economic downturn. From April 2001, through the end of the second quarter of fiscal 2004, the Company implemented nine phases of restructuring activities under the GRP and recorded total restructuring charges of $652.0 million. In addition, the Company incurred charges other than restructuring of $484.2 million related to the GRP. Restructuring activities initiated prior to December 31, 2002 were recorded in accordance with EITF No. 94−3, and restructuring activities initiated after December 31, 2002 were recorded in accordance with SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" and SFAS No. 112, "Employers' Accounting for Post Employment Benefits."

Under the GRP, the Company has consolidated and reduced its manufacturing, research and development, sales and administrative facilities in North America, Europe and Asia−Pacific. The total number of sites and buildings closed is 29, all of which are related to various phases of restructuring. Based on the decisions made through the end of the second quarter of fiscal 2004, the Company expected to have reduced its total workforce by approximately 19,900 employees upon the completion of the GRP. Of the total, 19,150 related to restructuring activities and 750 related to other decisions made under the GRP. As of December 31, 2004, 19,880 employees have been terminated.

Workforce Reduction:

The Company recorded initial restructure charges totaling $228.6 million primarily related to severance and benefits associated with the reduction of approximately 19,150 employees, which includes non−cash severance charges of $12.3 million, of which $11.1 million related to the modification of a former executive's stock options and $1.2 million to disputed severance. The Company has recorded decreases of $13.4 million, to the accrual balance. The decreases are due to actual payments for such charges being lower than original estimated expenses.

Approximately 16,200 employees were engaged in manufacturing, 1,350 in research and development, and 1,600 in selling, general and administrative functions. Approximately 16,400 employees were located in North America, 1,700 in Europe, and 1,050 in Asia−Pacific. The Company has substantially completed its phase one through four and six through nine workforce reductions. The remaining accrual balance reflects severance and benefit payments scheduled to be paid, primarily under phase five, through fiscal 2005, for employees that have been notified that they will be terminated, as well as future payments for employees that have already been terminated, as required under local laws.

Facilities and Equipment and Lease Costs:

In connection with the restructuring activities, management approved and committed the Company to plans to close 29 sites, vacate buildings at the closed sites as well as at other continuing operations, and reduce its workforce by approximately 19,150 employees. These sites were located in Arnhem, Netherlands; Asheville, North Carolina; Bracknell, United Kingdom; Columbus, Ohio; Eatontown, New Jersey; Eindhoven, Netherlands; Freehold, New Jersey; Gloucester, Massachusetts; Hillend, United Kingdom; Horsham, Pennsylvania; Manteca, California; two sites in Ottawa, Ontario; Oxford, United Kingdom; Piscataway, New Jersey; Plymouth, United Kingdom; Raleigh, North Carolina; Richardson, Texas; Rochester, New York; two sites in San Jose, California; Shunde, China; Sydney, Australia; Taipei, Taiwan; Toronto, Ontario; Torquay, United Kingdom; Victoria, British Columbia;

Waghaeusel−Kirrlach, Germany; and Witham, United Kingdom. One of the San Jose, California sites is related to the E−TEK operations, which were relocated to the Company's other sites located in West Trenton, New Jersey and Shenzhen, China.

Property and equipment that were disposed of or removed from operations resulted in initial charges totaling $274.4 million. The property and equipment write−downs consisted primarily of owned buildings, leasehold improvements, computer equipment and related software, production and engineering equipment, and office equipment, furniture and fixtures. From inception through the second quarter of fiscal 2005, the Company recorded total adjustments of $11.4 million, primarily due to additional declines in the fair market value of owned buildings held for disposal. In addition, the Company received $8.4 million of cash proceeds in excess of the estimated salvage value of certain restructured assets from inception through the second quarter of fiscal 2005. These assets were written down during fiscal 2001 and 2002 in accordance with SFAS No. 121, and proceeds were received during fiscal 2002 and 2003. The Company adopted SFAS No. 144 at the beginning of fiscal 2003.

The Company incurred initial charges totaling $156.0 million for exiting and terminating leases based on assumptions and related estimates that it deemed appropriate for the economic environment that existed at the time these estimates were made. Initial charges were accrued for phases one though five and seven through nine. The Company estimated the cost of exiting and terminating the facility leases based on the contractual terms of the agreements and real estate market conditions. However, due to the continued deterioration of the commercial real estate market, primarily in the U.S., and the final settlement of certain lease obligations, the Company made appropriate adjustments to the initial restructuring charges recorded for all the phases. The Company's accrued lease liability for all plans of $46.5 million at December 31, 2004, was net of $14.4 million of estimated sublease income to be generated from sublease contracts not yet negotiated and estimated savings on settlement of future lease terminations.

The following table summarizes the various restructuring plans (in millions):

	Workforce Reduction	Lease Costs	Total
Accrual balance as of June 30, 2003	**$ 25.4**	**$ 108.7**	**$ 134.1**
Restructuring charges−GRP	2.5	2.3	4.8
Restructuring charges	5.6	—	5.6
Cash payments	(25.5)	(19.2)	(44.7)
Adjustments	(0.4)	(15.2)	(15.6)
Accrual balance as of June 30, 2004	**7.6**	**76.6**	**84.2**
Restructuring charges	4.7	0.1	4.8
Cash payments	(6.2)	(33.6)	(39.8)
Adjustments	0.8	3.5	4.3
Accrual balance as of December 31, 2004	**$ 6.9**	**$ 46.6**	**$ 53.5**

Charges Other Than Restructuring:

In addition to the charges recorded in connection with the restructuring activities, the Company has incurred total other charges of $486.5 million since inception. Details of these charges for the three and six months ended December 31, 2004 and 2003 were as follows (in millions):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Property and equipment	$ —	$ 0.1	$ 0.1	$ 1.5
Purchase commitments and other obligations	—	1.1	(0.3)	1.4
Workforce−related charges	0.4	0.6	1.0	1.0
Lease costs	1.7	(1.8)	3.0	(1.7)
Moving and other costs	0.2	0.6	1.0	1.8
Total other charges	$ 2.3	$ 0.6	$ 4.8	$ 4.0

From inception through second quarter of fiscal 2005, the Company has incurred total charges related to property and equipment of $209.5 million. During the three and six month periods ended December 31, 2004 and 2003, the Company recorded $0.0 million, $0.1 million, $0.1 million and $9.4 million, respectively, of additional depreciation from changes in the estimated useful life and the write−downs of certain property and equipment that were identified for disposal but remained in use until the date of disposal. Total

amounts recorded in the second quarter of fiscal 2004, were net of $0.7 million of cash proceeds in excess of the estimated salvage value of certain assets sold.

From inception through the second quarter of fiscal 2005, the Company has incurred total workforce−related charges of $29.9 million, which included retention bonuses, employee relocations costs and in fiscal 2002, payments for severance and benefits that were not associated with a formal plan of termination. Beginning in fiscal 2002, the Company recorded restructuring charges for approximately 750 employees. These employees consisted of approximately 600 in manufacturing, 50 in research and development, and 100 in selling, general and administrative functions. Approximately 150 employees were located in North America, 100 in Europe and 500 in Asia−Pacific. All 750 employees have been terminated and severance and benefit payments related to these employees have been paid in full.

From inception through the second quarter of fiscal 2005, the Company has incurred total lease costs of $14.1 million. During the three and six month periods ended December 31, 2004 the Company adjusted lease expenses by $1.7 million and $3.0 million respectively, primarily to reflect refinements of estimated net costs on building costs not required for ongoing operations. For the three and six months ended December 31, 2003, the Company incurred lease costs of $1.8 million and $1.7 million, respectively. The Company estimated the cost of exiting and terminating the facility lease based on the contractual terms of the agreement and the real estate market conditions. The Company anticipates that it will take approximately 9 months to sublease the vacated property. Amounts related to the lease expense, net of anticipated sublease proceeds of $1.3 million, will be paid over the respective lease terms through fiscal 2011.

Through the second quarter of fiscal 2005, the Company has incurred total moving and other costs of $12.2 million. During the three and six month periods ended December 31, 2004 and 2003, the Company incurred moving, purchase and other commitments and other costs of $(0.3) million, $0.0 million, $0.6 million and $0.9 million, respectively, related to relocation of certain facilities and equipment from buildings of which the Company has disposed of or plans to dispose.

Charges other than restructuring were recorded in the Company’s Condensed Consolidated Statements of Operations as follows (in millions):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Cost of sales	$ 0.5	$ 1.2	$ 1.8	$ 2.4
Research and development	0.4	0.3	0.4	0.9
Selling, general and administrative	1.4	(0.9)	2.6	0.7
Total other charges	$ 2.3	$ 0.6	$ 4.8	$ 4.0

As of December 31, 2004, the accrual balance related to these charges was $4.5 million, consisting primarily of purchase and lease commitments. The accrual balance is included in “Other current liabilities” in the Company’s Condensed Consolidated Balance Sheet.

Recommissioning of Assets:

As the Company continued to execute its restructuring plans to realign its operations and consolidate facilities, the Company recommissioned certain property and equipment during the fourth quarter of fiscal 2002 with a carrying value of $0 that had previously been removed from operations and fully depreciated or written down under the GRP. The total net book value of the recommissioned property and equipment at the time of the write−downs was $27.7 million, of which $15.9 million was related to the Communications Products Group, $10.7 million was related to the Commercial and Consumer Products Group and $1.1 million was related to the “All Other” category for segment reporting purposes (see “Note 14. Segment Information”). Based on the dates these assets were placed back into service and taking into consideration the potential impact of the impairment loss on these assets, the Company would have incurred additional depreciation expense of approximately $0.6 million, $1.3 million, $1.0 million and $1.9 million for the three and six month periods ended December 31, 2004 and 2003, respectively.

Note 11. Income Taxes (Benefit)

The Company recorded an income tax benefit of $1.9 million and $1.4 million for the three months and six months ended December 31, 2004, respectively, as compared to an income tax expense of $2.5 million and income tax benefit of $10.4 million for the three months and six months ended December 31, 2003, respectively.

Included in the tax benefit recorded for the three and six months ended December 31, 2004 is a $2.5 million tax benefit recorded in February 2005 as of December 31, 2004 to reflect a reduction in previously accrued tax liabilities as a result of the Company's resolution of certain domestic tax audit issues. The $2.5 million benefit is reflected in the Company's consolidated balance sheet as of December 31, 2004 under the caption "Income tax payable" and in the consolidated statement of operations for the quarter ended December 31, 2004 under the caption "Income tax expense (benefit)." The company also recorded $0.6 million and $0.5 million of income tax expense for the three months and six months ended December 31, 2004, respectively, relating primarily to foreign income taxes.

The income tax benefit recorded for the three months and six months ended December 31, 2004 differs from the expected tax benefit that would be calculated by applying the federal statutory rate to our loss before income taxes primarily due to the reduction of previously accrued tax liabilities and increases in our valuation allowance for deferred tax assets attributable to our domestic and foreign losses from continuing operations.

The income tax expense recorded for the three months ended December 31, 2003 differs from the expected tax benefit that would be calculated by applying the federal statutory rate to the loss before income taxes primarily due to the net effect of increases in our valuation allowance for deferred tax assets and a $2.0 million income tax expense recorded as a result of gains realized from sales of available−for sale investments. The tax benefit for the six months ended December 31, 2003 resulted primarily from appreciation in the carrying value of certain publicly traded securities designated as available−for−sale investments which allowed us to record a tax benefit for the domestic operating losses sustained during the six months ended December 31, 2003.

Fluctuations in the value of our available−for−sale marketable public securities may create volatility in the amount of income tax expense (benefit) we record in future periods.

Due to the continued economic uncertainty in the industry, management has determined that it is more likely than not that the Company's net deferred tax assets will not be realized and the Company has recorded deferred tax assets as of December 31, 2004 only to the extent of deferred tax liabilities.

The Company is currently subject to various federal, state and foreign audits by taxing authorities. The Company believes that adequate amounts have been provided for any adjustments that may result from these examinations.

Note 12. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share (in millions, except per share data):

	Three Months Ended		Six Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Loss before cumulative effect of an accounting change	$ (41.0)	$ (58.5)	$ (77.0)	$ (83.6)
Cumulative effect of an accounting change	—	—	—	(2.9)
Net loss	$ (41.0)	$ (58.5)	$ (77.0)	$ (86.5)
Loss per share before cumulative effect of an accounting change—basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)	$ (0.06)
Cumulative effect per share of an accounting change—basic and diluted	—	—	—	—
Net loss per share—basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)	$ (0.06)
Weighted average number of common shares outstanding	1,444.1	1,435.0	1,443.9	1,434.7

During the three and six months ended December 31, 2004, approximately 0.9 million and 4.2 million common shares, respectively were added to the number of common shares outstanding. Approximately 2.8 million shares were due to the issuance of common shares under the Company's Employee Stock Purchase Plan and the remainder was due to the exercise of stock options.

As the Company incurred net losses for the three and six months ended December 31, 2004, the effect of dilutive securities (in−the−money stock options) totaling 4.1 million equivalent shares and 4.4 million equivalent shares, respectively, has been excluded from the calculation of diluted net loss per share because it was anti−dilutive. As the Company incurred net losses for the three and six months ended December 31, 2003, the effect of dilutive securities totaling 7.2 million and 6.9 million equivalent shares, respectively, has been excluded from the calculation of diluted net loss per share because it was anti−dilutive. The Company also excluded from the calculation of diluted net loss per share approximately 96.2 million shares related to the $475.0 million in convertible debt. For additional information see Note 18.

Note 13. Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, accumulated net unrealized gains on available−for−sale investments, less an adjustment for net gain on investments previously included in net income and the estimated tax (benefit). At December 31, 2004 and June 30, 2004, the Company had a balance of net unrealized gains of $7.0 million and $21.0 million, respectively, on available−for−sale investments.

The components of comprehensive loss were as follows (in millions):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Net loss	$ (41.0)	$ (58.5)	$ (77.0)	$ (86.5)
Other comprehensive income				
Change in foreign currency translation	(0.6)	(0.5)	0.7	0.4
Unrealized (losses) gains on investments	(0.4)	(7.9)	(14.0)	9.9
Net change in other comprehensive income	(1.0)	(8.4)	(13.3)	10.3
Comprehensive loss	$ (42.0)	$ (66.9)	$ (90.3)	$ (76.2)

	December 31, 2004	**June 30, 2004**
Net unrealized gains on available−for−sale securities	$ 7.0	$ 21.0
Cumulative translation adjustment	(15.7)	(16.4)
Accumulated other comprehensive income (loss)	$ (8.7)	$ 4.6

Note 14. Segment Information and Geographic Information

The Company evaluates its reportable segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has identified Kevin Kennedy, Chief Executive Officer, as its Chief Operating Decision Maker ("CODM") pursuant to SFAS No. 131. The CODM allocates resources to the segments based on their business prospects, competitive factors, net revenue and operating results.

The Company designs and manufactures products for fiber optic communications, as well as for markets where its core optics technologies provide solutions for industrial, commercial and consumer applications. The two reportable segments are:

(i) Communications Products Group:

The Communications Products Group consists of the Company's communication businesses, which provide fiber optic components and modules for system manufacturers in the telecommunications, data communications and cable television industries.

(ii) Commercial and Consumer Products Group:

The Commercial and Consumer Products Group consists of the Company's non−communications businesses and includes laser subsystems products and products for display, security, decorative, aerospace and defense applications.

The amounts shown as "All other" consist of certain unallocated corporate−level operating expenses. In addition, the Company does not allocate restructuring charges, income taxes, non−operating income and expenses or specifically identifiable assets to its segments. Information on reportable segments is as follows (in millions):

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Six Months Ended December 31, 2004	Six Months Ended December 31, 2003
Communications Products Group:				
Net revenue	$ 106.7	$ 77.8	$ 212.8	$ 152.1
Intersegment revenue	—	—	—	—
Net revenue from external customers	106.7	77.8	212.8	152.1
Operating loss	(14.5)	(9.4)	(24.8)	(20.2)
Commercial and Consumer Products Group:				
Net revenue	73.8	75.9	162.2	149.9
Intersegment revenue	—	(1.1)	—	(2.0)
Net revenue from external customers	73.8	74.8	162.2	147.9
Operating income	4.1	11.5	18.4	20.5
Net revenue by reportable segments	180.5	$ 152.6	375.0	$ 300.0
Operating income (loss) by reportable segments	$ (10.4)	$ 2.1	(6.4)	$ 0.3
All other operating loss	(25.4)	(27.5)	(45.7)	(55.0)
Unallocated amounts:				
Acquisition−related charges and amortization expense	(4.8)	(4.5)	(9.5)	(9.6)
Reduction of long−lived assets	—	(38.4)	(4.5)	(43.3)
Restructuring charges	(3.8)	(9.4)	(9.1)	(5.8)
Other realignment charges	(2.3)	(0.6)	(4.8)	(4.0)
Interest and other income, net	5.3	8.5	8.0	11.4
Gain on sale of investments	2.0	19.6	2.3	20.2
Reduction in fair value of investments	(2.7)	(1.1)	(5.0)	(2.3)
Loss on equity method investments	(0.8)	(4.7)	(3.7)	(5.9)
Loss before income taxes and cumulative effect of an accounting change	$ (42.9)	$ (56.0)	$ (78.4)	$ (94.0)

The Company operates primarily in three geographic regions: North America, Europe and Asia. The following table presents net revenue and identifiable long−lived assets by geographic regions (in millions):

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Six Months Ended December 31, 2004	Six Months Ended December 31, 2003
Net revenue:				
North America	$ 122.2	$ 103.1	$ 247.9	$ 199.9
Europe	32.2	26.7	67.4	53.6
Asia	26.1	22.8	59.7	46.5
Total net revenue	$ 180.5	$ 152.6	$ 375.0	$ 300.0

	December 31, 2004	June 30, 2004
Long−lived assets:		
North America	$ 132.3	$ 156.2
Europe	4.5	4.6
China	29.0	30.2
Other asia	10.3	8.9
Total long –lived assets	$ 176.1	$ 199.9

Net revenue was assigned to geographic regions based on the customers' shipment locations. Identifiable long−lived assets were identified based on the operations in the corresponding geographic areas.

During fiscal 2005, no customer accounted for more than 10% of net revenue. During the second quarter of fiscal 2004 Cisco accounted for 11.7% of net revenue.

Note 15. Mergers and Acquisitions

Advanced Digital Optics, Inc.

On July 30, 2004, the Company purchased Advanced Digital Optics, Inc. ("ADO"), a manufacturer of optical components and assemblies for communications and display markets for approximately $10.7 million in cash. The Company believes the acquisition will extend its capabilities in the design and manufacture of microdisplay light engines that deliver leading performance and image quality for the high definition television market. The acquired business has been included in our Commercial and Consumer Products Group operating segment.

Allocation of the initial purchase price was as follows (in millions):

Net tangible assets acquired	$ (1.8)
Existing technology	6.5
Goodwill	6.0
Total purchase price	$ 10.7

The acquired intangible assets are being amortized over their estimated useful lives of three years.

The acquisition was accounted for as a purchase in accordance with SFAS No. 141, and accordingly, the tangible assets acquired were recorded at their fair value at the date of acquisition. In the three months ended December 31, 2004, an additional $0.2 million was added to goodwill due to adjustments to the purchase price that related to additional acquired liabilities not included in the original purchase valuation. The results of operations of ADO have been included in the Company's financial statements subsequent to the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

The following table summarizes the components of the tangible assets (liabilities) acquired (in millions):

Inventories	$ 0.2
Property and equipment	0.1
Net acquired other assets and liabilities	(2.1)
	$ (1.8)

Given the nature of the risks associated with the difficulties and uncertainties in completing each project and thereby achieving technological feasibility, anticipated market acceptance and penetration, market growth rates and risks related to the impact of potential changes in future target markets, discount rates of 19% and 22% were deemed appropriate for calculating the expected future cash flows from existing technology and in−process research and development, respectively to their present value.

Acquired existing technology, which included products that are already technologically feasible, is primarily comprised of specialty light engines and related products.

Developmental projects that have not reached technological feasibility and have no future alternative uses are classified as in−process research and development ("IPR&D"). Each in−process research and development technology was valued by discounting forecasted cash flow directly related to the subject research and development, net of estimated returns on contributory assets including working capital. Based on our analysis, the fair value of the IPR&D is zero.

Goodwill, which represents the excess of the purchase price over the fair value of tangible and identified intangible assets acquired, is not being amortized but will be reviewed annually for impairment, or more frequently if impairment indicators arise, in accordance with SFAS No. 142. Goodwill has been assigned to the Commercial and Consumer Products segment and is not expected to be deductible for tax purposes under Internal Revenue Code 197.

E2O Communications:

On May 17, 2004, the Company purchased E2O Communications Incorporated ("E2O"), a manufacturer of high−performance fiber optic components and modules for the computer storage, internetworking and communication markets. The Company believes the acquisition will extend its product portfolio and customer base in the optical transceiver market. The acquired business has been included in our Communications Product Group operating segment. Under the terms of the acquisition, the Company will pay the shareholders of E2O a total of $60.2 million in cash, and as of December 31, 2004 the Company had incurred $0.2 million of

transaction related costs. Of the $60.2 million purchase price, $4.5 million remains to be paid to the shareholders and is accrued within other liabilities. The $4.5 million includes $4.1 million of retained consideration for any future liabilities the Company may incur resulting from any breach of general representations or warranties made by the former shareholders of E2O and $0.4 million awaiting exchange pending the receipt of shares from various shareholders.

Allocation of the initial purchase price was as follows (in millions):

Net tangible assets acquired	$ 12.5
Intangible assets acquired:	
Existing technology	6.2
Customer relationships	2.3
Supply agreements	0.4
In−process research and development	2.6
Goodwill	36.2
Total purchase price	$ 60.2

The acquired intangible assets are being amortized over their estimated useful lives, which are presented in the table below:

Existing technology	5 years
Customer relationships	3 years
Supply agreements	3 years

The acquisition was accounted for as a purchase in accordance with SFAS No. 141, and accordingly, the tangible assets acquired were recorded at their fair value at the date of acquisition. In the three and six months ended December 31, 2004, an additional $ (0.6) million and $3.3 million, respectively, was added to goodwill due to adjustments to the purchase price that related to additional acquired liabilities not included in the original purchase valuation. The results of operations of E2O have been included in the Company’s financial statements subsequent to the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

The following table summarizes the components of the tangible assets acquired (millions):

Inventories	$ 5.4
Property and equipment	8.9
Net acquired other assets and liabilities	(1.8)
	$ 12.5

The acquired existing technology, which is comprised of products that are already technologically feasible, includes small form factor transceivers, gigabit interface converters, and the positive−intrinsic−negative (“PIN”) portion of optical receivers. The acquired existing technology represents the optical transceiver business’ trade secrets and patents developed through years of experience in design, package and manufacture of optical transceiver products for the storage area networks and local area networks.

A portion of the purchase price has been allocated to existing technology and in−process research and development (“IPR&D”). These were identified and valued through an analysis of data provided by E2O concerning developmental products, their stage of development, the time and resources needed to complete them, if applicable, target markets, their expected income generating ability and associated risks. The Income Approach, which is based on the premise that the value of an asset is the present value of its future earning capacity that is available for distribution to the subject investors in the asset.

Developmental projects that had not reached technological feasibility and had no future alternative uses were classified as IPR&D and expensed in the fourth quarter of fiscal 2004. The nature of the efforts required to develop the IPR&D into commercially viable products principally relates to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the products can be produced to meet their design specifications, including functions, features and technical performance requirements.

The estimates used in valuing IPR&D were based upon assumptions believed to be reasonable but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and no assurance can be given that unanticipated events and circumstances will not occur. Accordingly, actual results may vary from the projected results.

The rates utilized to discount the net cash flows to their present value are based on E2O's estimated weighted average cost of capital. Given the nature of the risks associated with the difficulties and uncertainties in completing each project and thereby achieving technological feasibility, anticipated market acceptance and penetration, market growth rates and risks related to the impact of potential changes in future target markets, discount rates of 19% and 22% were deemed appropriate for the existing technology and IPR&D, respectively.

Goodwill, which represents the excess of the purchase price over the fair value of tangible and identified intangible assets acquired, is not being amortized but will be reviewed annually for impairment, or more frequently if impairment indicators arise, in accordance with SFAS No. 142. Goodwill has been assigned to the Communications Products Group segment and is not expected to be deductible for tax purposes under Internal Revenue Code 197.

Ditech Communications:

On July 16, 2003, the Company completed the acquisition of certain assets of the optical communications business of Ditech Communications ("Ditech"). The Company believes that the acquisition adds to its abilities to integrate optics, electronics and software in subsystems for optical equipment manufacturers. Under the terms of the agreement, the Company paid Ditech $1.4 million at closing.

The Company may make additional cash payments of up to $4.5 million, of which $0.5 million is based on the level of inventory purchased from Ditech that is sold by the Company and $4.0 million is contingent upon the revenue generated by the acquired business through June 30, 2005. At December 31, 2004, the Company has accrued $0.4 million for payments to be made as a result of revenue levels attained through that date. Additional payments related to inventory will be recorded to cost of sales at the time product is sold, while contingent payments based on revenue will be accounted for as goodwill. Direct transaction costs incurred in connection with the acquisition were immaterial.

The purchase price allocation was as follows (in millions):

Net tangible assets acquired	$ 1.5
Intangible assets acquired: Existing technology	0.1
Total purchase price	$ 1.6

Existing technology is being amortized over its estimated useful life of three years.

The acquisition was accounted for as a purchase transaction under SFAS No. 141, and accordingly, the tangibles assets acquired were recorded at their fair value at the date of the acquisition. The results of operations of Ditech have been included in the Company's financial statements subsequent to the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

The following table summarizes the components of the net tangible assets acquired (in millions):

Inventories	$ 1.0
Property, plant and equipment	0.5
Net tangible assets acquired	$ 1.5

Note 16. Related Party Transactions

BaySpec:

As of December 31, 2004, BaySpec, a privately held original equipment manufacturer (OEM) fiber−optics company in which the Company has a long−term investment, was a supplier of the Company. As of December 31, 2004 the Company's investment in Bayspec is $1.5 million. During the three and six months ended December 31, 2004, the Company purchased $1.0 million and $2.1 million of product, respectively, from BaySpec and the ending accounts payable balance was $0.4 million.

ADVA:

As of December 31, 2004, ADVA, a publicly held Metro Optical Networking Solutions company in which the Company has a long−term investment was a user of the Company's products. At December 31, 2004 the Company's investment in ADVA was valued at $0.0 million. During the three and six months ended December 31, 2004, ADVA purchased $0.3 million and $0.5 million of product, respectively, from the Company and the ending accounts receivable balance was $0.1 million.

Epion:

As of December 31, 2004, Epion, a privately held Gas Cluster Ion Beam Technology company in which the Company has a long−term investment was a customer of the Company's intellectual property. As of December 31, 2004 the Company's investment in Epion is $1.7 million. During the three and six months ended December 31, 2004, the Company recognized royalty fees of $0.6 million and $1.2 million. There was no outstanding receivable to the Company as of December 31, 2004. During the quarter ended December 31, 2004, the Company also purchased an immaterial amount of product/services from Epion.

Fabrinet:

During the second quarter of fiscal 2005, the Company sold its legal entities in Singapore and Bintan, Indonesia to Fabrinet. The Company has a long−term investment in Fabrinet. Fabrinet will pay the Company the net asset value of the assets acquired. Fabrinet has assumed full management control of these facilities and is expected to close the sites; the Company will pay Fabrinet a service fee equal to 3% of the net revenue generated during the closure of the Bintan operation. At December 31, 2004 the Company has a receivable of $6.1 million recorded in other current assets related to this transaction.

Note 17. Guarantees

The Company from time to time enters into certain types of contracts that contingently require the Company to indemnify parties against third−party claims. These contracts primarily relate to: (i) divestiture agreements, under which the Company may provide customary indemnifications to purchasers of the Company's businesses or assets; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company's use of the applicable premises; and (iii) certain agreements with the Company's officers, directors and employees, under which the Company may be required to indemnify such persons for liabilities arising out of the course and scope of their employment and/or director relationship and only to the extent consistent with the Company's bylaws and applicable law.

The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated. Because the obligated amounts of these types of agreements often are not explicitly stated, the overall maximum amount of the obligations cannot be reasonably estimated. Historically, the Company has not been obligated to make significant payments for these obligations, and no liabilities have been recorded for these obligations as of December 31, 2004.

Product Warranties:

In general, the Company offers a one−year warranty for most of its products in the Communications Products Group, and a three−month to one−year warranty for most of its products in the Commercial and Consumer Products Group. The Company provides reserves for the estimated costs of product warranties during the period in which revenue is recognized. The Company estimates the costs of its warranty obligations based on its historical experience of known product failure rates, use of materials to repair or replace defective products and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise with specific products. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

The following table presents the changes in the Company's warranty reserve during the three and six months ended December 31, 2004 and 2003 (in millions):

	Three Months Ended		Six Months Ended	
	December 31, 2004	**December 31, 2003**	**December 31, 2004**	**December 31, 2003**
Warranty reserve at beginning of period	$ 23.0	$ 41.9	$ 25.1	$ 52.4
Provision for warranty	1.5	2.7	3.3	3.1
Utilization of reserve	(2.3)	(2.3)	(2.9)	(7.5)
Adjustments related to pre−existing warranties (including changes in estimates)	(4.1)	(5.9)	(7.4)	(11.6)
Warranty reserve at end of period	$ 18.1	$ 36.4	$ 18.1	$ 36.4

Note 18. Convertible Debt and Letters of Credit

On October 31, 2003, the Company completed the sale of $475.0 million aggregate principal amount of Zero Coupon Senior Convertible Notes due in 2010. The Notes were issued for cash consideration in a private placement to the initial purchasers, Morgan Stanley & Co. Incorporated, Goldman Sachs & Co., and CIBC World Markets Corp. The initial purchasers resold the Notes to qualified institutional investors in accordance with Rule 144A under the Securities Act of 1933, as amended. Proceeds from the notes amounted to $462.3 million after issuance costs. The Notes do not bear interest and are convertible into the Company's common stock at a conversion price of $4.94 per share. Each $1,000 principal amount is initially convertible into 202.4291 shares of the Company's common stock upon the satisfaction of certain conditions. Therefore, the Notes are convertible in the aggregate into approximately 96.2 million shares of common stock. The Company has the right to redeem the Notes beginning November 15, 2008. Holders of the Notes may require the Company to repurchase the Notes on November 15, 2008. In addition, under certain circumstances holders may require the Company to convert the Notes into shares of the Company's common stock, including if the closing sale price of our common stock exceeds 110% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. Conditions required to trigger this conversion right have not occurred.

The costs incurred in connection with the Convertible Notes are being amortized to interest expense over 5 years.

As of December 31, 2004 the Company had ten standby letter of credit facilities totaling $9.8 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Adjustments to Previously Announced Q2 FY2005 Quarterly Results

On January 26, 2005, we issued a press release announcing our second quarter results for the period ended December 31, 2004. In the press release, we reported an income tax expense of $0.6 million in the Condensed Consolidated Statement of Operations as of December 31, 2004. Subsequent to January 26, 2005, we settled a United States government tax audit. As a result of the settlement, we recorded a tax benefit and reduced our income taxes payable by $2.5 million as of December 31, 2004. The Condensed Consolidated Statement of Operations reflects this decrease in income tax expense.

The following table presents a reconciliation of the net loss and net loss per share reported in our press release on January 26, 2005 to the amounts reported in this Quarterly Report on Form 10−Q (in millions, except per share data):

	Three Months Ended December 31, 2004	Six Months Ended December 31, 2004
Net loss announced on January 26, 2005	$ (43.5)	$ (79.5)
Adjustment:		
Reduction of income taxes payable liability	2.5	2.5
Reported net loss in Quarterly Report on Form 10−Q	$ (41.0)	$ (77.0)
Net loss per share announced January 26, 2005 – basic and diluted	$ (0.03)	$ (0.05)
Reported net loss per share in Quarterly Report on Form 10−Q basic and diluted	$ (0.03)	$ (0.05)

Forward−Looking Statements

Statements contained in this Quarterly Report on Form 10−Q which are not historical facts are forward−looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. A forward−looking statement may contain words such as "anticipate that," "believes," "can impact," "continue to," "estimates," "expects to," "hopes," "intends," "plans," "to be," "will be," "will continue to be", "continuing", "ongoing" or similar words.

These statements include: (i) any anticipation or guidance as to future financial performance, including expected revenue levels and earnings per share; (ii) statements or implications regarding the stabilization of our markets or business and current or future growth thereof; (iii) our expectations and beliefs regarding future average sales prices, costs and margins, as well as cost reduction programs and future restructuring costs and their impact on our financial results; (iv) statements regarding restructuring and other realignment programs and the expected level and timing of cost savings and other benefits to the Company from the same as well as the expected costs thereof; (v) statements or implications regarding our execution and our ability to improve the same; and (vi) any anticipation or guidance as to future industry or market conditions or as to our financial performance. Forward−looking statements also include, among others, all italicized portions of this Report.

Management cautions that forward−looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in such forward−looking statements. These risks and uncertainties include, among other things, the risks (i) the Company's ability to predict future financial performance continues to be difficult, as among other things, visibility remains limited, we are experiencing significant quarter over quarter fluctuations in product mix, average selling prices continue to decline across our product portfolio, we continue to experience execution challenges which limit our revenue and impair our profitability, and we are experiencing declining, but variable, benefits from certain transient items, such as the release of previously accrued warranty reserves and the use of previously written−off inventory; (ii) ongoing cost improvement efforts may not be successful in achieving their expected benefits (including, among other things, market uncertainty, gross margin and other profitability improvements), due to, among other things, shifts in product mix, selling price pressures, costs related to product transfers to lower cost manufacturing locations, and execution concerns; and (iii) ongoing efforts to design and introduce products that meet customers' future needs and to manufacture such products at competitive costs, and with acceptable quality and profitability, may not be successful. Further, our future business, financial condition and results of operations could differ materially from those anticipated by such forward−looking statements and are subject to risks and uncertainties including the risks set forth above. Moreover, neither we assume nor any other person assumes responsibility for the accuracy and completeness of the forward−looking statements. Forward−looking statements are made only as of the date of this Report and subsequent facts or circumstances may contradict, obviate, undermine or otherwise fail to support or substantiate such statements. We are under no duty to update any of the forward−looking statements after the date of this Quarterly Report on Form 10−Q to conform such statements to actual results or to changes in our expectations.

Results of Operations

Our Industries and Quarter Developments

We are a worldwide leader in optical technology. We design and manufacture products where our core optical technologies provide innovative solutions for communications, commercial and consumer applications. The Company offers products for data communications, telecommunications and cable television, display, security, medical/environmental, instrumentation, decorative, aerospace and defense applications. We currently employ approximately 5,520 employees at 12 locations, principally located in North America and the People's Republic of China.

Our Communications Products Segment provide a broad range of components, modules and subsystems better enabling our customers to satisfy their requirements through "one stop" shopping at a single supplier. We also leverage our broad−based component portfolio to provide higher levels of integration in modules and subsystems to create value−added solutions for our customers. Our Communications markets consist generally of:

- Original equipment manufacturers of enterprise and storage equipment such as Cisco, Sun Microsystems, IBM and Hewlett−Packard.

- Original equipment manufacturers of telecommunications equipment such as Nortel, Lucent, Alcatel, Ciena, and Cisco who supply systems to service providers worldwide.

- Original equipment manufacturers for cable television such as Scientific Atlanta, and C−COR who supply cable television service providers worldwide.

Our Commercial and Consumer Products Segment includes our thin film coating, optical assembly, bulk optics and laser technologies and expertise. Optical coatings are microscopic layers of materials applied to the surface of a substrate, such as glass, plastic or metal, to alter its optical properties. Optical coatings work by controlling, enhancing or modifying the behavior of light to produce specific effects such as reflection, refraction, absorption, and anti−glare. The ability to control the behavior of light using thin film coatings plays a critical role in many industries and products.

Our Commercial and Consumer markets consist generally of:

- Original equipment manufacturers of displays and display systems who use our optical components, modules, and assemblies in televisions and other displays, such as Texas Instruments, Sony and Toshiba, as well as for a variety of other display applications.
- Original equipment manufacturers who use our high precision coated products, optical sensors, optical filters and assemblies for a variety of applications including medical / environmental instrumentation, aerospace and defense.
- Suppliers of products and documents that require authentication in order to prevent counterfeiting. We provide products designed for the protection of currency and identification documents. We also provide solutions for the protection of high value brands for a variety of applications such as pharmaceutical and consumer electronic products.
- Designers and suppliers of decorative coatings who use our products to affect optical properties to achieve a differentiated, desirable appearance for a wide range of consumer products.
- Original equipment manufacturers such as Applied Biosystems, KLA−Tencor and Eastman Kodak who use our laser components and subsystems in biotechnology, graphic arts and imaging, semiconductor processing, material processing and other laser based applications and markets.

Overall, our communications markets are notable for their high customer concentrations at each level of the industry, significant competition at the component and module level which we participate, as well their extremely long design cycles. One consequence of a highly concentrated customer base and multiple competing vendors is systemic pricing pressure at each level of the industry. Large capital investment requirements, long return on investment periods, uncertain business models and complex and shifting regulatory hurdles, among other things, currently combine to limit opportunities for new service providers to emerge. *Thus, we expect that high customer concentration and its attendant pricing pressure and other effects on our communications markets will remain for the foreseeable future*. Long design cycles mean that considerable resources must be spent to design and develop new products with limited visibility relative to the ultimate market opportunity for the products (pricing and volumes) or the timing thereof. As the supplier of components and modules to this industry, we feel the effects most acutely, as system designs must first be initiated at the carrier level, communicated to the systems provider and then communicated to us and our competitors. During system design periods, shifts in economic, industry, regulatory, customer or consumer conditions could and often do cause redesigns, delays or even cancellations to occur with their concomitant costs to those involved. Communications industry design cycles are often destructive for companies without the financial and infrastructural resources to sustain the long periods between project initiation and revenue realization. Our Commercial and Consumer Products Group, while more diverse, shares some of the customer concentration and design cycle attributes of our communications markets.

Major business developments during the second quarter of fiscal 2005 include:

- Net revenues increased 18% during the second quarter of fiscal 2005 versus the second quarter of fiscal 2004. However, net revenues declined sequentially approximately 7% from the first quarter of fiscal 2005. Net revenue for the second quarter of fiscal 2005 from our Communications Products Group was approximately 59% of net revenue and net revenue from our Commercial and Consumer Products Group was approximately 41% of net revenue. Net revenue from our Commercial and Consumer Products group declined approximately 1% from the year earlier quarter and approximately 17% from the first quarter of fiscal 2005. This latter decline is primarily due to reduced revenues from a single display customer in the second quarter.
- No customer represented 10% or more of our net revenues during the first or second fiscal quarters of 2005. Cisco represented 11.7% of our net revenues for the second fiscal quarter of 2004.
- Gross margins declined during the quarter, with second quarter gross margins of 17% versus 22% for the first quarter of fiscal 2005 and 21% for the second quarter of fiscal 2004. The fiscal 2005 quarter to quarter deterioration in gross margin was due to decline in net revenue from an optics and display customer, to lower net recoveries of previously reserved inventories and lower overhead absorption. We expect that our principal focus for the foreseeable future will be on the identification and implementation of programs designed to improve gross margins primarily through the transition of products to low cost manufacturing locations and consolidation of third party manufacturing.
- Our Commercial and Consumer Products group experienced seasonality in demand and challenges with an increasingly competitive market. These issues have been particularly evident with our optics and display products.

- Our SG&A and R&D expenses for the second quarter declined slightly over last year's quarter as a percentage of net revenue, from 39% to 38%. However, our SG&A expenses increased approximately $6 million during the second quarter of fiscal 2005 due to increases in legal related expenses.

- The Company consumed $47 million in cash during the second quarter of fiscal 2005 including $33 million from operations, which included approximately $26 million related to restructuring.

- Our headcount at December 31, 2004 was 5,520.

- We sold our Bintan, Indonesia facility to Fabrinet during the second quarter of 2005. This transaction reduced our employee base by approximately 400 employees.

Net Revenue:

	Three Months Ended				Six Months Ended			
	December 31, 2004	December 31, 2003	Change*	Percentage Change	December 31, 2004	December 31, 2003	Change**	Percentage Change
Communications Product	$106.7	$ 77.8	$ 28.9	37%	$212.8	$ 152.1	$ 60.7	40%
Commercial & Consumer	73.8	74.8	(1.0)	(1%)	162.2	147.9	14.3	10%
Total net revenue	$180.5	$ 152.6	$ 27.9	18%	$375.0	$ 300.0	$ 75.0	25%

* **Primary reasons for change.** Net revenue increased from the prior year's quarter, primarily due to improved market conditions and higher demand for circuit pack and high power laser products in our Communications products. Net revenue from our Commercial & Consumer products declined from the prior year's quarter and the first quarter of fiscal 2005 due to an unexpected decrease in orders from an optics and display customer. Net revenue declined sequentially from the first quarter of fiscal 2005 due exclusively to a decline in net revenue from a customer in our optics and display business of our Commercial & Consumer Products Group.

** **Primary reasons for change.** Net revenue increased year over year, primarily due to improved market conditions and growth in our circuit pack and high power lasers in our Communications business segment. The increase in our Commercial & Consumer products for the six months was due almost exclusively to increased net revenue during the first quarter of fiscal 2005 from optics and display products.

Notes:

- Net revenue from our Communications Product Group accounted for 59% of our net revenue during the second quarter of fiscal 2005, 55% during the first quarter of fiscal 2005 and 51% during the second quarter of fiscal 2004.

- Net revenue from our Commercial and Consumer Products Group accounted for 41% of our net revenue during the second quarter of fiscal 2005, 45% during the first quarter of fiscal 2005 and 49% during the second quarter of fiscal 2004. Net revenue from this segment has declined 17% sequentially during the second quarter of fiscal 2005.

- Net revenue from customers outside North America represented 32% of net revenue for both of the three month periods ended December 31, 2004 and 2003. *We expect revenue from international customers to continue to be an important part of our overall revenue and an increasing focus for revenue growth.*

- Please refer to the "Operating Segment Information" section below for further discussions with respect to net revenue and operating results for each of our operating segments.

Comment and analysis:

During the second quarter of fiscal 2005, our net revenue of $180.5 million was approximately 18% higher than our net revenues for the second quarter of fiscal 2004, but represented a decline of 7% sequentially from the first quarter of fiscal 2005. The increased revenue over the prior year quarter is attributable primarily to improved market conditions and growth in our circuit pack and modules businesses. Net revenue for the second fiscal quarter decreased as compared to the first fiscal quarter, due exclusively to revenue declines in our Commercial and Consumer products due primarily to unexpected decrease in orders from an optics and display customer. *We believe the overall business climate continues with limited visibility. We believe that the mix of revenues in any quarter as happened in the second quarter continues to be driven by dramatic changes in demand from a small number of customers with strong needs one quarter and lower demand in another quarter.* We continue to encounter multiple and systemic execution challenges principally related to new product introductions. These challenges include new product delivery uncertainty, yield and quality problems, systems strain and related customer dissatisfaction. *Improving our overall execution will be a major priority for the foreseeable future*. If we do not improve our execution and product quality, our operating results will suffer and we may experience customer defections.

Gross Profit:

	Three Months Ended			Six Months Ended		
	December 31, 2004	**December 31, 2003**	**Change***	**December 31, 2004**	**December 31, 2003**	**Change****
Total gross profit	$ 29.8	$ 32.1	$ (2.3)	$ 72.7	$ 63.9	$ 8.8
Percentage of net revenue	17%	21%		19%	21%	

***Primary reasons for change**: Gross profit for the quarter decreased primarily due to: (i) a decrease in consumption of previously reserved inventory of $6.5 million in the current quarter as compared to the prior−year period; (ii) vendor cancellation charges of $1.5 million and (iii) a decrease in adjustments to previously accrued warranty of $1.8 million as compared to the prior−year period. These unfavorable impacts to gross profit were offset by the following: (i) payroll related expenses declined by $1.9 million; and (ii) facilities costs declined by $1.9 million. In addition from a product mix perspective, more of the Company's revenue was derived from Communications Group products, which generally have lower gross margins than our Commercial and Consumer products and adversely affected our gross margin.

****Primary reasons for change:** Gross profit year over year increased primarily due to: (i) increased revenue as compared to the prior year period including growth in the Commercial and Consumer Products business segment, which generally produces higher gross margins; (ii) personnel related expenses declined by $2.9 million; (iii) facilities costs declined by $2.4 million. These favorable impacts to gross profit were offset by: (i) a decrease in consumption of previously reserved inventory of $4.5 million during the first half of fiscal 2005 as compared to the prior−year period and (ii) a decrease in adjustments to previously accrued warranty of $4.2 million as compared to the prior−year period. Additionally, from a product mix perspective more of the Company's revenue derived this period was from our Communications Product Group products which generally have a lower margin than from our Commercial & Consumer Product Group.

Comment and analysis:

Gross profits for the second quarters of fiscal 2005 and 2004 were approximately 17% and 21% of net revenue, respectively. On a quarter over quarter basis, gross margins declined from 22% in the first quarter of fiscal 2005 to 17% in the second quarter of fiscal 2005. The decline is the result of several factors, including, among others, the following:

- Average selling price declines have continued to adversely impact gross profit.
- During the second quarter we experienced a sequential decline in our higher margin Commercial & Consumer product revenue which included revenue decline from an optics and display customer, and we realized growth in our relatively lower margin Communications business.
- In our Commercial and Consumer Products Group we experienced a decline in optics and display revenue and associated inventory adjustments and reduced overhead absorption.

- We continue to transition products to lower cost manufacturing locations, and we continue to experience a period of redundant overhead costs. While we believe we will experience substantial benefits of moving to lower cost manufacturing centers, we expect that costs associated with the implementation of these measures will adversely impact our gross margins for the next several quarters.

- We are gradually losing the benefit of certain items associated with the economic downturn and our (and the industry's) subsequent restructuring, such as favorable excess inventory benefits, cancellation revenues and warranty reversals. At a minimum, these factors create margin variation in any quarter.

Additionally, we have recently introduced a number of new products; for example our light engines in the Commercial & Consumer product Group and programs, for example Reconfigurable Optical Add / Drop Multiplexer (ROADM) in our Communications Product Group, due to the untested nature of the products and the potential for complexity have incurred and are expected to continue to incur relatively higher startup costs and increased yield and product quality risk. These issues have negatively impacted and could continue to negatively impact our gross profit. *We expect gross profit pressures to remain for the foreseeable future and in particular expect new product introductions to create variability in our gross margins and we cannot predict the timing or extent of any gross margin improvement. Looking ahead, actions designed to improve our gross margins (through product mix improvements, cost reductions associated with product transfers and product rationalization, and yield and quality improvements, among other things) will be a principal focus for us.*

Research and Development (R&D):

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change*	December 31, 2004	December 31, 2003	Change**
Research and development	$ 24.4	$ 24.1	$ 0.3	$ 48.9	$ 48.8	$ 0.1
Percentage of net revenue	14%	16%		13%	16%	

***Primary reasons for change:** The expense remained essentially flat, and decreased as a percentage of net revenues due to increases in revenue and expense control. However, changes within research and development expenses were attributable to a decline in R&D materials and tools of $1.6 million; offset by an increase in personnel related expenses and outside services in the aggregate of $1.1 million.

****Primary reasons for change:** The expense remained essentially flat, and has decreased as a percentage of net revenues due to increases in revenue and expense control. Specifically, there has been a decline in personnel related expenses of $2.2 million, offset by increased expenses of $1.3 million for outside services and $0.5 million for facilities and occupancy.

Comment and analysis:

We believe that investment in R&D is critical to attaining our strategic objectives. Historically we have devoted significant engineering resources to assist with production, quality and delivery challenges which has had some negative impact on our new product development activities. Despite our continued efforts to reduce expenses, there can be no assurance that our R&D expenses will continue to remain flat in future quarters. In addition, there can be no assurance that such expenditures will be successful or that improved processes or commercial products, at acceptable volumes and pricing, will result from our investment in R&D.

Selling, General and Administrative Expense (SG&A):

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change*	December 31, 2004	December 31, 2003	Change**
Selling, general and administrative	$ 43.5	$ 34.6	$ 8.9	$ 80.7	$ 75.6	$ 5.1
Percentage of net revenue	24%	23%		22%	25%	

***Primary reasons for change:** The increase was primarily due to: (i) higher legal fees of $6.0 million primarily for expenses related to legacy legal issues and (ii) increases in payroll and related expenses of $1.1 million and (iii) overall increases in marketing related costs. These expenses were offset in part by decreases in facility and occupancy related costs of approximately $1.6 million due to site consolidations and removal and disposal of property, plant and equipment.

****Primary reasons for change:** The increase was primarily due to: (i) higher legal fees of $7.2 million primarily for expenses related to legacy legal issues; (ii) increases of $2.7 million for other outside services; and (iii) an increase of $1.9 million in marketing expenses. These expenses were offset in part by (i) decreases in facility and occupancy related costs of approximately $3.0 million due to site consolidations and removal and disposal of property, plant and equipment; and (ii) reductions to payroll and related expense of $2.9 million

Comment and analysis:

Through our continuing efforts to control expenses, recurring core SG&A expenses appear to be stabilizing. However, we intend to continue to aggressively address our SG&A expenses and reduce these expenses as and when opportunities arise. We caution, however, that we have in the recent past experienced, and expect to continue to experience in the future, certain non−core expenses, such as litigation and dispute related settlements and accruals, which could increase our SG&A expenses, and impair our profitability expectations, in any particular quarter. None of these non−core expenses, however, is expected to have a material adverse impact on our financial condition. Also, we expect to incur additional SG&A expenses as we fully implement the requirements of the Sarbanes−Oxley Act of 2002, in particular, Section 404 thereof, and continue to invest in personnel strategic to our business. There can be no assurance that our SG&A expense will decline in the future or that, more importantly, we will develop a cost structure (including our SG&A expense), which will lead to profitability under current and expected revenue levels.

Amortization of Purchased Intangibles:

	Three Months Ended			Six Months Ended		
	December 31, 2004	**December 31, 2003**	**Change***	**December 31, 2004**	**December 31, 2003**	**Change***
Amortization of purchased intangibles	$ 4.8	$ 3.9	$ 0.9	$ 9.5	$ 7.8	$ 1.7

***Primary reasons for change:** The increase for the three−month and six month periods was due to the increase in our intangible assets subject to amortization as a result of recent acquisition activity.

Reduction of Other Long−Lived Assets:

	Three Months Ended			Six Months Ended		
	December 31, 2004	**December 31, 2003**	**Change**	**December 31, 2004**	**December 31, 2003**	**Change**
Assets held and used:						
Property, plant and equipment	$ —	$ —	$	$ —	$ 5.0	$ (5.0)
Assets held for sale:						
Property, plant and equipment	—	38.4	(38.4)	4.5	38.3	(33.8)
Total reductions of other long−lived assets	$ —	$ 38.4	$ (38.4)	$ 4.5	$ 43.3	$ (38.8)

Comment and analysis:

During the three and six month periods ended December 31, 2004 and 2003, the Company recorded $0.0 million, $4.5 million, $38.4 million and $43.3 million, respectively, of reductions in the carrying value of its long−lived assets and assets held for sale.

Three and Six months Ended December 31, 2004:

Assets Held for Sale:

During the first quarter of fiscal 2005, the Company reduced the carrying value of the Ottawa campus by $4.5 million as a result of changes in estimated market conditions. During the second quarter of fiscal 2005 there were no changes in the carrying value of these assets.

Three and Six Months Ended December 31, 2003:

Assets Held and Used:

During the first six months of fiscal 2004, as a result of the adoption of FIN 46 with respect to two properties under a synthetic lease agreement, the Company recognized a $5.0 million impairment charge related to the Melbourne, Florida property. The Company noted no indicators of impairment during the first quarter of fiscal 2004 related to the Company's remaining long−lived assets, including purchased intangibles.

Assets Held for Sale:

During the three and six months ended December 31, 2003, the Company adjusted the carrying value of the Ottawa campus assets classified as held for sale.

Please see the Company's discussion of factors considered in the reduction of other long−lived assets in the notes to the Condensed Consolidated Financial Statements − Note 9. "Reduction of Other Long−Lived Assets".

Restructuring and Other Related Charges:

	Three Months Ended			Six Months Ended		
	December 31, 2004	**December 31, 2003**	**Change**	**December 31, 2004**	**December 31, 2003**	**Change**
Restructuring charges	$ 3.8	$ 9.4	$ (5.6)	$ 9.1	$ 5.8	$ 3.3

Comment and analysis:

During the three and six month periods ended December 31, 2004, the Company developed plans to consolidate a portion of its North American and Asian manufacturing operations to China or transfer the production to third party manufacturers. These actions created restructuring charges of approximately $5.3 million primarily related to severance and benefits associated with employee terminations or notification of termination of approximately 225 employees in North America and approximately 390 employees in Asia. The Company also recorded adjustments to Global Realignment Program lease charges of approximately $3.8 million due to reductions in estimated sublease income expected on restructured properties.

During the first quarter of fiscal 2004, the Company recorded adjustments to its Global Realignment Program of $(4.2) million offset by $0.6 million for the initiation of the eighth phase of the program. The adjustments primarily related to lower than expected costs on terminated lease restructure facilities. Phase 8 primarily related to the reduction of 20 employees in North America aligning the number of employees to the Company's needs.

In April 2001, we initiated the Global Realignment Program, under which we began restructuring our business in response to the economic downturn. Through December 31, 2003, we implemented 9 phases of restructuring activities and recorded total restructuring charges of $652.0 million. In addition, we incurred charges other than restructuring of $484.0 million related to the Global Realignment Program (of which $2.3 million and $0.7 million were recorded during the second quarters ended December 31, 2004 and 2003, respectively). The Company has initiated restructuring actions since December 31, 2003, resulting in restructuring charges of $11.6 million through December 31, 2004. Additional charges associated with these actions have amounted to $0.2 million. Please refer to "Note 10. Restructuring" of the Notes to Condensed Consolidated Financial Statements for a detailed discussion of these charges associated with our restructuring actions.

The Company's ability to generate sublease income, as well as its ability to terminate lease obligations at the amounts estimated, is highly dependent upon the economic conditions, particularly commercial real estate market conditions in certain geographies, at the time we negotiate the lease termination and sublease arrangements with third parties as well as the performances by such third parties of their respective obligations. While the amount the Company has accrued represents the best estimate of the remaining obligations it expects to incur in connection with these plans, estimates are subject to change. Routine adjustments are required and may be required in the future as conditions and facts change through the implementation period. The Company's restructuring obligations are net of sublease income or lease settlement estimates of approximately $14.4 million. If adverse macroeconomic conditions continue, particularly as they pertain to the commercial real estate market, or if, for any reason, tenants under subleases fail to perform their obligations, the Company may be required to reduce estimated future sublease income and adjust the estimated amounts of future settlement agreements, and accordingly, increase estimated cost to exit certain facilities. Amounts related to the lease expense, net of anticipated sublease proceeds, will be paid over the respective lease terms through fiscal 2011.

The actions under the Global Realignment Program and other restructuring actions may not be successful in achieving the expected cost reductions or other benefits may be insufficient to align our operations with customer demand and the changes affecting our industry, or may be more costly or extensive than currently anticipated. Even if the restructuring activities are successful and meet our current cost reduction goals, our revenue must continue to increase substantially in the future for us to be profitable.

Interest and Other Income, Net:

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change*	December 31, 2004	December 31, 2003	Change**
Interest and other income, net	$ 5.3	$ 8.5	$ (3.2)	$ 8.0	$ 11.4	$ (3.4)

***Primary reasons for change:** The decrease in the second quarter of fiscal 2005 over the prior−year period was due to a combination of slightly higher interest income earned on invested cash balances, offset by reduced gains on the disposal of certain assets and reduced gains on foreign exchange.

****Primary reasons for change:** The decrease in the second half of fiscal 2005 over the prior−year period was due to a combination of higher interest income offset by increased foreign exchange expense, primarily in the first quarter of fiscal 2005.

Gain on Sale of Investments:

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change*	December 31, 2004	December 31, 2003	Change*
Gain on sale of investment	$ 2.0	$ 19.6	$ (17.6)	$ 2.3	$ 20.2	$ (17.9)

***Primary reasons for change:** Gains on sales of investments are primarily the result of the sale of marketable public securities. There were very few sales during fiscal 2005. The fair value of our marketable securities at December 31, 2004 is approximately $54.0 million.

Reduction in Fair Value of Investments:

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change*	December 31, 2004	December 31, 2003	Change*
Reduction in fair value of investments	$ (2.7)	$ (1.1)	$ (1.6)	$ (5.0)	$ (2.3)	$ (2.7)

***Primary reasons for change** We periodically review our investments for impairment. In the event the carrying value of an investment exceeds its fair value and the decline in fair value is determined to be other−than−temporary, we write down the value of the investment to its fair value. The Company recorded $2.7 million; $5.0 million and $1.1 million; $2.3 million of reductions in fair value of certain non−marketable investments in the second quarters and first six months of fiscal 2005 and 2004, respectively.

Comment and analysis:

Should the fair value of our investments continue to decline in the future, we may be required to record additional charges if the decline is determined to be other−than−temporary. The carrying amount of the Company’s investments is $32.4 million and its minimum funding commitments is $13.6 million.

Loss on Equity Method Investments:

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change	December 31, 2004	December 31, 2003	Change
Loss on equity method investments	$ (0.8)	$ (4.7)	$ 3.9	$ (3.7)	$ (5.9)	$ 2.2

Comment and analysis:

We recorded losses on our equity method investments representing our pro−rata share of net losses. Our equity investments include five venture capital funds and three direct investments.

Income Tax Expense (Benefit):

	Three Months Ended			Six Months Ended		
	December 31, 2004	December 31, 2003	Change	December 31, 2004	December 31, 2003	Change
Income tax expense (benefit)	$ (1.9)	$ 2.5	$ (4.4)	$ (1.4)	$ (10.4)	$ 9.0

Comment and analysis:

The Company recorded income tax benefit of $1.9 million and $1.4 million for the three and six months ended December 31, 2004 respectively, as compared to an income tax expense of $2.5 million and an income tax benefit of $10.4 million for the three and six months ended December 31, 2003, respectively.

Included in the tax benefit recorded for the three and six months ended December 31, 2004 is a $2.5 million tax benefit recorded in February 2005 as of December 31, 2004 to reflect a reduction in previously accrued tax liabilities as a result of the Company's resolution of certain domestic tax audit issues. The $2.5 million benefit is reflected in the Company's consolidated balance sheet as of December 31, 2004 under the caption "Income tax payable" and in the consolidated statement of operations for the quarter ended December 31, 2004 under the caption "Income tax expense (benefit)." The company also recorded $0.6 million and $0.5 million of income tax expense for the three months and six months ended December 31, 2004, respectively, relating primarily to foreign income taxes.

The income tax benefit recorded for the three months and six months ended December 31, 2004 differs from the expected tax benefit that would be calculated by applying the federal statutory rate to our loss before income taxes primarily due to the reduction of previously accrued tax liabilities and increases in our valuation allowance for deferred tax assets attributable to our domestic and foreign losses from continuing operations

The income tax expense recorded for the three months ended December 31, 2003 differs from the expected tax benefit that would be calculated by applying the federal statutory rate to the loss before income taxes primarily due to the net effect of increases in our valuation allowance for deferred tax assets and a $2.0 million income tax expense recorded as a result of gains realized from sales of available−for sale investments. The tax benefit for the six months ended December 31, 2003 resulted primarily from appreciation in the carrying value of certain publicly traded securities designated as available−for−sale investments which allowed us to record a tax benefit for the domestic operating losses sustained during the six months ended December 31, 2003.

Fluctuations in the value of our available−for−sale marketable public securities may create volatility in the amount of income tax expense (benefit) we record in future periods.

Due to the continued economic uncertainty in the industry, management has determined that it is more likely than not that the Company's net deferred tax assets will not be realized and the Company has recorded deferred tax assets as of December 31, 2004 only to the extent of deferred tax liabilities.

The Company is currently subject to various federal, state and foreign audits by taxing authorities. The Company believes that adequate amounts have been provided for any adjustments that may result from these examinations.

On December 21, 2004, the FASB issued FASB Staff Position No. FAS 109−2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (FSP FAS 109−2). The American Jobs Creation Act introduces a special one−time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer (repatriation provision), provided certain criteria are met. However, the Company currently has no plans to repatriate foreign earnings.

Operating Segments and Geographic Information:

Communications Product Group:

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Change*	Percentage Change	Six Months Ended December 31, 2004	Six Months Ended December 31, 2003	Change**	Percentage Change
Net revenue	$ 106.7	$ 77.8	$ 28.9	37%	$ 212.8	$ 152.1	$ 60.7	40%
Operating income (loss)	$ (14.5)	$ (9.4)	$ (5.1)	(54%)	$ (24.8)	$ (20.2)	$ (4.6)	(23%)

***Primary reasons for change:** The increase in Communication Products Group net revenue for the three month period reflect improving market conditions and an increase in customer demand for circuit pack and high power lasers during the second quarter of fiscal 2005. The increase in the Communication Product Group operating loss reflects continued erosion in average selling price (ASP's), increased net inventory related charges resulting from reduced consumption of previously reserved inventory and manufacturing transition costs partially offset by increased demand for circuit pack and module products, which typically have higher gross margins relative to our other Communication products.

****Primary reasons for change:** The increase in Communication Products Group net revenue for the six month periods reflect improving market conditions and an increase in customer demand during the first half of fiscal 2005 for circuit pack and high power lasers. The increase in the Communication Product Group operating loss reflects continued erosion in ASP's, offset by increased demand for circuit pack and module products, which typically have higher gross margins relative to our other Communication products.

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Commercial and Consumer Products Group:

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Change*	Percentage Change	Six Months Ended December 31, 2004	Six Months Ended December 31, 2003	Change**	Percentage Change
Net revenue	$ 73.8	$ 74.8	$ (1.0)	(1%)	$ 162.2	$ 147.9	$ 14.3	10%
Operating income (loss)	$ 4.1	$ 11.5	$ (7.4)	(64%)	$ 18.4	$ 20.5	$ (2.1)	(10%)

***Primary reasons for change:** The decrease in net revenue and operating income for our Commercial and Consumer Products Group for the three months ended December 31, 2004 was primarily attributable to an unexpected decrease in orders from a customer in the optics and display business and increased inventory reserve and vendor cancellation charges.

****Primary reasons for change:** The increase in net revenue for Commercial and Consumer Products Group for the six months ended December 31, 2004 was primarily attributable to increased sales of optical and display products. The decline in operating income is primarily the result of increased inventory reserve and vendor cancellation charges during the second quarter of fiscal 2005.

Geographic

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Six Months Ended December 31, 2004	Six Months Ended December 31, 2003
Net revenue:				
North America	$ 122.2	$ 103.1	$ 247.9	$ 199.8
Europe	32.2	26.7	67.4	53.6
Asia and other	26.1	22.8	59.7	46.6
Total net revenue	$ 180.5	$ 152.6	$ 375.0	$ 300.0

	December 31, 2004	June 30, 2004
Long−lived assets:		
North America	$ 132.3	$ 156.2
Europe	4.5	4.6
China	29.0	30.2
Other asia	10.3	8.9
Total long –lived assets	$ 176.1	$ 199.9

Liquidity and Capital Resources

As of December 31, 2004, we had a combined balance of cash, cash equivalents and short−term investments of $1,416.4 million, a decrease of $132.3 million from June 30, 2004 primarily due to cash consumed in operations, purchase of property, plant and equipment of $15.7 million and acquisition activities of $13.1 million. Our total debt outstanding, including capital lease obligations, was $470.5 million at December 31, 2004.

Operating activities used $93.2 million during the six months ended December 31, 2004, primarily due to our net loss of $77.0 million adjusted for non−cash items including depreciation of $20.5 million and amortization of $9.5 million. Other liabilities decreased by $41.4 million, primarily due to payments for previously accrued restructuring obligations for leases and severance of $35.2 million. Income taxes payable decreased by $5.0 million as the result of payments and audit settlements and cash used for inventories increased by $2.3 million as the Company improved inventory management.

Cash provided by investing activities was approximately $71.8 million during the six months ended December 31, 2004, primarily due to sales and net maturities of available for sale investments of $106.7 million, reduced by cash used for acquisitions and purchases of property, plant and equipment of $28.8 million.

Our investments of surplus cash are made in accordance with an investment policy approved by our Board of Directors. In general, our investment policy requires that securities purchased and held be rated SP−1/MIG−1, A/A2 or better. No securities may have an effective maturity that exceeds 36 months, and the average duration of our investment portfolio may not exceed 18 months. At any time, no more than 10% of the investment portfolio may be concentrated in a single issuer other than the U.S. or Canadian government.

Our financing activities for the six months ended December 31, 2004 provided cash of $8.0 million, resulting primarily from issuance of Company stock under the Employee Stock Purchase Plan.

During the quarter ended December 31, 2004, our cash consumption improved sequentially over the previous quarter from approximately $85 million to $47 million primarily reflecting improved working capital management.

We expect to use approximately $170 to $190 million in cash and short− term investments in fiscal 2005, exclusive of amounts required relating to our acquisition and investment activities during the fiscal year. We believe that our existing cash balances and investments will be sufficient to meet our liquidity and capital spending requirements at least through the next 12 months. However, possible investments in or acquisitions of complementary businesses, products or technologies may require the use of additional cash or financing prior to such time. *We have in recent periods consumed, and we expect to continue to consume, portions of our cash reserves to fund our operations, investments and acquisitions. The amounts consumed to date, together with the amounts currently anticipated to be spent, are not expected to materially impair our financial condition.* However, we may need to expend additional, currently unanticipated, cash reserves to fund our operations. Our liquidity could be negatively affected by a decline in demand for our products, which are subject to rapid technological changes, or a reduction of capital expenditures by telecommunications carriers.

Off−Balance Sheet Arrangements:

We do not have any off−balance sheet arrangements, as such term is defined in rules promulgated by the Securities and Exchange Commission, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Employee Stock Options

Stock Option Program Description:

Our stock option program is a broad−based, long−term retention program that is intended to attract and retain employees and align stockholder and employee interests.

Pursuant to Section 3(a) of the Company's 2003 Equity Incentive Plan (the "2003 Plan), and in accordance with the registration requirements of the Securities Act of 1933, as amended, the Company registered 140 million shares which are reserved for issuance under the 2003 Plan. Further, as a result of receiving stockholder approval of the 2003 Plan, (i) the Company's right to issue options under the Company's 1993 Amended and Restated Flexible Stock Incentive Plan (the "1993 Plan") immediately ceased effective November 6, 2003, and (ii) all shares of the Company's common stock associated with such options ceased to be available for issuance effective as of such date. The stockholders' action did not affect any of the options currently outstanding under the 1993 Plan, all of which remain outstanding in accordance with their terms.

As of December 31, 2004, we have available for issuance 112.5 million shares of common stock underlying options for grant only under the JDS Uniphase Corporation 2003 Equity Incentive Plan. The exercise price is generally equal to the fair value of the underlying stock at the date of grant. Options generally become exercisable over a four−year period and, if not exercised, expire from five to ten years. Substantially all of our employees participate in our stock option program.

In December of 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123 (revised 2004), Share−Based Payment (SFAS No. 123(R)). SFAS No. 123(R) will require us to measure all employee stock−based compensation awards using a fair value method and record such expense in our consolidated financial statements. In addition, the adoption of SFAS No. 123(R) will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share−based payment arrangements. SFAS No. 123(R) is effective beginning in our first quarter of fiscal 2006. The adoption of SFAS No. 123(R) is expected to have a material impact on our consolidated financial position and results of operations. The Company plans to use the modified prospective transition method to adopt this new standard. For the historical impact of stock−based compensation expense, see the notes to Condensed Consolidated Financial Statements — Note 3 "Pro Forma Stock Compensation Expense ".

Status of Acquired In−Process Research and Development Projects

We periodically review the stage of completion and likelihood of success of each of the IPR&D projects. The nature of the efforts required to develop the IPR&D projects into commercially viable products principally relates to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the products can be produced to meet their design specifications, including functions, features and technical performance requirements. The current status of the IPR&D projects for our significant acquisitions is as follows:

E20:

E2O was in the process of developing a vertical−cavity surface emitting laser (VSCEL) as of the date of acquisition. *We have incurred post−acquisition costs of $1.5 million to date and estimate that an additional investment of approximately $0.6 million in research and development during fiscal 2005 will be required to complete the IPR&D project. The differences between the actual outcome noted above and the assumptions used in the original valuation of the technology are not expected to have a significant impact on our results of operations and financial position.*

Scion:

The products under development at the time of acquisition were comprised of advanced integrated waveguide devices. *We have incurred post−acquisition costs of $3.9 million to date and this project has been redirected to the new ROADM project. The differences between the actual outcome noted above and the assumptions used in the original valuation of the technology are not expected to have a significant impact on our results of operations and financial position.*

Risk Factors

We cannot predict a return to profitability

Our revenue and profitability measures declined significantly in the second quarter of fiscal 2005, reversing a multi−quarter improvement trend. Although we have made progress in reducing elements of our expense structure, a confluence of factors continues to offset these improvements and impair both our short−term improvement goals, as well as our ability to predict the timing of our return to break−even and long−term profitability. These factors include, among others:

- Adverse changes to our product mix, both fundamentally (resulting from new product transitions and the declining profitability of certain of our legacy products, among other things) and due to quarterly demand fluctuations within our product portfolio, which has a wide gross margin range;
- The declining, but variable impact of transient financial benefits (including warranty reversals, cancellation revenues and the use of previously−written off inventory) accumulated during the economic downturn and associated restructuring activities;
- Pricing pressures across our product lines (due to competitive forces, increasingly from Asia, and a highly concentrated customer base), which continue to offset many of the cost improvements we are realizing quarter over quarter;
- Increasing commoditization of previously customized, differentiated products, principally in our communications markets, and the concomitant negative effect on pricing and profit margins;
- Continuing execution challenges which limit revenue opportunities, harm profitability, market share and customer relations; and
- Continuing incremental and redundant related costs to transition manufacturing to low cost locations; and
- Continuing high levels of SG&A expenses. Recently enacted and proposed changes in the laws and regulations affecting public companies, *including the provisions of the Sarbanes−Oxley Act of 2002, have and will continue to increase our expenses.*

Taken together, these factors are impairing our ability to predict and achieve profitability. *While some of these factors may diminish over time as we improve our cost structure and focus on enhancing our product mix, several, such as increasing Asia−based competition, increasing commoditization of previously−differentiated products and a highly concentrated customer base are likely to remain endemic to our industries.* If we fail to achieve our stockholders' profitability expectations, our stock price will suffer as well as our business and financial condition will suffer.

Our success depends on sustained recovery and long−term growth in our markets

If information networks do not continue to expand as expected, our communications business will suffer.

Our future success as a manufacturer of optical components, modules and subsystems ultimately depends on the continued growth of the communications industry and, in particular, the continued expansion of global information networks, particularly those directly or indirectly dependent upon a fiber optics infrastructure. As part of that growth, we are relying on increasing demand for high−content voice, video, text and other data delivered over high−speed connections (i.e., high bandwidth communications). As network usage and bandwidth demand increase, so do the need for advanced optical networks to provide the required bandwidth. Without network and bandwidth growth, the need for our advanced communications products, and hence our future growth as a manufacturer of these products, is jeopardized. Currently, while increasing demand for network services and for broadband access, in particular, is apparent, growth is limited by several factors, including, among others, an uncertain regulatory environment, reluctance from content providers to supply video and audio content over the communications infrastructure, and uncertainty regarding long term sustainable business models as multiple industries (cable, traditional telecommunications, wireless, satellite, etc.) offer non−complimentary and competing content delivery solutions. Ultimately, should long−term expectations for network growth and bandwidth demand not be realized or support a sustainable business model, our business would be significantly harmed.

We are increasingly depending on stability and growth in non−communications markets.

Our Communications and Commercial and Consumer products segments each represent a material, although varying, portion of our total revenue. Our strategy emphasizes the growth opportunities in both segments, as we seek to expand our markets and customer base, increase the level of integration of our products, and improve time to revenue. In furtherance of this strategy, we are engaged in or exploring several new product opportunities in our Commercial and Consumer segment, particularly in our display and laser businesses, as well as expanding the opportunities for our current products in this segment. Consequently, we are increasingly dependent upon growth markets outside of communications for our overall growth and success. Failures in these markets or our execution of programs related to the same will significantly harm our business. Recent declines in our optical and display business have highlighted this concern, as gross margins in our Commercial and Consumer Products Group are generally higher than those in our Communications Products Group, and thus such declines have a disproportionate impact on our overall profitability.

Actions to improve our cost structure are costly and the timing and extent of expected benefits is uncertain.

In response to our profitability concerns we are working vigorously to reduce our cost structure and have made significant progress. Nevertheless, major actions remain, including elimination of operations and infrastructure, transferring manufacturing and product lines to more optimal internal locations or, in many cases, to independent contract manufacturers, disposing of unnecessary assets, centralizing functions, improving our governance and systems, and, as necessary, streamlining our employee base. These measures (including, among other things, the measures taken under our restructuring programs) may be disruptive, more costly or extensive than expected, may be insufficient to align our operations with customer demand and the changes affecting our industry, and, ultimately, unsuccessful in creating profit margins sufficient to sustain our business and growth strategy.

We have continuing concerns regarding the manufacture, quality and distribution of our products. These concerns are heightened as our volumes and new product offerings increase.

Our success depends upon our ability to deliver high quality products on time to our customers at acceptable cost. As a technology company, we constantly encounter quality, volume and cost concerns. Currently, a combination of factors is exacerbating our concerns:

- Our continuing cost reduction programs, which include site consolidations, product transfers (internally and to contract manufacturers) and employee reductions, require the re−establishment and re−qualification of complex manufacturing lines, as well as modifications to systems, planning and operational infrastructure. During this process, we have experienced, and continue to experience: additional costs, and delays in re−establishing volume production levels; supply chain interruptions; planning difficulties; inventory issues; factory absorption concerns; and systems integration problems.

- Periodic increases in demand for certain of our products, in the midst of our cost reduction programs, have from time to time strained our execution abilities as well as those of our suppliers, as we are experiencing periodic and varying capacity, workforce and materials constraints, enhanced by the impact of our on going product and operational transfers.

- Recently, we have commenced a series of new product programs and introductions, particularly in our circuit pack, communications modules and display components and modules businesses, which due to the untested and untried nature of the relevant products and their manufacture and their increased complexity, exposes us to product quality risk, internally and with our materials suppliers.

These factors have caused considerable strain on our execution capabilities and customer relations. Currently, we are (a) having periodic difficulty responding to customer delivery expectations for some of our products, (b) experiencing yield and quality problems, particularly with some of our new products and higher volume products, and (c) expending additional funds and other resources to respond to these execution challenges. We are currently losing revenue opportunities due to these concerns. We are also, in the short−term, diverting resources from new product research and development and other functions to assist with resolving these matters. If we do not improve our performance in all of these areas, our operating results will be harmed, the commercial viability of new products may be challenged and our customers may choose to reduce their purchases of our products and purchase additional products from our competitors.

If our customers do not qualify our manufacturing lines for volume shipments, our operating results could suffer

Customers will not purchase certain of our products, other than limited numbers of evaluation units, prior to qualification of the manufacturing lines for the products. This concern is particularly relevant to us as we continue to take advantage of opportunities to further reduce costs through targeted, customer−driven, restructuring events, which will involve the relocation of certain of our manufacturing internally and to external manufacturers. Each new (including relocated) manufacturing line must undergo rigorous qualification testing with our customers. The qualification process can be lengthy and is expensive, with no guarantee that any particular product qualification process will lead to profitable product sales. The qualification process determines whether the manufacturing line achieves the customers’ quality, performance and reliability standards. Our expectations as to the time periods required to qualify a product line and ship products in volumes to customers may be erroneous. Delays in qualification can cause a long−term supply program to be cancelled. These delays will also impair the expected timing, and may impair the expected amount, of sales of the affected products. Nevertheless, we may, in fact, experience delays in obtaining qualification of our manufacturing lines and, as a consequence, our operating results and customer relationships would be harmed.

We could incur significant costs to correct defective products

Our products are rigorously tested for quality both by our customers and us. Nevertheless, our products do, and may continue to, fail to meet customer expectations from time−to−time. Also, not all defects are immediately detectible. Customers' testing procedures are limited to evaluating our products under likely and foreseeable failure scenarios. For various reasons (including, among others, the occurrence of performance problems that are unforeseeable in testing or that are detected only when products are fully deployed and operated under peak stress conditions), our products may fail to perform as expected long after customer acceptance. Failures could result from faulty design or problems in manufacturing. In either case, we could incur significant costs to repair and/or replace defective products under warranty, particularly when such failures occur in installed systems. We have experienced such failures in the past and remain exposed to such failures, as our products are widely deployed throughout the world in multiple demanding environments and applications. In some cases, product redesigns or additional capital equipment may be required to correct a defect. We have in the past increased our warranty reserves and have incurred significant expenses relating to certain communications products. Any significant product failure could result in lost future sales of the affected product and other products, as well as severe customer relations' problems, litigation and damage to our reputation.

If our contract manufacturers fail to deliver quality products at reasonable prices and on a timely basis, our results of operations and financial conditions could be harmed.

We are increasing our use of contract manufacturers as an alternative to internal manufacturing. Among other things, we recently transferred our Bintan facility and operations, representing a material portion of our datacom transceiver business, to our contract manufacturer, Fabrinet. If our contract manufacturers do not fulfill their obligations to us, or if we do not properly manage these relationships and the transition of production to these contract manufacturers, our existing customer relationships will suffer. In addition, by undertaking these activities, we run the risk that the reputation and competitiveness of our products and services may deteriorate as a result of the reduction of our control over quality and delivery schedules. We also may experience supply interruptions, cost escalations and competitive disadvantages if our contract manufacturers fail to develop, implement or maintain manufacturing methods appropriate for our products and customers. In this regard, we have experienced, and continue to experience, difficulties (such as delays, interruptions and quality problems) associated with products we have transferred to contract manufacturers. These may continue, resulting in, among other things, lost revenue opportunities, customer dissatisfaction and additional costs.

If our new product offerings fail in the market, our business will suffer

We are a technology company. Our success or failure depends, in large part, upon our ability to continuously and successfully introduce and market new products and technologies meeting or exceeding our customer's expectations. Accordingly, we intend to continue to develop new product lines and improve the business for existing ones. However, we have considerably reduced our research and development spending from historic levels and some of our competitors now spend considerably higher percentages of their revenues on research and development than do we. If we fail to develop and sustain a robust, commercially viable product pipeline our business will suffer.

In recent periods, we have increased our focus on new products, particularly in our circuit pack, communications modules and optics and display businesses. Our current growth strategy emphasizes all of our businesses lines. Nevertheless, several of the key relevant products are untried and untested and have not yet demonstrated long−term commercial viability. Occasionally problems occur causing us to cancel or adjust new product programs. In this regard, we recently adjusted our light engine program to move from the mass production of integrated light engines for the broad consumer market to a focus on creating "best in class" components, integration techniques and systems integration for early market innovators. Current challenges across our new product efforts include establishing sustainable pricing and cost models, predictable and acceptable quality and yields, and adequate and reliable supply chains, as well as demonstrating our (and our suppliers') ability to scale and provide adequate facilities, personnel and other resources. Nonetheless, if we fail to successfully develop and commercialize some or all of these new products, our business could suffer.

Stability concerns affecting many of our key suppliers could impair the quality, cost or availability of many of our important products, harming our revenue, profitability and customer relations

We have numerous materials suppliers for our products and, frequently, many of our important products rely on single−source suppliers for critical materials. These products include several of our advanced components, modules and subsystem products across our businesses. Many of our important suppliers are small companies facing financial stability, quality, yield, scale or delivery concerns. Some of these companies may be acquired, undergo material reorganizations or become insolvent. Others are larger companies with limited dependency upon our business, resulting in unfavorable pricing, quantity or delivery terms. The recent signs of market stability in our business have exacerbated these concerns as we increase our purchasing to meet our customers' demands. We are currently undertaking programs to ensure the long−term strength of our supply chain. *Nevertheless, we are experiencing, and expect for the foreseeable future to continue to experience, strain on our supply chain and periodic supplier problems.* We have incurred, *and expect for the foreseeable future to continue to incur*, costs to address these problems. In addition, these problems have impacted, and *we expect for the foreseeable future will continue to impact*, our ability to meet customer expectations. If we do not identify and implement long−term solutions to our supply chain concerns, our customer relationships and business will materially suffer.

Signs of market stability are not necessarily indicative of long−term growth

The recent economic downturn has had and will likely continue to have long−term implications for our markets.

Among other things, while our direct telecommunications customer base has remained largely intact, their customer base, the service providers, has been significantly reduced due to significant industry consolidations and the elimination of most of the competitive local exchange carriers. Notwithstanding signs of market stability, visibility remains limited, average selling prices continue to decline and revenue and profitability targets and projections are subject to uncertainty and variability. While we are generally encouraged by long−term growth prospects, our visibility remains limited and we remain cautious and cannot predict the timing or magnitude of growth for our industries or our business, at this time.

The communications equipment industry has extremely long product development cycles requiring us to incur product development costs without assurances of an acceptable investment return

The telecommunications industry is a capital−intensive industry similar, in many respects, to any other infrastructure development industry. Large volumes of equipment and support structures are installed over vast areas, with considerable expenditures of funds and other resources, with long investment return period expectations. Moreover, reliability requirements are intense. Consequently, there is significant resistance to network redesigns and upgrades. Consequently, redesigns and upgrades of installed systems are undertaken only as required in response to user demand and competitive pressures and generally only after the applicable carrier has received sufficient return on its considerable investment. At the component supplier level this reality creates considerable, typically multi−year, gaps between the commencement of new product development and volume purchases. Accordingly, we and our competitors often incur significant research and development and sales and marketing costs for products that, at a minimum, will be purchased by our customers long after much of the cost is incurred (very long "time to cash") and, at a maximum, may never be purchased due to changes in industry or customer requirements in the interim.

Our business and financial condition will be harmed by our long−term growth strategy

Notwithstanding the recent decline, our businesses have historically grown, at times rapidly, and we have grown accordingly. *We have made, and expect in the future to make, significant investments to enable our future growth through, among other things, internal expansion programs, product development, acquisitions and other strategic relationships.* We may grow our business through business combinations or other acquisitions of businesses, products or technologies. We continually evaluate and explore strategic opportunities as they arise, including business combinations, strategic partnerships, capital investments and the purchase, licensing or sale of assets. Acquisitions may require significant capital infusions, typically entail many risks and could result in difficulties in assimilating and integrating the operations, personnel, technologies, products and information systems of acquired companies. If we fail to manage or anticipate our future growth effectively, particularly during periods of industry uncertainty, our business will suffer. Through our cost reductions measures we are balancing the need to consolidate our operations with the need to preserve our ability to grow and scale our operations as our markets stabilize and recover. If we fail to achieve this balance, our business will suffer to the extent our resources and operations are insufficient to respond to a return to growth.

Our financial results could be affected by potential changes in the accounting rules governing the recognition of stock−based compensation expense

We measure compensation expense for our employee stock compensation plans under the intrinsic value method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." Under this method, we recognized compensation charges related to stock compensation plans of $0.0 million, $0.1 million, $0.6 million, and $1.8 million in the first three and six months ended December 31, 2004 and 2003, respectively. In accordance with SFAS No. 123, "Accounting for Stock−Based Compensation," we provide disclosures of our operating results as if we had applied the fair value method of accounting (pro−forma basis). Beginning in the third quarter of fiscal 2003, we provide such disclosures in our Quarterly Reports on Form 10−Q in accordance with SFAS No. 148, "Accounting for Stock−Based Compensation—Transition and Disclosure." Had we accounted for our compensation expense under the fair value method of accounting prescribed by SFAS No. 123, the charges would have been significantly higher than the intrinsic value method used by us, totaling $27.7 million, $68.0 million, $75.9 million, and $148.0 million for the three and six month periods ending December 31, 2004 and 2003, respectively. The Financial Accounting Standards Board ("FASB") has announced changes to accounting rules concerning the recognition of stock option compensation expense. Beginning in fiscal 2006 when these changes are implemented, we and other companies will be required to measure compensation expense (and record such expense in our Statement of Operations) using the fair value method, which would adversely affect our results of operations by increasing our losses by the additional amount of such stock option charges.

Our sales are dependent upon a few key customers

A few large customers account for most of our net revenue. During the second quarter of fiscal 2005, no customer accounted for 10% or more of our net revenue. For the second quarter of fiscal 2004, one customer, Cisco, accounted for more than 10% of our net revenue. *We expect that, for the foreseeable future, sales to a limited number of customers will continue to account, alone or in the aggregate, for a high percentage of our net revenues.* Dependence on a limited number of customers exposes us to the risk that order reductions from any one customer can have a material adverse effect on periodic revenue.

One of our products is dependent upon a single customer for a majority of sales.

We have a strategic alliance with SICPA, our principal customer for our light interference pigments which are used to, among other things, provide security features in currency. Under a license and supply agreement, we rely exclusively on SICPA to market and sell to this market worldwide. The agreement requires SICPA to purchase minimum quantities of these pigments over the term of the agreement. If SICPA fails to purchase these quantities, as and when required by the agreement, for any reason, our business and operating results (including, among other things, our revenue and gross margin) will be harmed, at least in the short−term. In the long−term, we may be unable to find a substitute marketing and sales partner or develop these capabilities ourselves.

Any failure to remain competitive would harm our operating results

The markets in which we sell our products are highly competitive and characterized by rapidly changing and converging technologies. We face intense competition from established domestic and international competitors and the threat of future competition from new and emerging companies in all aspects of our business. Much of our current competition comes from large, diversified Asian corporations, and emerging, largely Chinese optical companies. These competitors have considerable optical expertise, and often very low cost structures. The competitive threat is exacerbated by the overall trend towards increased commoditization of traditionally highly differentiated products, particularly in our Communications segment. *We expect Asian, and particularly Chinese, competition to increase.* To remain competitive in both the current and future business climates, we believe we must maintain a substantial commitment to research and development, and significantly improve our cost structure. Our efforts to remain competitive may be unsuccessful.

If we fail to attract and retain key personnel, our business could suffer.

Our future depends, in part, on our ability to attract and retain key personnel. We may not be able to hire and retain such personnel at compensation levels consistent with our existing compensation and salary structure. Our future also depends on the continued contributions of our executive management team and other key management and technical personnel, each of whom would be difficult to replace. The loss of services of these or other executive officers or key personnel or the inability to continue to attract qualified personnel could have a material adverse effect on our business. Retention of key talent is an increasing concern as we continue to implement cost improvement programs, including product transfers and site reductions, and as we continue to address our profitability concerns.

Similar to other technology companies, particularly those located in Silicon Valley, we rely upon our ability to use stock options and other forms of equity−based compensation as key components of our executive and employee compensation structure. Historically, these components have been critical to our ability to retain important personnel and offer competitive compensation packages. Without these components, we would be required to significantly increase cash compensation levels (or develop alternative compensation structures) in order to retain our key employees, particularly as and when an industry recovery returns. Recent proposals to modify accounting rules relating to the expensing of equity compensation may cause us to substantially reduce, or even eliminate, all or portions of our equity compensation programs.

Certain of our non−telecommunications products are subject to governmental and industry regulations, certifications and approvals.

The commercialization of certain of the products we design, manufacture and distribute through our Commercial and Consumer product segment may be more costly due to required government approval and industry acceptance processes. We have experienced delays in the commercialization of our light engine product in this segment. Development of applications for our light interference pigment products may require significant testing that could delay our sales. For example, certain uses in cosmetics may be regulated by the Food and Drug Administration, which has extensive and lengthy approval processes. Durability testing by the automobile industry of our pigments used with automotive paints can take up to three years. If we change a product for any reason including technological changes or changes in the manufacturing process, prior approvals or certifications may be invalid and we may need to go through the approval process again. If we are unable to obtain these or other government or industry certifications in a timely manner, or at all, our operating results could be adversely affected.

We face risks related to our international operations and revenue

Our customers are located throughout the world. In addition, we have significant offshore operations, including manufacturing, sales and customer support operations. Our operations outside North America include facilities primarily in Asia−Pacific.

Our international presence exposes us to certain risks, including the following:

- our ability to comply with the customs, import/export and other trade compliance regulations of the countries in which we do business, together with any unexpected changes in such regulations;
- difficulties in establishing and enforcing our intellectual property rights;
- tariffs and other trade barriers;
- political, legal and economic instability in foreign markets, particularly in those markets in which we maintain manufacturing and research facilities;
- difficulties in staffing and management;
- language and cultural barriers;
- seasonal reductions in business activities in the countries where our international customers are located;
- integration of foreign operations;
- longer payment cycles;
- greater difficulty in accounts receivable collection;
- currency fluctuations; and
- potential adverse tax consequences.

Net revenue from customers outside North America accounted for 32% of our net revenue in the second fiscal quarter of 2005, and for 36%, 30% and 26% of our total net revenue in fiscal 2004, 2003 and 2002, respectively. *We expect that revenue from customers outside North America will continue to account for a significant portion of our total net revenue.* Lower sales levels that typically occur during the summer months in Europe and some other overseas markets may materially and adversely affect our business. In addition, sales of many of our customers depend on international sales and consequently further expose us to the risks associated with such international sales.

The international dimensions of our operations and sales subject us to a myriad of domestic and foreign trade regulatory requirements. As part of our ongoing integration program, we are evaluating our current trade compliance practices and implementing improvements, where necessary. Among other things, we are auditing our product export classification and customs procedures and are installing trade information and compliance systems using our global enterprise software platforms. *We do not currently expect the costs of such evaluation or the implementation of any resulting improvements to have a material adverse effect on our operating results or business.* However, our evaluation and related implementation are not yet complete and, accordingly, the costs could be greater than expected and such costs and the legal consequences of any failure to comply with applicable regulations could affect our business and operating results.

We are increasing manufacturing operations in China, which expose us to risks inherent in doing business in China

As a result of our efforts to reduce costs, we have increased our manufacturing operations in China and those operations are subject to greater political, legal and economic risks than those faced by our other operations. In particular, the political, legal and economic climate in China (both at national and regional levels) is extremely fluid and unpredictable. Among other things, the legal system in China (both at the national and regional levels) remains highly underdeveloped and subject to change, with little or no prior notice, for political or other reasons. Our ability to operate in China may be adversely affected by changes in Chinese laws and regulations, such as those relating to taxation, import and export tariffs, environmental regulations, land use rights, intellectual property and other matters. Moreover, the enforceability of applicable existing Chinese laws and regulations is uncertain. These concerns are exacerbated for foreign businesses, such as ours, operating in China. Our business could be materially harmed by any changes to the political, legal or economic climate in China or the inability to enforce applicable Chinese laws and regulations.

Currently, we operate manufacturing facilities located in Shenzhen, Fuzhou and Beijing, China. As part of our efforts to reduce costs, we continue to increase the scope and extent of our manufacturing operations in our Shenzhen facilities. *Accordingly, we expect that our ability to operate successfully in China will become increasingly important to our overall success.* As we continue to consolidate our manufacturing operations, we will incur additional costs to transfer product lines to the facilities located in China, which could have a material adverse impact on our operating results and financial condition.

We intend to export the majority of the products manufactured at our facilities in China. Accordingly, upon application to and approval by the relevant governmental authorities, we will not be subject to certain Chinese taxes and are exempt from customs duty assessment on imported components or materials when the finished products are exported from China. We are however required to pay income taxes in China, subject to certain tax relief. As the Chinese trade regulations are in a state of flux, we may become subject to other forms of taxation and duty assessments in China or may be required to pay for export license fees in the future. In the event that we become subject to any new Chinese forms of taxation, our results of operations could be materially and adversely affected.

Managing Excess or Obsolete Inventory is complex

Managing the Company’s inventory of components and finished products is a complex task. A number of factors, including, but not limited to, the need to maintain a significant inventory of certain components that are in short supply or that must be purchased in bulk to obtain favorable pricing or require long lead times, the general unpredictability of demand for specific products, may result in the Company maintaining large amounts of inventory. Inventory which is not used or expected to be used as and when planned may become excess or obsolete. Any excess or obsolete inventory could also result in sales price reductions and/or inventory write−downs, which we expect to continue, and historically have adversely, affected the Company’s business and results of operations.

We may incur unanticipated costs and liabilities, including costs under environmental laws and regulations.

Our operations use certain substances and generate certain wastes that are regulated or may be deemed hazardous under environmental laws. Some of these laws impose liability for cleanup costs and damages relating to releases of hazardous substances into the environment. Such laws may become more stringent in the future. In the past, costs and liabilities arising under such laws have not been material; however, we are not certain that such matters will not be material to us in the future.

Our business and operations would suffer in the event of a failure of our information technology infrastructure

We rely upon the capacity, reliability and security of our information technology hardware and software infrastructure and our ability to expand and update this infrastructure in response to our changing needs. We are constantly updating our information technology infrastructure. Among other things, we have entered into an agreement with Oracle to provide and maintain our global ERP infrastructure on an outsourced basis. Any failure to manage, expand and update our information technology infrastructure or any failure in the operation of this infrastructure could harm our business.

Despite our implementation of security measures, our systems are vulnerable to damages from computer viruses, natural disasters, unauthorized access and other similar disruptions. Any system failure, accident or security breach could result in disruptions to our operations. To the extent that any disruptions or security breach results in a loss or damage to our data, or inappropriate disclosure of confidential information, it could harm our business. In addition, we may be required to spend additional costs and other resources to protect us against damages caused by these disruptions or security breaches in the future.

If we have insufficient proprietary rights or if we fail to protect those we have, our business would be materially harmed

We may not obtain the intellectual property rights we require.

Others, including academic institutions, our competitors and other large technology−based companies, hold numerous patents in the industries in which we operate. Some of these patents may purport to cover our products. In response, we may seek to acquire license rights to these or other patents or other intellectual property to the extent necessary to ensure we possess sufficient intellectual property rights for the conduct of our business. Unless we are able to obtain such licenses on commercially reasonable terms, patents or other intellectual property held by others could inhibit our development of new products, impede the sale of some of our current products, or substantially increase the cost to provide these products to our customers. While in the past, licenses generally have been available to us where third−party technology was necessary or useful for the development or production of our products, in the future licenses to third−party technology may not be available on commercially reasonable terms, if at all. Generally, a license, if granted, includes payments by us of up−front fees, ongoing royalties or a combination of both. Such royalty or other terms could have a significant adverse impact on our operating results. We are a licensee of a number of third−party technologies and intellectual property rights and are required to pay royalties to these third−party licensors on some of our telecommunications products and laser subsystems.

Our products may be subject to claims that they infringe the intellectual property rights of others.

The industry in which we operate experiences periodic claims of patent infringement or other intellectual property rights. We have received in the past and, from time to time, may in the future receive notices from third parties claiming that our products infringe upon third−party proprietary rights. One consequence of the recent economic downturn is that many companies have turned to their intellectual property portfolios as an alternative revenue source. This is particularly true of companies which no longer compete with us. Many of these companies have larger, more established intellectual property portfolios than ours. Typical for a growth−oriented technology company, at any one time we generally have various pending claims from third parties that one or more of our products or operations infringe or misappropriate their intellectual property rights or that one or more of our patents is invalid. For example, we have pending litigation with Litton Systems, Inc., University of Illinois and the Board of Trustees of the Leland Stanford, Jr. University involving claims for damages in connection with the alleged past infringement by our optical amplifiers of a now expired U.S. patent. We will continue to respond to other claims in the course of our business operations. In the past the settlement and disposition of these disputes has not had a material adverse impact on our business or financial condition, however this may not be the case in the future. Further, the litigation or settlement of these matters, regardless of the merit of the claims, could result in significant expense to us and divert the efforts of our technical and management personnel, whether or not we are successful. If we are unsuccessful, we could be required to expend significant resources to develop non−infringing technology or to obtain licenses to the technology that is the subject of the litigation. We may not be successful in such development or such licenses may not be available on terms acceptable to us, if at all. Without such a license, we could be enjoined from future sales of the infringing product or products.

Our intellectual property rights may not be adequately protected.

Our future depends in part upon our intellectual property, including trade secrets, know−how and continuing technological innovation. We currently hold numerous U.S. patents on products or processes and corresponding foreign patents and have applications for some patents currently pending. The steps taken by us to protect our intellectual property may not adequately prevent misappropriation or ensure that others will not develop competitive technologies or products. Other companies may be investigating or developing other technologies that are similar to our own. It is possible that patents may not be issued from any application pending or filed by us and, if patents do issue, the claims allowed may not be sufficiently broad to deter or prohibit others from marketing similar products. Any patents issued to us may be challenged, invalidated or circumvented. Further, the rights under our patents may not provide a competitive advantage to us. In addition, the laws of some territories in which our products are or may be developed, manufactured or sold, including Europe, Asia−Pacific or Latin America, may not protect our products and intellectual property rights to the same extent as the laws of the United States.

We face certain litigation risks that could harm our business

We have had numerous lawsuits filed against us asserting various claims, including securities and ERISA class actions and stockholder derivative actions. The results of complex legal proceedings are difficult to predict. Moreover, many of the complaints filed against us do not specify the amount of damages that plaintiffs seek and we therefore are unable to estimate the possible range of damages that might be incurred should these lawsuits be resolved against us. While we are unable to estimate the potential damages arising from such lawsuits, certain of them assert types of claims that, if resolved against us, could give rise to substantial damages. Thus, an unfavorable outcome or settlement of one or more of these lawsuits could have a material adverse effect on our financial position, liquidity and results of operations. Even if these lawsuits are not resolved against us, the uncertainty and expense associated with unresolved lawsuits could seriously harm our business, financial condition and reputation. Litigation can be costly, time−consuming and disruptive to normal business operations. The costs of defending these lawsuits, particularly the securities class actions and stockholder derivative actions, have been significant, will continue to be costly and may not be covered by our insurance policies. The defense of these lawsuits could also result in continued diversion of our management's time and attention away from business operations, which could harm our business.

Recently enacted and proposed regulatory changes will cause us to incur increased costs

Recently enacted and proposed changes in the laws and regulations affecting public companies, including the provisions of the Sarbanes−Oxley Act of 2002, have and will continue to increase our expenses as we evaluate the implications of new rules and devote resources to respond to the new requirements. *In particular, we expect to incur additional SG&A expense as we implement Section 404 of the Sarbanes−Oxley Act, which requires management to report on, and our Independent Registered Public Accounting Firm to attest to, our internal controls.* The compliance with these new rules could also result in continued diversion of management's time and attention, which could prove to be disruptive to normal business operations. Further, the impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers, which could harm our business.

We are currently performing the system and process evaluation required to ensure compliance as of June 30, 2005 with the management certification and auditor attestation requirements of Section 404 of the Sarbanes Oxley Act. While we currently anticipate that we will timely complete all such actions, we cannot at this time provide absolute assurance that all such actions will timely be completed. Possible consequences of failure include, sanction or investigation by regulatory authorities, such as the Securities Exchange Commission or the Nasdaq National Market, and inability to timely file our Annual Report on Form 10−K for fiscal 2005. Any such action could harm our stock price.

If we fail to manage our exposure to worldwide financial and securities markets successfully, our operating results could suffer

We are exposed to financial market risks, including changes in interest rates, foreign currency exchange rates and marketable equity security prices. We often utilize derivative financial instruments to mitigate these risks. We do not use derivative financial instruments for speculative or trading purposes. The primary objective of most of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, a majority of our marketable investments are floating rate and municipal bonds, auction instruments and money market instruments denominated in U.S. dollars. When we acquire assets denominated in foreign currencies, we usually mitigate currency risks associated with these exposures with forward currency contracts. A substantial portion of our net revenue, expense and capital purchasing activities are transacted in U.S. dollars. However, some of these activities are conducted in other currencies, primarily Canadian and European currencies. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, we may enter into foreign currency forward contracts. The contracts reduce, but do not always entirely eliminate, the impact of foreign currency exchange rate movements. Actual results on our financial position may differ materially.

We also hold investments in other public and private companies, including, among others, Nortel Networks, Adept and ADVA, and have limited funds invested in private venture funds. All three companies have experienced severe stock price declines during the recent economic downturn, which have greatly reduced the value of our investments, and we have written down the value of these investments as the decline in fair value was deemed to be other−than−temporary. *In addition to our investments in public companies, we have in the past and expect to continue to make investments in privately held companies as well as venture capital investments for strategic and commercial purposes.* For example, we had a commitment to provide additional funding of up to $ 13.6 million to certain venture capital investment partnerships as of December 31, 2004. In recent months some of the private companies in which we held investments have ceased doing business and have either liquidated or are in bankruptcy proceedings. If the carrying value of our investments exceeds the fair value and the decline in fair value is deemed to be other−than−temporary, we will be required to further write down the value of our investments, which could materially harm our results of operations or financial condition.

We sold $475.0 million of senior convertible notes, which significantly increased our leverage, and may cause our reported earnings per share to be more volatile because of the conversion contingency features of these notes.

On October 31, 2003 we issued $475.0 million of indebtedness in the form of senior convertible notes. The issuance of these notes substantially increased our principal payment obligations and we may not have enough cash to repay the notes when due. By incurring new indebtedness, the related risks that we now face could intensify. The degree to which we are leveraged could materially and adversely affect our ability to successfully obtain financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures.

In addition, the holders of those notes are entitled to convert those notes into shares of our common stock under certain circumstances.

Our rights plan and our ability to issue additional preferred stock could harm the rights of our common stockholders

In February 2003, we amended and restated our Stockholder Rights Agreement and currently each share of our outstanding common stock is associated with one right. Each right entitles stockholders to purchase 1/100,000 share of our Series B Preferred Stock at an exercise price of $21.0.

The rights only become exercisable in certain limited circumstances following the tenth day after a person or group announces acquisition of or tender offers for 15% or more of our common stock. For a limited period of time following the announcement of any such acquisition or offer, the rights are redeemable by us at a price of $0.01 per right. If the rights are not redeemed, each right will then entitle the holder to purchase common stock having the value of twice the then−current exercise price. For a limited period of time after the exercisability of the rights, each right, at the discretion of our Board of Directors, may be exchanged for either 1/100,000 share of Series B Preferred Stock or one share of common stock per right. The rights expire on June 22, 2013.

Our Board of Directors has the authority to issue up to 499,999 shares of undesignated preferred stock and to determine the powers, preferences and rights and the qualifications, limitations or restrictions granted to or imposed upon any wholly unissued shares of undesignated preferred stock and to fix the number of shares constituting any series and the designation of such series, without the consent of our stockholders. The preferred stock could be issued with voting, liquidation, dividend and other rights superior to those of the holders of common stock.

The issuance of Series B Preferred Stock or any preferred stock subsequently issued by our Board of Directors, under some circumstances, could have the effect of delaying, deferring or preventing a change in control.

Some provisions contained in the rights plan, and in the equivalent rights plan that our subsidiary, JDS Uniphase Canada Ltd., has adopted with respect to our exchangeable shares, may have the effect of discouraging a third party from making an acquisition proposal for us and may thereby inhibit a change in control. For example, such provisions may deter tender offers for shares of common stock or exchangeable shares, which offers may be attractive to stockholders, or deter purchases of large blocks of common stock or exchangeable shares, thereby limiting the opportunity for stockholders to receive a premium for their shares of common stock or exchangeable shares over the then−prevailing market prices.

Some anti−takeover provisions contained in our charter and under Delaware laws could hinder a takeover attempt

We are subject to the provisions of Section 203 of the Delaware General Corporation Law prohibiting, under some circumstances, publicly−held Delaware corporations from engaging in business combinations with some stockholders for a specified period of time without the approval of the holders of substantially all of our outstanding voting stock. Such provisions could delay or impede the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, even if such events could be beneficial, in the short−term, to the interests of the stockholders. In addition, such provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock. Our certificate of incorporation and bylaws contain provisions relating to the limitations of liability and indemnification of our directors and officers, dividing our board of directors into three classes of directors serving three−year terms and providing that our stockholders can take action only at a duly called annual or special meeting of stockholders. These provisions also may have the effect of deterring hostile takeovers or delaying changes in control or management of us.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

Foreign Exchange Forward Contracts:

Our international business is subject to normal international business risks including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, our future results could be materially adversely affected by changes in these or other factors.

We generate a portion of our net revenue from sales to customers located outside the United States and from sales by our foreign subsidiaries to U.S. customers. International sales are typically denominated in either U.S dollars or the local currency of each country. Our foreign subsidiaries incur most of their expenses in the local currency, and therefore, they use the local currency as their functional currency.

We enter into foreign exchange forward contracts on behalf of our Canadian, European and Asian subsidiaries. These forward contracts offset the impact of U.S. dollar currency fluctuations on certain monetary assets and liabilities.

The foreign exchange forward contracts we enter into generally have original maturities less than 40 days. We do not enter into foreign exchange forward contracts for trading purposes. We do not expect gains or losses on these contracts to have a material impact on our financial results.

Investments:

We maintain an investment portfolio in a variety of financial instruments, including fixed− and floating−rate bonds, municipal bonds, auction instruments, money market instruments, corporate bonds and Treasury and Agency securities. Part of our investment portfolio also includes minority equity investments in several publicly traded companies, the values of which are subject to market price volatility. These investments are generally classified as available−for−sale and, consequently, are recorded on our balance sheets at fair value with unrealized gains or losses reported as a separate component of stockholders’ equity.

Investments in both fixed−rate and floating−rate interest earning instruments carry a degree of interest rate risk. The fair market values of our fixed−rate securities decline if interest rates rise, while floating−rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may be less than expectations because of changes in interest rates or we may suffer losses in principal if forced to sell securities that have experienced a decline in market value because of changes in interest rates.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. While our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions regardless of how remote. However, based on the evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in timely alerting them to material information required to be included in our periodic SEC filings at the reasonable assurance level.

(b) Changes in internal control over financial reporting. There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Pending Litigation

The Securities Class Actions:

As discussed in our previous filings, litigation under the federal securities laws has been pending against the Company and certain former and current officers and directors since March 27, 2002. On January 6, 2005, the Court issued rulings on Defendants' motions to dismiss Plaintiffs' Second Amended Complaint in *In re JDS Uniphase Corporation Securities Litigation*, C−02−1486 (N.D. Cal.). The Court denied the motion to dismiss claims against the Company, Jozef Straus, Anthony R. Muller, and Charles Abbe, and granted in part and denied in part the motion to dismiss claims against Kevin Kalkhoven. Defendants' answers to the complaint are due by February 25, 2005. A case management conference is scheduled for April 29, 2005.

In *Zelman v. JDS Uniphase Corp.,* No. C−02−4656 (N.D. Cal.), a related securities case,an Amended Complaint was filed on February 4, 2005. The complaint is based on the same events alleged by the plaintiffs in *In re JDS Uniphase Securities Litigation*, and asserts claims against the Company, Jozef Straus, Anthony R. Muller, Charles Abbe, and Kevin Kalkhoven pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b−5. The complaint alleges a class period from March 6, 2001 through July 26, 2001, and purports to seek damages on behalf of a class of purchasers of securities issued by an investment bank that were allegedly linked to the price of JDSU stock. The *Zelman* plaintiffs seek an unspecified amount of damages. Defendants' responses to the Amended Complaint are due by February 25, 2005. If Defendants choose to respond by moving to dismiss, their motions will be heard on April 29, 2005.

The Derivative Actions:

As discussed in our previous filings, derivative actions purporting to be brought on the Company's behalf have been filed in state and federal courts against several of our current and former officers and directors based on the same events alleged in the securities litigation. On January 6, 2005, the Court issued an order staying *Corwin v. Kaplan*, No. C−02−2020 (N.D. Cal.), pending resolution of *In re JDS Uniphase Corporation Securities Litigation*. On January 19, 2005, the Court issued a further order stating that, in light of the January 6, 2005 stay order, it would deny Defendants' motion to dismiss the *Corwin* action without prejudice. A stay remains in place in the California state derivative action, *In re JDS Uniphase Corporation Derivative Litigation*, Master File No. CV806911 (Santa Clara Super. Ct.), and a status conference is scheduled for February 8, 2005. As noted in our previous filings, the plaintiff in that action has issued a shareholder inspection demand that has been disputed by the Company. The dispute remains unresolved. No activity has occurred in *Cromas v. Straus,* Civil Action No. 19580 (Del. Ch. Ct.), the Delaware derivative action, since our last filing.

The OCLI and SDL Shareholder Actions:

As discussed in our previous filings, plaintiffs purporting to represent the former shareholders of OCLI and SDL have filed suit against the former directors of those companies, asserting that they breached their fiduciary duties in connection with the events alleged in the securities litigation against the Company. No activity has occurred in either the OCLI action, *Pang v. Dwight*, No. 02−231989 (Sonoma Super. Ct.), or the SDL action, *Cook v. Scifres*, Master File No. CV814824 (Santa Clara Super. Ct.), since our last filing.

The ERISA Actions:

As discussed in our previous filings, a consolidated action entitled *In re JDS Uniphase Corporation ERISA Litigation*, Master File No. C−03−4743 CW, is pending in the District Court for the Northern District of California against the Company and certain of its former and current officers and directors on behalf of a purported class of participants in the Company's 401(k) Plan. Defendants', moved to dismiss Plaintiffs' consolidated amended complaint on filed January 31, 2005. A hearing on Defendants' motion to dismiss is scheduled for April 29, 2005.

The Company believes that the factual allegations and circumstances underlying these securities class actions, derivative actions, the OCLI and SDL class actions, and the ERISA class actions are without merit. The expense of defending these lawsuits has been costly, will continue to be costly, and could be quite significant and may not be covered by our insurance policies. The defense of these lawsuits could also result in continued diversion of our management's time and attention away from business operations which could prove to be time consuming and disruptive to normal business operations. An unfavorable outcome or settlement of this litigation could have a material adverse effect on the Company's financial position, liquidity or results of operations.

The Company is a party to other litigation matters and claims, which are normal in the course of its operations. While the results of such litigation matters and claims cannot be predicted with certainty, the Company believes that their final outcome will not have a material adverse impact on its financial position, liquidity, or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders (the "Annual Meeting") was held on November 16, 2004. At the Annual Meeting, two items were voted upon:

1. The election of three Class I Directors to serve until the 2007 Annual Meeting of Stockholders and until their successors are elected and qualified:

(i) Bruce D. Day

(ii) Martin A. Kaplan

(iii) Kevin J. Kennedy, Ph.D.

The Company's directors listed below will continue in office for the remainder of their terms or earlier in accordance with the Company's bylaws.

Class II Directors whose terms will expire in 2006

(i) Robert E. Enos

(ii) Peter A. Guglielmi

Class III Directors whose term will expire in 2005

(i) Richard T. Liebhaber

(ii) Casimir S. Skrzypczak

2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2005.

The voting results were as follows:

	For	Against	Withheld	Abstained	Broker Non−Votes
1. Directors:					
Bruce D. Day	1,163,656,281	—	85,759,261	—	—
Martin A. Kaplan	1,125,159,796	—	124,255,746	—	—
Kevin J. Kennedy, Ph.D.	1,156,016,439	—	93,399,103	—	
2. Appointment of Ernst & Young LLP	1,226,898,220	14,877,011	—	7,633,337	

Item 5. Other Information

As of December 31, 2004, the following executive officers and members of the Company's Board of Directors maintained "plans" under Rule 10b5−1 of the Securities Exchange Act of 1934, as amended, for trading in shares of the Company's common stock and/or exchangeable shares:

Christopher S. Dewees
Robert E. Enos
Ronald C. Foster
Martin A. Kaplan
Stan Lumish
Casimir Skrzypczak
Mark S. Sobey
Thomas Znotins

Item 6. Exhibits

(a) Exhibits:

Exhibit No.	Exhibit Description
10.28	2003 Equity Incentive Plan – Notice of Restricted Stock Unit Award (Form)
10.29	2003 Equity Incentive Plan – Notice of Performance Unit Award (Form)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes−Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes−Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes−Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes−Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	JDS Uniphase Corporation (Registrant)
Date: February 9, 2005	/s/ Ronald C. Foster By: Ronald C. Foster Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Exhibit Description
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32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes−Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes−Oxley Act of 2002.

Exhibit 10.28

JDS UNIPHASE CORPORATION 2003 EQUITY INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address:

____

____

____

Award Number: ____________________

Date of Award: ____________________

Type of Award: Restricted Stock Units

Vesting Commencement Date:

You (the "Grantee") have been granted a restricted stock unit award (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the JDS Uniphase Corporation 2003 Equity Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Award Agreement (the "Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Total Number of Restricted Stock Units Awarded (the "Units"): __________

Vesting Schedule:

Subject to the Grantee's Continuous Active Service and other provisions and limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule:

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

JDS Uniphase Corporation,
a Delaware corporation

By:

Title: Chief Executive Officer

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 11 of the Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

The Grantee further acknowledges that, to the extent the vesting of any Units occurs during a "blackout period" of the Company wherein certain Employees are precluded from selling Shares, the receipt of the corresponding Shares issuable pursuant to this Notice and the Agreement may be automatically deferred in accordance with Section 6(a) of the Agreement. The Grantee further acknowledges that the Grantee may voluntarily elect to defer the receipt of Shares issuable pursuant to this Notice and Agreement in accordance with Section 6(b) of the Agreement.

Dated: ______________________________ Signed: ______________________________

Award Number: ___________________

JDS UNIPHASE CORPORATION 2003 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

1. Issuance of Units. JDS Uniphase Corporation, a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Award (the “Notice”), the Total Number of Restricted Stock Units Awarded set forth in the Notice (the “Units”), subject to the Notice, this Restricted Stock Unit Award Agreement (the “Agreement”) and the terms and provisions of the Company’s 2003 Equity Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Grantee may designate a beneficiary of the Units in the event of the Grantee’s death on the beneficiary designation form attached hereto as Exhibit A. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

3. Vesting.

General. For purposes of this Agreement and the Notice, the term “vest” shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit

4. Termination of Continuous Active Service. Except in the event of the Grantee’s change in status from an Employee to a Consultant, in which case vesting of the Units shall continue only to the extent determined by the Administrator, vesting of the Units shall cease upon the date of termination of the Grantee’s Continuous Active Service for any reason, including death or Disability. In the event the Grantee’s Continuous Active Service is terminated for any reason, including death or Disability, any unvested Units held by the Grantee immediately following such termination of Continuous Active Service shall be deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of the unvested Units and shall have all rights and interest in or related thereto without further action by the Grantee.

5. Conversion of Units and Issuance of Shares. Subject to any deferral under Section 6 of this Agreement, upon each vesting date, one share of Common Stock shall be issuable for each Unit that vests on such date (the “Shares”), subject to the terms and provisions of the Plan and this Agreement. Thereafter, the Company will transfer such Shares to the Grantee upon satisfaction of any required tax or other withholding obligations. Any fractional

Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share.

6. Deferral of Receipt of Shares.

(a) Automatic Deferral Due to Blackout Period. Subject to Section 8 of this Agreement, to the extent the vesting of any Units occurs during a "blackout period" of the Company wherein certain Employees are precluded from selling Shares, the receipt of the corresponding Shares issuable pursuant to this Agreement shall be deferred, provided, however, that the receipt of such Shares shall not be deferred if such Shares are specifically covered by a Rule 10b5−1 trading plan of the Grantee which causes such Shares to be exempt from any applicable blackout period then in effect. In the event the receipt of any Shares is deferred due to the existence of a regularly scheduled blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such regularly scheduled blackout period. In the event the receipt of any Shares is deferred due to the existence of a special blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such special blackout period as determined by the Company's General Counsel. Notwithstanding the foregoing, deferred Shares shall be issued promptly to the Grantee prior to the termination of the blackout period in the event the Grantee ceases to be subject to the blackout period. The Grantee hereby represents that he or she understands the effect of any such deferral under relevant federal, state and local tax laws.

(b) Voluntary Deferral by the Grantee. Subject to Section 8 of this Agreement, the Grantee may elect to defer the receipt of any Shares issuable pursuant to this Agreement by submitting to the Company an election to defer such receipt in the form attached hereto as Exhibit B. In the event the Grantee intends to defer the receipt of any Shares, the Grantee shall submit to the Administrator a proposed deferral election form at least two weeks in advance of the date of the proposed election to defer. The Administrator shall determine whether the proposed election to defer will be effective for tax purposes and under Applicable Law. In the event the Administrator determines that the proposed election to defer will be effective for tax purposes and under Applicable Law, the proposed election will become effective upon the Administrator's acceptance of the election with such changes to the election as the Administrator deems necessary or appropriate. To the extent the receipt of any deferred Shares occurs during a blackout period, the receipt of the deferred Shares shall be further deferred, provided, however, that the receipt of such Shares shall not be further deferred if such Shares are specifically covered by a Rule 10b5−1 trading plan of the Grantee which causes such Shares to be exempt from any applicable blackout period then in effect. In the event the receipt of any Shares is further deferred due to the existence of a regularly scheduled blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such regularly scheduled blackout period. In the event the receipt of any Shares is further deferred due to the existence of a special blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such special blackout period as determined by the Board. Notwithstanding the foregoing, deferred Shares shall be issued promptly to the Grantee prior to the termination of the blackout period in the event the Grantee ceases to be subject to the blackout period. The Grantee hereby represents that he or she understands the effect of any such deferral under relevant federal, state and local tax laws.

7. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

8. Taxes.

(a) Generally. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of Shares issuable pursuant to the Award. The Company and its Affiliates do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability. As a condition and term of this Award, no election under Section 83(b) of the Code may be made by the Grantee or any other person with respect to all or any portion of the Award.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether non−U.S., federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. In addition, the Grantee must arrange for the satisfaction of the minimum amount of any applicable Tax Withholding Obligations that arise in connection with the Award regardless of any deferral pursuant to Section 6 of this Agreement.

(i) *By Sale of Shares*. Unless the Grantee determines (or is required) to satisfy the Tax Withholding Obligation by some other means in accordance with clause (ii) below, the Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the minimum applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., a vesting date) or as soon thereafter as practicable. The Grantee will be responsible for all brokers' fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's minimum Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Affiliate as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(ii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator. In addition, in the event of a deferral pursuant to Section 6 of this Agreement, the Grantee must arrange for the satisfaction of the minimum amount of any applicable Tax Withholding Obligations in accordance with this Section 8(b)(ii).

(c) Right to Retain Shares. The Company may refuse to issue any Shares to the Grantee until the Grantee satisfies the Tax Withholding Obligation. To the maximum extent permitted by law, the Company has the right to retain without notice from Shares issuable under the Award or from salary or other amounts payable to the Grantee, Shares or cash having a value sufficient to satisfy the Tax Withholding Obligation.

9. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

10. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

11. Dispute Resolution. The provisions of this Section 11 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of San Mateo) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE

ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 11 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

13. No Effect on Terms of Service. The Units subject to the Award shall vest, if at all, only during the period of the Grantee's Continuous Active Service (not through the act of being hired, being granted the Award or acquiring Shares hereunder) and the Award has been granted as an inducement for the Grantee to remain in such Continuous Active Service and as an incentive for increased efforts on behalf of the Company and its Affiliates by the Grantee during the period of his or her Continuous Active Service. Nothing in the Notice, the Agreement, or the Plan shall confer upon the Grantee any right with respect to future restricted stock unit grants or continuation of Grantee's Continuous Active Service, nor shall it interfere in any way with the Grantee's right or the right of the Grantee's employer to terminate Grantee's Continuous Active Service, with or without cause, and with or without notice. Unless the Grantee has a written employment agreement with the Company to the contrary, Grantee's status is at will. **This Award shall not, under any circumstances, be considered or taken into account for purposes of calculation of severance payments in those jurisdictions requiring such payments upon termination of employment. The Grantee shall not have and waives any and all rights to compensation or damages as a result of the termination of the Grantee's employment with the Company or the Grantee's employer for any reason whatsoever, insofar as those rights result or may result from (i) the loss or diminution in value of such rights or entitlements or claimed rights or entitlements under the Plan, or (ii) the Grantee's ceasing to be entitled to any purchase rights or shares or any other rights under the Plan.**

14. Personal Data. The Grantee understands that the Company and its subsidiaries hold certain personal information about the Grantee for the purpose of managing and administering the Plan, including: name, home address and telephone number, date of birth, social fiscal number, compensation, nationality, job title, any shares of stock held in the Company, details of all awards of equity compensation or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor (collectively, "Data"). The Grantee understands that the Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Grantee's participation in the Plan, and that the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, Asia, the United States and/or Canada. The Grantee consents to the collection, use and transfer of Data and authorizes these recipients to receive, possess, use, retain and transfer Data, in electronic or other form, as may be required for: (i) the administration

of the Plan; and (ii) the implementation, administration and management of the Grantee's participation in the Plan, including any requisite transfer to a broker or any other third party with whom the Grantee may elect to deposit any shares of stock acquired as a result of this Award or any portion thereof and/or the subsequent holding of shares of stock on the Grantee's behalf.

15. Definitions.

(a) "Administrator" means the Board or the Committees (or delegates of the Board or such Committees) appointed to administer the Plan.

(b) "Affiliate" shall have the meaning ascribed to such term in Rule 12b−2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules or laws of any foreign jurisdiction applicable to restricted stock units or other securities granted to residents therein.

(d) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Affiliate to render consulting or advisory services to the Company or such Affiliate.

(e) "Continuous Active Service" means actively performing duties or exercising responsibilities in providing services to the Company or an Affiliate in any capacity of Employee, Director or Consultant, without interruption or termination. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Active Service shall be deemed terminated upon the actual cessation of the active performance of duties or responsibilities in providing services to the Company or an Affiliate notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. Continuous Active Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Affiliate, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual continues to actively perform duties or responsibilities in providing services to the Company or an Affiliate in any capacity of Employee, Director or Consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(f) "Director" means a member of the Board or the board of directors of any Affiliate.

(g) "Disability" means a Grantee would qualify for benefit payments under the long−term disability policy of the Company or the Affiliate to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Affiliate to which the Grantee provides service does not have a long−term disability plan in place, "Disability" means that a Grantee is permanently unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(h) "Employee" means any person, including an Officer or Director, who is an employee of the Company or any Affiliate. The payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company.

END OF AGREEMENT

Exhibit 10.29

JDS UNIPHASE CORPORATION 2003 EQUITY INCENTIVE PLAN

NOTICE OF PERFORMANCE UNIT AWARD

Grantee's Name and Address:	Award Number:	______________________
____	Date of Award:	______________________
____	Type of Award:	Performance Units
____	Vesting Commencement Date:	

You (the "Grantee") have been granted a performance unit award (the "Award"), subject to the terms and conditions of this Notice of Performance Unit Award (the "Notice"), the JDS Uniphase Corporation 2003 Equity Incentive Plan, as amended from time to time (the "Plan") and the Performance Unit Award Agreement (the "Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Total Number of Performance Units Awarded (the "Units"): __________

Vesting Schedule:

Subject to the Grantee's Continuous Active Service and other provisions and limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule:

All of the Units subject to the Award shall vest upon the [*fifth anniversary of the Vesting Commencement Date....etc]* subject to earlier vesting as set forth in Section 3(b) of the Agreement.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

JDS Uniphase Corporation,
a Delaware corporation

By:

Title: Chief Executive Officer

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 11 of the Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

The Grantee further acknowledges that, to the extent the vesting of any Units occurs during a "blackout period" of the Company wherein certain Employees are precluded from selling Shares, the receipt of the corresponding Shares issuable pursuant to this Notice and the Agreement may be automatically deferred in accordance with Section 6(a) of the Agreement. The Grantee further acknowledges that the Grantee may voluntarily

elect to defer the receipt of Shares issuable pursuant to this Notice and Agreement in accordance with Section 6(b) of the Agreement.

Dated: ______________________________ Signed: ______________________________

Award Number: _________________

JDS UNIPHASE CORPORATION 2003 EQUITY INCENTIVE PLAN

PERFORMANCE UNIT AWARD AGREEMENT

1. Issuance of Units. JDS Uniphase Corporation, a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Performance Unit Award (the “Notice”), the Total Number of Performance Units Awarded set forth in the Notice (the “Units”), subject to the Notice, this Performance Unit Award Agreement (the “Agreement”) and the terms and provisions of the Company’s 2003 Equity Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Grantee may designate a beneficiary of the Units in the event of the Grantee’s death on the beneficiary designation form attached hereto as Exhibit A. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

3. Vesting.

(a) For purposes of this Agreement and the Notice, the term “vest” shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit; and

(b) Pursuant to the vesting schedule set forth in the Notice, and subject to the other limitations within the Notice, this Agreement and the Plan, all Units subject to this Award shall vest on the [*first (1st) anniversary of the Vesting Commencement Date...etc.*] in the event that the [*Company*][*Grantee*] achieves each and every of the following performance metrics (the “Metrics”):

1.

2.

3.

4.

5.

[For purposes of Metrics ___through ___, inclusive, all financial results shall be as reported, and achievement will be measured, by the Company following the close of the indicated fiscal period(s) upon the filing of the Company’s 10−Q or 10−K, as applicable, with the Securities and Exchange Commission.]

In the event of any dispute as to whether any one or more of the Metrics has been achieved, such dispute shall be resolved by the Company's Chief Executive Officer in his sole discretion, subject to review only by the Compensation Committee of the Board of Directors.

4. Termination of Continuous Active Service. Except in the event of the Grantee's change in status from an Employee to a Consultant, in which case vesting of the Units shall continue only to the extent determined by the Administrator, vesting of the Units shall cease upon the date of termination of the Grantee's Continuous Active Service for any reason, including death or Disability. In the event the Grantee's Continuous Active Service is terminated for any reason, including death or Disability, any unvested Units held by the Grantee immediately following such termination of Continuous Active Service shall be deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of the unvested Units and shall have all rights and interest in or related thereto without further action by the Grantee.

5. Conversion of Units and Issuance of Shares. Subject to any deferral under Section 6 of this Agreement, upon each vesting date, one share of Common Stock shall be issuable for each Unit that vests on such date (the "Shares"), subject to the terms and provisions of the Plan and this Agreement. Thereafter, the Company will transfer such Shares to the Grantee upon satisfaction of any required tax or other withholding obligations. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share.

6. Deferral of Receipt of Shares.

(a) Automatic Deferral Due to Blackout Period. Subject to Section 8 of this Agreement, to the extent the vesting of any Units occurs during a "blackout period" of the Company wherein certain Employees are precluded from selling Shares, the receipt of the corresponding Shares issuable pursuant to this Agreement shall be deferred, provided, however, that the receipt of such Shares shall not be deferred if such Shares are specifically covered by a Rule 10b5−1 trading plan of the Grantee which causes such Shares to be exempt from any applicable blackout period then in effect. In the event the receipt of any Shares is deferred due to the existence of a regularly scheduled blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such regularly scheduled blackout period. In the event the receipt of any Shares is deferred due to the existence of a special blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such special blackout period as determined by the Company's General Counsel. Notwithstanding the foregoing, deferred Shares shall be issued promptly to the Grantee prior to the termination of the blackout period in the event the Grantee ceases to be subject to the blackout period. The Grantee hereby represents that he or she understands the effect of any such deferral under relevant federal, state and local tax laws.

(b) Voluntary Deferral by the Grantee. Subject to Section 8 of this Agreement, the Grantee may elect to defer the receipt of any Shares issuable pursuant to this Agreement by submitting to the Company an election to defer such receipt in the form attached hereto as Exhibit B. In the event the Grantee intends to defer the receipt of any Shares, the

Grantee shall submit to the Administrator a proposed deferral election form at least two weeks in advance of the date of the proposed election to defer. The Administrator shall determine whether the proposed election to defer will be effective for tax purposes and under Applicable Law. In the event the Administrator determines that the proposed election to defer will be effective for tax purposes and under Applicable Law, the proposed election will become effective upon the Administrator's acceptance of the election with such changes to the election as the Administrator deems necessary or appropriate. To the extent the receipt of any deferred Shares occurs during a blackout period, the receipt of the deferred Shares shall be further deferred, provided, however, that the receipt of such Shares shall not be further deferred if such Shares are specifically covered by a Rule 10b5−1 trading plan of the Grantee which causes such Shares to be exempt from any applicable blackout period then in effect. In the event the receipt of any Shares is further deferred due to the existence of a regularly scheduled blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such regularly scheduled blackout period. In the event the receipt of any Shares is further deferred due to the existence of a special blackout period, such Shares shall be issued to the Grantee on the first day following the termination of such special blackout period as determined by the Board. Notwithstanding the foregoing, deferred Shares shall be issued promptly to the Grantee prior to the termination of the blackout period in the event the Grantee ceases to be subject to the blackout period. The Grantee hereby represents that he or she understands the effect of any such deferral under relevant federal, state and local tax laws.

7. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

8. Taxes.

(a) Generally. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of Shares issuable pursuant to the Award. The Company and its Affiliates do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability. As a condition and term of this Award, no election under Section 83(b) of the Code may be made by the Grantee or any other person with respect to all or any portion of the Award.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether non−U.S., federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. In addition, the Grantee must arrange for the satisfaction of the minimum amount of any applicable Tax Withholding Obligations that arise in connection with the Award regardless of any deferral pursuant to Section 6 of this Agreement.

(i) *By Sale of Shares*. Unless the Grantee determines (or is required) to satisfy the Tax Withholding Obligation by some other means in accordance with clause (ii) below, the Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the minimum applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., a vesting date) or as soon thereafter as practicable. The Grantee will be responsible for all brokers' fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's minimum Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Affiliate as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(ii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator. In addition, in the event of a deferral pursuant to Section 6 of this Agreement, the Grantee must arrange for the satisfaction of the minimum amount of any applicable Tax Withholding Obligations in accordance with this Section 8(b)(ii).

(c) Right to Retain Shares. The Company may refuse to issue any Shares to the Grantee until the Grantee satisfies the Tax Withholding Obligation. To the maximum extent permitted by law, the Company has the right to retain without notice from Shares issuable under the Award or from salary or other amounts payable to the Grantee, Shares or cash having a value sufficient to satisfy the Tax Withholding Obligation.

9. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

10. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

11. Dispute Resolution. The provisions of this Section 11 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of San Mateo) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 11 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

13. No Effect on Terms of Service. The Units subject to the Award shall vest, if at all, only during the period of the Grantee's Continuous Active Service (not through the act of being hired, being granted the Award or acquiring Shares hereunder) and the Award has been granted as an inducement for the Grantee to remain in such Continuous Active Service and as an incentive for increased efforts on behalf of the Company and its Affiliates by the Grantee during the period of his or her Continuous Active Service. Nothing in the Notice, the Agreement, or the Plan shall confer upon the Grantee any right with respect to future performance unit grants or continuation of Grantee's Continuous Active Service, nor shall it interfere in any way with the Grantee's right or the right of the Grantee's employer to terminate Grantee's Continuous Active Service, with or without cause, and with or without notice. Unless the Grantee has a written employment agreement with the Company to the contrary, Grantee's status is at will. **This Award shall not, under any circumstances, be considered or taken into account for purposes of calculation of severance payments in those jurisdictions requiring such payments upon termination of employment. The Grantee shall not have and waives any and all rights to compensation or damages as a result of the termination of the Grantee's**

employment with the Company or the Grantee's employer for any reason whatsoever, insofar as those rights result or may result from (i) the loss or diminution in value of such rights or entitlements or claimed rights or entitlements under the Plan, or (ii) the Grantee's ceasing to be entitled to any purchase rights or shares or any other rights under the Plan.

14. Personal Data. The Grantee understands that the Company and its subsidiaries hold certain personal information about the Grantee for the purpose of managing and administering the Plan, including: name, home address and telephone number, date of birth, social fiscal number, compensation, nationality, job title, any shares of stock held in the Company, details of all awards of equity compensation or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor (collectively, "Data"). The Grantee understands that the Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Grantee's participation in the Plan, and that the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, Asia, the United States and/or Canada. The Grantee consents to the collection, use and transfer of Data and authorizes these recipients to receive, possess, use, retain and transfer Data, in electronic or other form, as may be required for: (i) the administration of the Plan; and (ii) the implementation, administration and management of the Grantee's participation in the Plan, including any requisite transfer to a broker or any other third party with whom the Grantee may elect to deposit any shares of stock acquired as a result of this Award or any portion thereof and/or the subsequent holding of shares of stock on the Grantee's behalf.

15. Definitions.

(a) "Administrator" means the Board or the Committees (or delegates of the Board or such Committees) appointed to administer the Plan.

(b) "Affiliate" shall have the meaning ascribed to such term in Rule 12b−2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules or laws of any foreign jurisdiction applicable to performance units or other securities granted to residents therein.

(d) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Affiliate to render consulting or advisory services to the Company or such Affiliate.

(e) "Continuous Active Service" means actively performing duties or exercising responsibilities in providing services to the Company or an Affiliate in any capacity of Employee, Director or Consultant, without interruption or termination. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Active Service shall be deemed terminated upon the actual cessation of the active performance of duties or responsibilities in providing services to the Company or an Affiliate notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. Continuous Active Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Affiliate, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual continues to actively perform duties or responsibilities in providing services to the Company or an Affiliate in any capacity of Employee, Director or Consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(f) "Director" means a member of the Board or the board of directors of any Affiliate.

(g) "Disability" means a Grantee would qualify for benefit payments under the long−term disability policy of the Company or the Affiliate to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Affiliate to which the Grantee provides service does not have a long−term disability plan in place, "Disability" means that a Grantee is permanently unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(h) "Employee" means any person, including an Officer or Director, who is an employee of the Company or any Affiliate. The payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company.

EXHIBIT 31.1

JDS UNIPHASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES−OXLEY ACT OF 2002

I, Kevin J. Kennedy, Ph.D., Chief Executive Officer (Principal Executive Officer), certify that:

1. I have reviewed this Quarterly Report on Form 10−Q of JDS Uniphase Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 9, 2005

/s/ Kevin J. Kennedy, Ph.D.
Kevin J. Kennedy, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

JDS UNIPHASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES−OXLEY ACT OF 2002

I, Ronald C. Foster, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer), certify that:

1. I have reviewed this Quarterly Report on Form 10−Q of JDS Uniphase Corporation;

2. Based on my knowledge, this report on Form 10−Q does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 9, 2005

/s/ Ronald C. Foster
Ronald C. Foster
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

JDS UNIPHASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES−OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10−Q of JDS Uniphase Corporation (the “Company”) for the period ended December 31, 2004 as filed with the Securities and Exchange Commission (the “Report”), I, Kevin J. Kennedy, Ph.D., Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Dated: February 9, 2005

/s/ Kevin J. Kennedy, Ph.D.
Kevin J. Kennedy, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

JDS UNIPHASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES−OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10−Q of JDS Uniphase Corporation (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission (the "Report"), I, Ronald C. Foster, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 9, 2005

/s/ Ronald C. Foster
Ronald C. Foster
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)