



JDS UNIPHASE CORPORATION
1768 Automation Parkway
San Jose, California 95131
(408) 546-5000

October 2, 2003

Dear Stockholder:

I am pleased to invite you to attend JDS Uniphase Corporation's 2003 Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at our corporate offices located at 1768 Automation Parkway, San Jose, California 95131, on November 6, 2003 at 10:00 a.m., Pacific Standard Time.

If you are unable to attend the Annual Meeting in person, you may listen to a live audio webcast on our website at www.jdsu.com under "Investor Relations."

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. In order to reduce costs, we have also included our fiscal 2003 Annual Report as part of this document.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and promptly return the accompanying proxy in the enclosed postage-prepaid envelope. You may also vote via telephone or Internet, as outlined on the enclosed proxy card. If you vote via the Internet, you can elect to access future proxy statements and annual reports on our website.

Your Board of Directors recommends that you vote in favor of the three proposals outlined in the Proxy Statement.

On behalf of the Board of Directors, I would like to express our appreciation for your continued support and interest in JDS Uniphase Corporation. We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink that reads "Kevin J. Kennedy". The signature is fluid and cursive, with a long horizontal flourish extending from the end.

Kevin J. Kennedy, Ph.D.
Chief Executive Officer



**JDS UNIPHASE CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 6, 2003**

TIME	10:00 a.m., Pacific Standard Time, on November 6, 2003
LOCATION	JDS Uniphase Corporation 1768 Automation Parkway San Jose, California 95131 (408) 546-5000
PROPOSALS	<ol style="list-style-type: none">1. To elect two Class II directors to serve until the 2006 Annual Meeting of Stockholders and until their successors are elected and qualified.2. To approve the JDS Uniphase Corporation 2003 Equity Incentive Plan.3. To ratify the appointment of Ernst & Young LLP as JDS Uniphase Corporation's independent auditors for the fiscal year ending June 30, 2004.4. To consider such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof. <p>These items of business are more fully described in the proxy statement which is attached and made a part hereof.</p>
RECORD DATE	You are entitled to vote at the 2003 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournment or postponement thereof if you were a stockholder at the close of business on September 15, 2003.
VOTING	Your vote is important. Whether or not you expect to attend the Annual Meeting, you are urged to vote promptly to ensure your representation and the presence of a quorum at the Annual Meeting. You may vote your shares by using the Internet or the telephone. Instructions for using these services are set forth on the enclosed proxy card. You may also vote your shares by marking, signing, dating and returning the proxy card in the enclosed postage-prepaid envelope. If you send in your proxy card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

By Order of the Board of Directors,

A handwritten signature in black ink, reading "Kevin J. Kennedy", with a stylized flourish at the end.

Kevin J. Kennedy, Ph.D.
Chief Executive Officer

San Jose, California
October 2, 2003

JDS UNIPHASE CORPORATION
1768 Automation Parkway
San Jose, California 95131
(408) 546-5000

PROXY STATEMENT

GENERAL INFORMATION

Why am I receiving these proxy materials?

The Board of Directors (the “Board”) of JDS Uniphase Corporation, a Delaware corporation (the “Company”), is furnishing these proxy materials to you in connection with the Company’s 2003 Annual Meeting of Stockholders (the “Annual Meeting”). The Annual Meeting will be held at the Company’s corporate offices located at 1768 Automation Parkway, San Jose, California 95131, on November 6, 2003 at 10:00 a.m., Pacific Standard Time. You are invited to attend the Annual Meeting and are entitled and requested to vote on the proposals outlined in this proxy statement (“Proxy Statement”).

What proposals will be voted on at the Annual Meeting?

There are three proposals scheduled to be voted on at the Annual Meeting:

1. To elect two Class II directors to serve until the 2006 Annual Meeting of Stockholders and until their successors are elected and qualified;
2. To approve the JDS Uniphase Corporation 2003 Equity Incentive Plan; and
3. To ratify the appointment of Ernst & Young LLP as the Company’s independent auditors for the fiscal year ending June 30, 2004.

As to any other business which may properly come before the Annual Meeting, the persons named on the enclosed proxy card will vote according to their best judgment. We do not know now of any other matters to be presented or acted upon at the Annual Meeting.

What are the recommendations of the Company’s Board of Directors?

The Board recommends that you vote “FOR” the election of the two Class II directors, “FOR” the adoption of the Company’s 2003 Equity Incentive Plan, and “FOR” the ratification of the appointment of Ernst & Young LLP as the Company’s independent auditors for the fiscal year ending June 30, 2004.

What is the record date and what does it mean?

The record date for the Annual Meeting is September 15, 2003. The record date is established by the Board of Directors as required by Delaware law. Holders of shares of the Company’s common stock and holders of exchangeable shares of JDS Uniphase Canada Ltd., a subsidiary of the Company, at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting and any adjournments or postponements thereof.

What shares can I vote?

Each stockholder of the Company’s common stock, par value \$.001 per share (“Common Stock”), is entitled to one vote for each share of Common Stock owned as of the record date, and CIBC Mellon Trust Company (the “Trustee”), the holder of the Company’s special voting share (“Special Voting Share”), is entitled

to one vote for each exchangeable share of JDS Uniphase Canada Ltd., a subsidiary of the Company (“Exchangeable Shares”), outstanding as of the record date (other than Exchangeable Shares owned by the Company and its affiliates). Holders of Common Stock and the Special Voting Share are collectively referred to as “Stockholders.” Votes cast with respect to Exchangeable Shares will be voted through the Special Voting Share by the Trustee as directed by the holders of Exchangeable Shares, except votes cast with respect to Exchangeable Shares whose holders request to vote directly in person as proxy for the Trustee at the Annual Meeting.

At the record date, 1,368,572,620 shares of Common Stock were issued and outstanding, one share of the Company’s Special Voting Share was issued and outstanding, and 66,093,931 Exchangeable Shares were issued and outstanding (excluding Exchangeable Shares owned by the Company and its affiliates which are not voted). Each Exchangeable Share is exchangeable at any time, at the option of its holder, for one share of the Company’s Common Stock.

What is the voting requirement to approve each of the proposals?

For Proposal 1, election of directors, the two candidates receiving the greatest number of affirmative votes of the votes attached to shares of Common Stock and the Special Voting Share will be elected, provided a quorum is present and voting. Proposals 2 and 3 will require the affirmative vote of a majority of the votes attached to shares of Common Stock and the Special Voting Share, voting together as a single class, present or represented by proxy and entitled to vote at the Annual Meeting.

All shares of Common Stock and the Special Voting Share represented by valid proxies will be voted in accordance with the instructions contained therein. Votes with respect to Exchangeable Shares represented by valid voting instructions received by the Trustee will be cast by the Trustee in accordance with those instructions. In the absence of instructions, proxies from holders of Common Stock will be voted FOR Proposals 1, 2 and 3. If no instructions are received by the Trustee from a holder of Exchangeable Shares, the votes to which such holder is entitled will not be exercised.

How do I vote my shares?

If you are a stockholder of record, you can give a proxy to be voted at the Annual Meeting:

- by mailing the enclosed proxy card;
- over the telephone by calling a toll-free number; or
- electronically, using the Internet

The Internet and telephone voting procedures have been set up for your convenience and are designed to authenticate Stockholders’ identities, to allow Stockholders to provide their voting instructions, and to confirm that their instructions have been recorded properly. The Company believes the procedures which have been put in place are consistent with the requirements of applicable law. Specific instructions for Stockholders of record who wish to use the Internet or telephone voting procedures are set forth on the enclosed proxy card.

Who will tabulate the votes?

An automated system administered by ADP Investor Communication Services (“ADP”) will tabulate votes cast by proxy at the Annual Meeting and a representative of the Company will tabulate votes cast in person at the Annual Meeting.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual Stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except (i) as necessary to meet applicable legal requirements, (ii) to allow for the tabulation and/or certification of the vote, or (iii) to facilitate a successful proxy solicitation by the Board of Directors.

Occasionally, Stockholders provide written comments on their proxy cards which are then forwarded to the Company's management.

What are the quorum and voting requirements?

The presence, in person or by proxy, of the holders of a majority of the shares of the Company's Common Stock and Exchangeable Shares entitled to vote is necessary to constitute a quorum at the Annual Meeting. Under the General Corporation Law of the State of Delaware, an abstaining vote and a broker "non-vote" are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Annual Meeting. Broker "non-votes" are not included in the tabulation of the voting results on the election of directors or issues requiring approval of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting and, therefore, do not have an effect on Proposals 1, 2 and 3. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have the discretionary voting instructions with respect to that item and has not received instructions from the beneficial owner. Shares held by brokers who do not have discretionary authority to vote on a particular matter and have not received voting instructions from their customers are not counted or deemed to be present or represented for purposes of determining whether Stockholders have approved that matter.

With respect to Proposal 1, a plurality of the votes duly cast is required for the election of directors (i.e., the nominees receiving the greatest number of votes will be elected). Abstentions are not counted for purposes of the election of directors.

With respect to Proposals 2 and 3 and any other matters (other than the election of directors) on which Stockholders of the Company are entitled to vote, the affirmative vote of the holders of a majority of the Stockholders' shares present in person or represented by proxy and entitled to vote, is required. For the purpose of determining whether the Stockholders have approved matters, other than the election of directors, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote.

Can I change my vote after submitting my proxy?

You may revoke your proxy at any time before the final vote at the Annual Meeting. You may do so by one of the following four ways:

- submitting another proxy card bearing a later date;
- sending a written notice of revocation to the Company's Corporate Secretary at 1768 Automation Parkway, San Jose, California, 95131;
- submitting new voting instructions via telephone or the Internet; or
- attending AND voting in person at the Annual Meeting.

If you hold Exchangeable Shares and you wish to direct the Trustee to cast the votes attached to the Special Voting Share on your behalf, you should follow carefully the instructions provided by the Trustee, which accompany this Proxy Statement. The procedure for instructing the Trustee differs in certain respects from the procedure for delivering a proxy, including the place for depositing the instructions and the manner for revoking the proxy.

Who is paying for this proxy solicitation?

This Proxy Statement and the accompanying proxy were first sent by mail to common stockholders, the Trustee for the Special Voting Share, and holders of Exchangeable Shares on or about October 2, 2003. The Company will bear the cost of soliciting proxies, including preparation, assembly, printing and mailing of the Proxy Statement. In addition, the Company will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners.

Proxies may be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, either personally, by telephone, facsimile, or telegram.

How can I find out the voting results?

The Company will announce the preliminary results at the Annual Meeting and publish the final results in the Company's Quarterly Report on Form 10-Q for the second quarter of fiscal 2004.

How do I receive electronic access to proxy materials for the current and future annual meetings?

Stockholders who elected to receive the Proxy Statement and Annual Report over the Internet will be receiving an e-mail on or about October 3, 2003 with information on how to access stockholder information and instructions for voting over the Internet. Stockholders of record may vote via the Internet until 11:59 p.m. Eastern Time, November 5, 2003.

If your shares are registered in the name of a brokerage firm and you have not elected to receive your Proxy Statement and Annual Report over the Internet, you still may be eligible to vote your shares electronically over the Internet. A large number of brokerage firms are participating in the ADP online program, which provides eligible Stockholders who receive a paper copy of this Proxy Statement the opportunity to vote via the Internet. If your brokerage firm is participating in ADP's program, your proxy card will provide instructions. If your proxy card does not reference Internet information, please complete and return the proxy card in the postage-paid envelope provided.

Stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies, which results in cost savings for the Company. If you are a stockholder of record and would like to receive future stockholder materials electronically, you can elect this option by following the instructions provided when you vote your proxy over the Internet at www.ProxyVote.com.

If you chose to view future proxy statements and annual reports over the Internet, you will receive an e-mail notification next year with instructions containing the Internet address of those materials. Your choice to view future proxy statements and annual reports over the Internet will remain in effect until you contact either your broker or the Company to rescind your instructions. You do not have to elect Internet access each year.

If you elected to receive this Proxy Statement electronically over the Internet and would now like to receive a paper copy of this Proxy Statement so that you may submit a paper proxy in lieu of an electronic proxy, you should contact your broker or the Company.

How can I avoid having duplicate copies of the proxy statements sent to my household?

Some brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports, which results in cost savings for the Company. The practice of "householding" means that only one copy of the proxy statement and annual report will be sent to multiple Stockholders in a Stockholder's household. The Company will promptly deliver a separate copy of either document to any Stockholder who contacts the Company's investor relations department at (408) 546-5000 requesting such copies. If a Stockholder is receiving multiple copies of the proxy statement and annual report at the Stockholder's household and would like to receive a single copy of the proxy statement and annual report for a Stockholder's household in the future, Stockholders should contact their broker, other nominee record holder, or the Company's investor relations department to request mailing of a single copy of the proxy statement and annual report.

PROPOSAL 1 ELECTION OF DIRECTORS

The Board is divided into three classes as nearly equal in number as possible. The members of each class of directors serve staggered three-year terms. Currently, the Board is composed of the following nine members:

<u>Class</u>	<u>Directors</u>	<u>Term Expiration</u>
I	Bruce D. Day, Martin A. Kaplan and Kevin J. Kennedy, Ph.D.	2004 Annual Meeting of Stockholders
II	Robert E. Enos, Peter A. Guglielmi and Syrus P. Madavi	2003 Annual Meeting of Stockholders
III	Richard T. Liebhaber, Casimir S. Skrzypczak and Jozef Straus, Ph.D.	2005 Annual Meeting of Stockholders

The Corporate Governance Committee of the Board of Directors has recommended, and the Board of Directors has nominated, the two nominees named below for election as Class II directors of the Company, each to serve a three-year term until the 2006 Annual Meeting of Stockholders and until a successor is elected and qualified or until the director's earlier resignation or removal. Each of the nominees has consented, if elected as a Class II director of the Company, to serve until his term expires. The Board of Directors has no reason to believe that either of the nominees will not serve if elected, but if either of them should become unavailable to serve as a director, and if the Board designates a substitute nominee, the persons named as proxies will vote for the substitute nominee designated by the Board.

Donald R. Scifres, Ph.D. resigned as a director on January 31, 2003 leaving one vacancy on the Board. The Board appointed Syrus P. Madavi to fill the vacancy created by Dr. Scifres' resignation.

On August 20, 2003, Mr. Madavi notified the Company that he would be leaving the Company on a date to be agreed upon by Mr. Madavi and the Board. Mr. Madavi is not seeking re-election as a director of the Company and his term will automatically expire at the Annual Meeting.

Dr. Straus retired from his position as Chief Executive Officer of the Company and Co-Chairman of the Board of Directors effective September 1, 2003, but will continue to be a member of the Board of Directors.

The Board presented an offer of employment to Kevin J. Kennedy, Ph.D., a current director of the Company, to assume the position of Chief Executive Officer effective September 1, 2003. Dr. Kennedy accepted the offer of employment, and the terms of Dr. Kennedy's employment agreement are described in the section entitled "Employment Contracts, Termination of Employment and Change in Control Arrangements."

The Board has amended the Bylaws of the Company to reduce the authorized number of directors of the Company to eight directors effective upon the day immediately prior to the Annual Meeting.

Nominees for Three-Year Terms That Will Expire in 2006

Robert E. Enos
Age 64

Mr. Enos became a member of the Company's Board in July 1999 upon the closing of the merger with JDS FITEL Inc. ("JDS FITEL") and was previously a member of the JDS FITEL Board of Directors from 1996 until July 1999. Mr. Enos was the Vice President, Product Line Management, Cable Group and the Vice President, Transmission Network Division of Northern Telecom Limited from 1992 to 1994 and from 1989 to 1992, respectively. Mr. Enos retired from Northern Telecom Limited in 1994.

Peter A. Guglielmi
Age 60

Mr. Guglielmi has been a member of the Company's Board since May 1998. Mr. Guglielmi retired as Executive Vice President of Tellabs, Inc. in 2000, where he served as its Chief Financial Officer since 1988. From 1993 to 1997, he was also President of Tellabs International, Inc. Prior to joining Tellabs, Mr. Guglielmi was Vice President of Finance and Treasurer of Paradyne Corporation for five years. Mr. Guglielmi serves on the board of directors of Tellabs, Inc.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION
TO THE BOARD OF EACH OF THE NOMINEES NAMED ABOVE**

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. Information regarding the business experience of each such director is provided below.

Director Whose Term Will Expire in 2003

Syrus P. Madavi
Age 54

Mr. Madavi joined the Company in July 2002 as President and Chief Operating Officer and became a member of the Board in February 2003. Prior to joining the Company, Mr. Madavi served as Vice President and then Senior Vice President of Texas Instruments Inc. from August 2000 until April 2002. Previously, Mr. Madavi was President and Chief Executive Officer of Burr-Brown Corporation from March 1994 until its acquisition by Texas Instruments Inc. in August 2000. Mr. Madavi also served as chairman of the Board of Burr-Brown Corporation from 1998 until August 2000. Prior to joining Burr-Brown Corporation, Mr. Madavi was employed at Raytheon Corporation from 1990 to 1994, where he served as President of the Semiconductor Division during his final two years. Mr. Madavi also served as Corporate Vice President and General Manager of Honeywell Signal Processing Technologies from 1984 to 1989. Mr. Madavi holds a B.S.E.E. degree and a M.S. in Computer Science from Stevens Institute of Technology, and a M.B.A. in Finance from the University of California at Los Angeles.

Directors Whose Terms Will Expire in 2004

Bruce D. Day
Age 47

Mr. Day became a member of the Company's Board of Directors in July 1999 upon the closing of the merger with JDS FITELE and served as a member of the JDS FITELE Board of Directors since 1996. Since 1991, Mr. Day has been Vice President, Corporate Development of Rogers Communications Inc. and is principally involved in mergers, acquisitions, divestitures, taxation and pensions for Rogers Communications Inc. and its subsidiaries.

Martin A. Kaplan
Age 65

Mr. Kaplan has been a member of the Company's Board of Directors since May 1998. Mr. Kaplan has served as the Chairman of the Board since May 2000. From May 1995 until his retirement in May 2000, Mr. Kaplan was Executive Vice President of Pacific Telesis and was responsible for coordinating integration plans following the merger of SBC Communications, Inc. and Pacific Telesis Group. From 1993 to 1995, he was Chief Technology, Quality and Re-Engineering Officer for Pacific Bell. Mr. Kaplan also is a director of Conductus, Actelis Networks and Santera Systems.

Kevin J. Kennedy, Ph.D.
Age 47

Dr. Kennedy became a member of the Company's Board in November 2001, and upon the retirement of Dr. Jozef Straus, became Chief Executive Officer of the Company on September 1, 2003. From August 2001 to September 2003, Dr. Kennedy was the Chief Operating Officer of Openwave Systems, Inc. Prior to joining Openwave Systems Inc., Dr. Kennedy served seven years at Cisco Systems, Inc., most recently as Senior Vice President of the Service Provider Line of Business and Software Technologies Division, and 17 years at Bell Laboratories. Dr. Kennedy is also a director of Quantum Corporation, Rambus Corporation and Openwave Systems, Inc.

Directors Whose Terms Will Expire in 2005

Richard T. Liebhaber
Age 68

Mr. Liebhaber became a member of the Company's Board in November 2001. Mr. Liebhaber retired as Executive Vice President and Chief Technology Officer of MCI Communications, Inc. ("MCI") in 1995. Prior to joining MCI in 1985, Mr. Liebhaber was IBM's director of Business Policy and Development after serving in engineering, manufacturing, product test, service and marketing positions. Mr. Liebhaber is also a director of ECI Telecom Ltd., ILOG S.A. and Avici Systems, Inc.

Casimir S. Skrzypczak
Age 62

Mr. Skrzypczak has been a member of the Company's Board of Directors since July 1997. Since July 2001, Mr. Skrzypczak has been a general partner in Global Asset Capital Investment. From October 1999 to July 2001, Mr. Skrzypczak was Senior Vice President at Cisco Systems, Inc. Mr. Skrzypczak served as Corporate Vice President and Group President of Professional Services at Telcordia Technologies, Inc. from July 1997 to October 1999. Earlier, Mr. Skrzypczak was President, NYNEX Science & Technology and Vice President, Network & Technology Planning for NYNEX. Mr. Skrzypczak has served as a trustee of Polytechnic University since 1987 and is chairman of its Education Committee. Mr. Skrzypczak also serves as a director of Sirenza Microdevices Inc., ECI Telecom Ltd. and Webex Communications, Inc.

Jozef Straus, Ph.D.
Age 57

Dr. Straus served as Co-Chairman of the Board from July 1999 to September 1, 2003 when he resigned his position as Co-Chairman. Dr. Straus continues to serve as a member of the Board. Dr. Straus served as the Company's Chief Executive Officer from May 2000 until his retirement on September 1, 2003. Dr. Straus was also President from June 2001 until July 2002, and was Chief Operating Officer following the merger with JDS FITELE in July 1999. Dr. Straus co-founded JDS FITELE in 1981 and served as its Chief Executive Officer and President from September 1993 until July 1999. Dr. Straus served on the JDS FITELE Board of Directors from 1981 and held various positions with JDS FITELE, including Vice President, Sales and Marketing from 1990 to 1993 when he assumed the position of Chief Executive Officer and President. Prior to 1981, Dr. Straus held various research and management positions related to fiber optic technology at Bell-Northern Research Ltd. and Northern Telecom Limited.

Board Committees and Meetings

During fiscal 2003¹, the Board held eight meetings. The Board has four committees: Audit Committee, Compensation Committee, Corporate Governance Committee, and Corporate Development Committee. During fiscal 2003, each of the committees was comprised solely of non-employee directors. The members of the committees during fiscal 2003 are identified in the following table:

<u>Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Corporate Development</u>	<u>Governance</u>
Bruce D. Day	Chair		X	
Robert E. Enos			X	Chair
Peter A. Guglielmi	X	X		
Martin A. Kaplan		X		X
Kevin J. Kennedy, Ph.D.		X	Chair	
Richard T. Liebhaber	X		X	X
Casimir S. Skrzypczak	X	Chair		X

Effective September 1, 2003, Dr. Kennedy resigned as a member of the Compensation Committee and as chair of the Corporate Development Committee. Dr. Kennedy will continue as a member of the Corporate Development Committee. Richard T. Liebhaber has assumed the position of chair of the Corporate Development Committee.

No director attended fewer than 75% of all Board meetings and committees on which he served after becoming a member of the Board of Directors.

The Audit Committee met seven times in fiscal 2003. The Audit Committee is responsible for assisting the full Board of Directors in fulfilling its oversight responsibilities relative to the Company's financial statements, financial reporting practices, systems of internal accounting and financial controls, the internal audit function, annual independent audits of the Company's financial statements, and such legal and ethics programs as may be established from time to time by the Board. The Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and may retain external consultants at its sole discretion. In addition, the Audit Committee considers whether the Company's independent auditors' provision of non-audit services is compatible with maintaining the independence of the independent auditors. The Audit Committee is composed solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, all of whom shall satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002, rules applicable to NASDAQ-listed issuers, and any other regulatory requirements.

The charter for the Audit Committee was amended by the Board of Directors in October 2002. A copy of the Audit Committee charter, as amended to date, is attached as Appendix A to this Proxy Statement.

The Compensation Committee met nine times in fiscal 2003. The Compensation Committee of the Board of Directors is responsible for insuring that the Company adopts and maintains responsible and responsive compensation programs for its employees, officers and directors consistent with the long-range interests of stockholders. The Compensation Committee is also responsible for administering certain other compensation programs for such individuals, subject in each instance to approval by the full Board. The Compensation Committee also has the exclusive responsibility for the administration of the Company's employee stock purchase

¹ In fiscal 2001, the Company changed its year-end from a fiscal year ending on June 30 to a 52-week fiscal year ending on the Saturday closest to June 30. The Company's fiscal 2003 year ended on June 28, 2003, whereas fiscal 2002 and 2001 ended on June 29, 2002 and June 30, 2001, respectively. For comparative presentation purposes, all accompanying tables and notes have been shown as ended on June 30.

plans and equity incentive plans. The Compensation Committee Chairman reports on the Compensation Committee's actions and recommendations at Board meetings. In addition, the Compensation Committee has the authority to engage the services of outside advisors, experts and others to provide assistance as needed. The Compensation Committee is composed solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, each of whom must at all times meet all other applicable federal securities and NASDAQ listing requirements to qualify as an independent director.

The Corporate Development Committee met five times in fiscal 2003. The Corporate Development Committee oversees the Company's strategic acquisition and investment activities. The Corporate Development Committee reviews and approves strategic transactions for which approval of the full Board of Directors is not required and makes recommendations to the Board of Directors regarding those transactions for which the consideration of the full Board of Directors is appropriate.

The Corporate Governance Committee met four times in fiscal 2003. The Corporate Governance Committee reviews current trends and practices in corporate governance and recommends to the Board of Directors the adoption of programs pertinent to the Company. The Corporate Governance Committee also reviews proposals by stockholders in connection with the annual meetings of stockholders, makes recommendations to the Board of Directors for action on such proposals, and makes recommendation of qualified candidates for election as executive officers and directors. Stockholders wishing to recommend candidates for consideration by the Corporate Governance Committee may do so by writing to the Company's Corporate Secretary and providing the candidate's name, biographical data and qualifications.

Director Compensation

Directors who are also employed by the Company do not receive any compensation for their services as directors. Directors who are not employees of the Company receive a \$1,500 fee for attendance at each Board meeting and a \$500 fee for attendance at committee meetings. In addition, Martin Kaplan receives \$80,000 annually as compensation for his services as Chairman of the Board. All directors are reimbursed for expenses incurred in connection with attending Board and committee meetings.

The Company's Amended and Restated 1993 Flexible Stock Incentive Plan (the "1993 Plan") also provides for automatic grants of nonqualified stock options to non-employee directors. Under the 1993 Plan, each non-employee director who first joins the Board after the effective date of the 1993 Plan automatically will receive options to purchase 40,000 shares of the Company's Common Stock. Immediately after each annual meeting of stockholders, each individual who is continuing to serve as a non-employee director automatically will be granted options to purchase 10,000 additional shares of the Company's Common Stock, whether or not such non-employee director stands for re-election at such annual meeting of stockholders, provided that each such individual has served as a non-employee director for at least nine months. Such options granted to non-employee directors pursuant to the foregoing provisions of the 1993 Plan have an exercise price equal to 100% of the fair market value of the Company's Common Stock on the date of grant and vest monthly on a straight-line basis over a three-year period for the initial 40,000 shares received on joining the Company's Board of Directors and over twelve months for the subsequent grants of 10,000 shares, and terminate eight years from the date of grant. In its discretion, the Company's Board may make grants of additional options to non-employee directors. In addition, all non-employee directors who are serving as chair of one of the committees of the Board receive an annual option grant of 3,000 shares of the Company's Common Stock upon their initial appointment as chair and an automatic option grant of 3,000 shares of the Company's Common Stock after each annual meeting of stockholders if the non-employee director continues as chair for the ensuing year. Such options granted to non-employee directors serving as a chair have an exercise price equal to 100% of the fair market value of the Company's Common Stock on the date of grant and vest over twelve months, with vesting to cease if the non-employee director no longer continues to serve as chair.

In October 2002, the Company, based upon an analysis performed by Towers Perrin, an independent consulting firm, revised its compensation policy for non-employee directors of the Company. Effective

November 1, 2002, each non-employee director of the Company receives an annual cash retainer of \$48,000 which is paid in monthly installments of \$4,000. Additionally, each non-employee director receives restricted stock having a value on the date of grant of \$40,000, net of applicable taxes at the discretion of each non-employee director. In fiscal 2002, since the Company did not have a stockholder approved plan permitting the issuance of restricted stock, the restricted stock portion of each non-employee director's compensation was instead paid in cash, but such cash was required to be immediately used to purchase shares of the Company's Common Stock on the open market valued at fair market value at the date of purchase. In each case, such shares of Common Stock are subject to a restricted stock purchase agreement which provides for vesting over a three year period. In addition, commencing with the 2002 annual meeting of stockholders, each non-employee director serving on a committee of the Board receives an annual cash retainer of \$7,500 and each non-employee director serving as a committee chair receives an additional cash retainer of \$6,000. Each continuing non-employee director will continue to receive an automatic nonqualified stock option grant to purchase 10,000 shares of the Company's Common Stock after each annual meeting of stockholders and each non-employee director serving as a committee chair will continue to receive an automatic nonqualified stock option grant of 3,000 shares of the Company's Common Stock upon their initial appointment as a committee chair and an automatic grant of 3,000 shares of the Company's Common Stock after each annual meeting of stockholders if the non-employee director continues as chair for the ensuing year. Such nonqualified options will vest monthly over twelve months and terminate eight years from the date grant. Should the Company's Stockholders approve Proposal 2, non-employee directors will no longer receive an automatic nonqualified stock option grant to purchase 40,000 shares of the Company's Common Stock upon their initial appointment to the Board. Upon retirement of a non-employee director, all unvested options and restricted shares of the Company's Common Stock will automatically become fully vested, and the exercise period for such options would be extended to expire on the expiration date of such options, which is eight years from the date of grant.

Relationships Among Directors or Executive Officers

There are no family relationships among any of the Company's directors or executive officers.

Certain Relationships and Related Transactions

In fiscal 2003, Bruce D. Day, Robert E. Enos, Peter A. Guglielmi, Martin A. Kaplan, Kevin J. Kennedy, Ph.D., Robert T. Liebhaber and Casimir S. Skrzypczak were each granted options to purchase 10,000 shares of the Company's Common Stock at a price of \$2.251 per share. In addition, Bruce D. Day, Robert E. Enos, Kevin J. Kennedy, Ph.D. and Casimir S. Skrzypczak, as committee chairs, were each granted options to purchase 3,000 shares of the Company's Common Stock at a price of \$2.251 per share, and Martin A. Kaplan was granted a discretionary stock option to purchase 85,000 shares of the Company's Common Stock at a price of \$3.88.

The Company has entered into certain employment agreements with its Named Executive Officers (as defined below), Kevin J. Kennedy, Ph.D., Jozef Straus Ph.D., Syrus P. Madavi, Frederick J. Leonberger, Ph.D., Joseph C. Zils, and Donald E. Bossi, Ph.D. (see "Employment Contracts, Termination of Employment and Change in Control Arrangements" below).

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of the Company's Board or Compensation Committee and any member of the board of directors or compensation committee of any other companies, nor has such interlocking relationship existed in the past.

Executive Officers

The following sets forth certain information regarding the Company's executive officers as of June 30, 2003:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jozef Straus, Ph.D.	57	Co-Chairman and Chief Executive Officer
Syrus P. Madavi	54	President and Chief Operating Officer
Donald E. Bossi, Ph.D.	40	Transmission Group President
Christopher S. Dewees	39	Senior Vice President and General Counsel
Ronald C. Foster	52	Executive Vice President and Chief Financial Officer
Frederick J. Leonberger, Ph.D. ..	55	Senior Vice President and Chief Technology Officer ¹
Stan Lumish, Ph.D.	46	Chief Technology Officer for Communications
Jo Major, Ph.D.	41	Senior Vice President, Component Products Group
Mark S. Sobey, Ph.D.	43	Senior Vice President, Global Sales and Marketing
Joseph C. Zils	49	Thin Film Products Group President

Jozef Straus served co-chairman of the Board from July 1999 to September 1, 2003 when he resigned his position as co-chairman. Dr. Straus continues to serve as a member of the Board. Dr. Straus served as the Company's Chief Executive Officer from May 2000 until his retirement on September 1, 2003. Dr. Straus was also President from June 2001 until July 2002, and was Chief Operating Officer following the merger with JDS FITELE in July 1999. Dr. Straus co-founded JDS FITELE in 1981 and served as its Chief Executive Officer and President from September 1993 until July 1999. He served on the JDS FITELE Board of Directors from 1981 and held various positions with JDS FITELE, including Vice President, Sales and Marketing from 1990 to 1993 when he assumed the position of Chief Executive Officer and President. Prior to 1981, Dr. Straus held various research and management positions related to fiber optic technology at Bell-Northern Research Ltd. and Northern Telecom Limited.

Syrus P. Madavi joined the Company in July 2002 as President and Chief Operating Officer and became a member of the Board in February 2003. Prior to joining the Company, Mr. Madavi served as Vice President and then Senior Vice President of Texas Instruments Inc. from August 2000 until April 2002. Previously, Mr. Madavi was President and Chief Executive Officer of Burr-Brown Corporation from March 1994 until its acquisition by Texas Instruments Inc. in August 2000. Mr. Madavi also served as chairman of the Board of Burr-Brown Corporation from 1998 until August 2000. Prior to joining Burr-Brown Corporation, Mr. Madavi was employed at Raytheon Corporation from 1990 to 1994, where he served as President of the Semiconductor Division during his final two years. Mr. Madavi also served as Corporate Vice President and General Manager of Honeywell Signal Processing Technologies from 1984 to 1989. Mr. Madavi holds a B.S.E.E. degree and a M.S. in Computer Science from Stevens Institute of Technology, and a M.B.A. in Finance from the University of California at Los Angeles.

Donald E. Bossi has served as the President of the Company's Transmission Group since April 2002. From September 2001 to March 2002, Dr. Bossi was President of the Active Components Group, and from January 1994 to September 2001, Dr. Bossi held various management positions with the Company. Prior to joining the Company, Dr. Bossi held technical leadership positions with United Technologies Research Center and MIT Lincoln Laboratory.

Christopher S. Dewees has served as the Company's Senior Vice President and General Counsel since July 2003. From February 2003 until July 2003, Mr. Dewees served as Vice President and General Counsel, prior to which he was Acting General Counsel from October 2002 until February 2003. Mr. Dewees joined the Company's Legal Department in October 1999. Prior to October 1999, Mr. Dewees was employed at Morrison & Foerster LLP, where he represented the Company, and other Silicon Valley public and private

¹ Dr. Leonberger retired on June 27, 2003.

companies. Mr. Dewees earned his A.B. degree from Dartmouth College in 1986, and his J.D. degree from Northwestern University in 1989.

Ronald C. Foster joined the Company in February 2003 as Executive Vice President and Chief Financial Officer. Before joining the Company Mr. Foster was Chief Financial Officer of Novell Corporation from July 2001 until February 2003, prior to which he served as Novell Corporation's Vice President of Finance from November 1998 until his promotion to Chief Financial Officer. Mr. Foster served as Group Controller and then Vice President, Operations Controller with Applied Materials Corporation from 1996 to 1998, and was employed as Vice President of Operations at Egghead Software Corporation from 1995 until 1996. Mr. Foster held various finance positions with Hewlett Packard Corporation ("HP") from 1985 until 1995, culminating in his service as Group Controller for HP's Computer Manufacturing and Distribution Group. Prior to HP, Mr. Foster held various finance and operations related positions in the forest products industry. Mr. Foster holds an M.B.A. degree from the University of Chicago and a B.A. in Economics from Whitman College.

Frederick J. Leonberger was the Company's Chief Technology Officer from July 1997 and Senior Vice President from July 1999 until his retirement from the Company on June 27, 2003. Dr. Leonberger was co-founder and general manager of Uniphase Telecommunications Products, Inc. ("UTP") and joined the Company upon the acquisition of UTP in May 1995. Dr. Leonberger has been active in optoelectronics for over 25 years and has held a variety of staff and management positions at MIT Lincoln Laboratory, United Technologies Research Center, UTP and the Company. Dr. Leonberger is the recipient of several professional awards and is a member of National Academy of Engineering.

Stan Lumish has served as the Company's Chief Technology Officer for Communications since July 2003. From July 2002 until June 2003, Dr. Lumish served as the President of the Company's Optical Layer Group. Dr. Lumish joined the Company in February 2000 as Vice President, Network Product Applications, and was subsequently appointed Group Vice President, R&D of the Transmission Subsystems Group, and General Manager of the Optical Networks Research group. Prior to joining the Company, Dr. Lumish held management positions with Lucent Technologies Inc., where he received the Bell Labs Fellow award.

Jo Major has served as the Company's Senior Vice President, Component Products Group, since July 2003. From September 2002 to July 2003 Dr. Major was Vice President, Active Components Business Unit. From February 2001, when he joined the Company as a result of its merger with SDL, Inc., to September 2002, Dr. Major served in various management roles within the Company's Active Components Group. Between 1990 and February 2001 Dr. Major was employed by SDL, Inc., in a variety of technical managerial positions. Dr. Major holds a B.S., with high honors, M.S. and Ph.D. from the University of Illinois, and has been granted industry awards for the development of 980nm lasers, high power near-infrared lasers, Raman amplifiers and high performance laser packaging. Dr. Major was an Intel Fellow from 1988 to 1990.

Mark S. Sobey has served as the Company's Senior Vice President, Global Sales and Marketing since May 2002. From January 2001 to May 2002, Dr. Sobey was Vice President of Sales, North America. Dr. Sobey was Director of Sales, North America from July 2000 to January 2001, and from December 1999 to June 2000, Dr. Sobey was Director of Sales, North America with E-TEK Dynamics, Inc. Prior to E-TEK Dynamics, Inc., Dr. Sobey was Vice President/General Manager with Spectra-Physic, Inc.

Joseph C. Zils has served as the President of the Company's Thin Film Products Group since March 2000. Prior to the Company's acquisition of Optical Coating Laboratory, Inc. in February 2000, Mr. Zils served as Vice President, General Counsel and Corporate Secretary of Optical Coating Laboratory, Inc. from December 1993 to March 2000. Mr. Zils earned a B.A. in economics from the University of California, Santa Cruz and a J.D. degree from the University of San Diego.

PROPOSAL NO. 2
APPROVAL OF THE JDS UNIPHASE CORPORATION
2003 EQUITY INCENTIVE PLAN

General

The Company's Stockholders are being asked to approve the adoption of the Company's 2003 Equity Incentive Plan (the "2003 Plan") as a replacement for the Company's existing 1993 Plan. If the Company's Stockholders approve the 2003 Plan, no further grants or awards will be issued from the 1993 Plan. Capitalized terms used in this Proposal No. 2 shall have the same meaning as in the 2003 Plan unless otherwise indicated. A comparison of material differences between the provisions of the 1993 Plan and the 2003 Plan are included in table format below.

The 2003 Plan is intended to enable the Company to attract and retain the best available personnel, to provide additional incentive to employees, directors and consultants and to promote the success of the Company's business. The Board believes that the Company's long term success is dependent upon the ability of the Company to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to the Company.

If approved by the Stockholders, a total of 140,000,000 shares of Common Stock of the Company will be initially reserved for issuance under the 2003 Plan, subject to adjustment only in the event of a stock split, stock dividend, or other similar change in the common stock or capital structure of the Company. The Board's intent is to limit annual potential incremental dilution attributable to equity incentive awards under the 2003 Plan to at or below a long-term average of 3%. Accordingly, the Company presently believes that the number of shares to be reserved for issuance under the 2003 Plan for which Stockholder approval is being sought will be sufficient for a minimum of three full years.

Under the 1993 Plan and as of September 1, 2003, there were 70,905,751 shares remaining available for future grants, which will no longer be available for grants immediately upon Stockholder approval of the 2003 Plan. Additionally, unlike the 1993 Plan, the 2003 Plan does not contain an "evergreen provision" whereby the number of shares available for grant under the 1993 Plan is automatically increased based on a formula set forth in the 1993 Plan. Although initially approved by the Stockholders in 1993, subsequent amendments to the 1993 Plan, including the adoption of the "evergreen" provision, have not been, nor were required to be, approved by the Company's Stockholders.

While the 1993 Plan only provides for the grant of incentive stock options and nonqualified stock options, the 2003 Plan also provides for the grant of restricted stock, dividend equivalent rights, stock appreciation rights, performance units and performance shares. The Board believes that expanding the type of incentive awards available for issuance under the 2003 Plan will better enable the Company to attract a broad range of prospective employees and to more closely tie the vesting of awards under the 2003 Plan to an individual's and the Company's actual performance. The 2003 Plan contains a listing of 19 performance criteria which the plan administrator may consider and utilize when granting performance based awards under the 2003 Plan.

The Company believes that equity incentive grants should be broadly based. Accordingly, the 2003 Plan provides that the maximum number of shares which may be awarded to Covered Employees as a group in any fiscal year of the Company shall not exceed 5% of the total number of shares subject to awards issued during such fiscal year, provided, however, that awards to Covered Employees made in connection with such Covered Employee's (i) commencement of employment with the Company or (ii) promotion will not be included for purposes of calculating whether such limitation has been reached.

The 2003 Plan also (a) imposes a requirement that the exercise price of stock options and the grant price of stock appreciation rights shall be no less than 100% of the fair market value of the Company's Common Stock on the date of the grant, (b) prohibits the granting of options or stock appreciation rights with terms of longer than eight years, (c) prohibits the repricing of options (including so-called "6+1" repricings) without

stockholder approval, (d) imposes the limitation that no more than 20% of shares of the Company's Common Stock reserved for issuance under the 2003 Plan may be utilized for the award of restricted stock, and (e) does not provide for automatic option grants to non-employee directors (unlike the 1993 Plan).

Comparison of Material Differences Between the Provisions of the 1993 Plan and the 2003 Plan

<u>Provision</u>	<u>1993 Plan</u>	<u>2003 Plan</u>
Automatic plan expiration date	No	Yes, 10 years unless sooner terminated by the Board of Directors.
"Evergreen" Provision	Yes	No
Limits on awards to Covered Employees	No	Yes, total awards shall not exceed 5% of the total number of shares subject to awards issued during each fiscal year, provided, however, that awards to Covered Employees made in connection with such Covered Employee's (i) commencement of employment with the Company or (ii) promotion will not be included for purposes of calculating whether such limitation has been reached.
Performance Criteria	No	Yes, lists 19 performance criteria which the plan administrator may consider and utilize when granting performance based awards.
Explicit prohibition on so-called "6+1" repricings without stockholder approval	No	Yes
Prohibition on exercise and grant prices below 100% of fair market value of the Company's Common Stock on grant date	Yes	Yes
Types of Available Awards	Stock options only	Stock options, restricted stock, dividend equivalent rights, stock appreciation rights, performance units and performance shares

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE 2003 PLAN

A general description of the principal terms of the 2003 Plan as proposed is set forth below. This description is qualified in its entirety by the terms of the 2003 Plan, a copy of which is attached to this Proxy Statement as Appendix B and is incorporated herein by reference.

General Description

Purpose. The purpose of the 2003 Plan is to provide the Company's employees, directors and consultants, whose present and potential contributions are important to the success of the Company, an incentive, through ownership of the Company's Common Stock, to continue in service to the Company, and to help the Company compete effectively with other enterprises for the services of qualified individuals.

Shares Reserved for Issuance under the 2003 Plan. If approved by the Stockholders, a total of 140,000,000 shares of Common Stock will be initially reserved for issuance under the 2003 Plan, subject to adjustment only in the event of a stock split, stock dividend, or other similar change in the common stock or capital structure of the Company. Of the total shares reserved for issuance under the 2003 Plan, a maximum

of 20% of such shares may be awarded as grants of restricted stock. The maximum number of shares with respect to which awards may be granted to a participant during a fiscal year of the Company is 3,000,000 shares. In addition, in connection with a participant's (i) commencement of Continuous Active Service or (ii) first promotion in any fiscal year of the Company, a participant may be granted awards for up to an additional 2,000,000 shares which shall not count against the limit set forth in the previous sentence.

Further, the maximum number of shares which may be awarded to Covered Employees as a group in any fiscal year of the Company shall not exceed 5% of the total number of shares subject to awards issued during such fiscal year. Notwithstanding the preceding sentence, awards to Covered Employees made in connection with such Covered Employee's (i) commencement of employment with the Company or (ii) promotion in any fiscal year of the Company (either to a position which would result in an employee becoming a Covered Employee, or the promotion of a Covered Employee from one position to another) shall not be included for purposes of calculating whether such limitation has been reached.

Administration. The 2003 Plan is administered, with respect to grants to employees, directors, officers, and consultants, by the plan administrator (the "Administrator"), defined as the Board or one or more committees designated by the Board. With respect to grants to officers and directors, the committee shall be constituted in such a manner as to satisfy applicable laws, including Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended and Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Terms and Conditions of Awards. The 2003 Plan provides for the grant of stock options, restricted stock, stock appreciation rights, dividend equivalent rights, performance units and performance shares (collectively referred to as "awards"). Stock options granted under the 2003 Plan may be either incentive stock options under the provisions of Section 422 of the Code, or nonqualified stock options. Incentive stock options may be granted only to employees. Awards other than incentive stock options may be granted to employees, directors and consultants. Under the 2003 Plan, awards may be granted to such employees, directors or consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

Subject to applicable laws, the Administrator has the authority, in its discretion, to select employees, directors and consultants to whom awards may be granted from time to time, to determine whether and to what extent awards are granted, to determine the number of shares of the Company's Common Stock or the amount of other consideration to be covered by each award (subject to the limitations set forth under the above section of this Proposal 2 "*Shares Reserved for Issuance under the 2003 Plan*"), to approve award agreements for use under the 2003 Plan, to determine the terms and conditions of any award, to construe and interpret the terms of the 2003 Plan and awards granted, to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to take such other action not inconsistent with the terms of the 2003 Plan as the Administrator deems appropriate.

Each award granted under the 2003 Plan shall be designated in an award agreement. In the case of an option, the option shall be designated as either an incentive stock option or a nonqualified stock option. To the extent that the aggregate fair market value of shares of the Company's Common Stock subject to options designated as incentive stock options which become exercisable for the first time by a participant during any calendar year exceeds \$100,000, such excess options shall be treated as nonqualified stock options.

The term of any award granted under the 2003 Plan may not be for more than eight years (or five years in the case of incentive stock options granted to any participant who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary of the Company).

The 2003 Plan authorizes the Administrator to grant options at an exercise price not less than 100% of the fair market value of the common stock on the date the option is granted (or 110%, in the case of incentive stock options granted to any employee who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary of the Company). The exercise price of awards intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code shall not be less

than 100% of the fair market value of the common stock on the date the award is granted. In the case of a stock appreciation right, the base amount on which the stock appreciation is calculated shall be not less than 100% of the fair market value of the common stock on the date of grant. The exercise price is generally payable in cash, check, shares of common stock or with respect to options, payment through a broker-dealer sale and remittance procedure.

Under the 2003 Plan, the Administrator may establish one or more programs under the 2003 Plan to permit selected grantees the opportunity to elect to defer receipt of consideration payable under an award. The Administrator also may establish under the 2003 Plan separate programs for the grant of particular forms of awards to one or more classes of grantees. The awards may be granted subject to vesting schedules and restrictions on transfer and repurchase or forfeiture rights in favor of the Company as specified in the award agreements to be issued under the 2003 Plan.

Termination of Service. An award may not be exercised after the termination date of such award as set forth in the award agreement. In the event a participant in the 2003 Plan terminates continuous active service with the Company, an award may be exercised only to the extent provided in the award agreement. Where an award agreement permits a participant to exercise an award following termination of service, the award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the award, whichever comes first. Any award designated as an incentive stock option, to the extent not exercised within the time permitted by law for the exercise of incentive stock options following the termination of employment, shall convert automatically to a nonqualified stock option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the award agreement.

Transferability of Awards. Under the 2003 Plan, incentive stock options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised during the lifetime of the participant only by the participant. Other awards shall be transferable only by will or by the laws of descent or distribution and to the extent provided in the award agreement. The 2003 Plan permits the designation of beneficiaries by holders of awards, including incentive stock options.

Section 162(m) of the Code. The maximum number of shares with respect to which awards may be granted to a participant during a fiscal year of the Company is 3,000,000 shares. In addition, in connection with a participant's (i) commencement of Continuous Active Service or (ii) first promotion in any fiscal year of the Company, a participant may be granted awards for up to an additional 2,000,000 shares which shall not count against the limit set forth in the previous sentence. The foregoing limitations shall be adjusted proportionately by the Administrator in connection with any change in the Company's capitalization due to a stock split, stock dividend or similar event affecting the common stock of the Company and its determination shall be final, binding and conclusive. Under Code Section 162(m) no deduction is allowed in any taxable year of the Company for compensation in excess of \$1 million paid to a Covered Employee. An exception to this rule applies to compensation that is paid pursuant to a stock incentive plan approved by stockholders and that specifies, among other things, the maximum number of shares with respect to which options and stock appreciation rights may be granted to eligible participants under such plan during a specified period. Compensation paid pursuant to options or stock appreciation rights granted under such a plan and with an exercise price equal to the fair market value of the Company's Common Stock on the date of grant is deemed to be inherently performance-based, since such awards provide value to participants only if the stock price appreciates. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitation, if any option or stock appreciation right is canceled, the cancelled award shall continue to count against the maximum number of shares of Common Stock with respect to which an award may be granted to a participant.

In order for stock based awards other than options and stock appreciation rights to qualify as performance-based compensation, the Administrator must establish a performance goal with respect to such award in writing not later than 90 days after the commencement of the services to which it relates and while the outcome is substantially uncertain. In addition, the performance goal must be stated in terms of an objective formula or

standard. The 2003 Plan contains a list of performance criteria that may be considered by the Administrator when granting performance-based awards.

Change in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of common stock covered by outstanding awards, the number of shares of common stock that have been authorized for issuance under the 2003 Plan, the exercise or purchase price of each outstanding award, the maximum number of shares of common stock that may be granted subject to awards to any participant in a fiscal year, and the like, shall be proportionally adjusted by the Administrator in the event of (i) any increase or decrease in the number of issued shares of common stock resulting from a stock split, stock dividend, combination or reclassification or similar event affecting the common stock of the Company, (ii) any other increase or decrease in the number of issued shares of common stock effected without receipt of consideration by the Company or (iii) as the Administrator may determine in its discretion, any other transaction with respect to common stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive.

Corporate Transaction. Effective upon the consummation of a corporate transaction (as described below), all outstanding awards shall terminate. However, all such awards shall not terminate to the extent the contractual obligations represented by the award are assumed by the successor entity. In the event an outstanding award is not assumed or replaced by the successor entity in connection with a corporate transaction, the award shall automatically become fully vested and exercisable for all of the shares at the time represented by the award, immediately prior to the specified effective date of such corporate transaction. A corporate transaction includes (i) the sale of all or substantially all of the Company’s assets, (ii) the complete dissolution or liquidation of the Company, (iii) a merger or consolidation in which the Company is not the surviving entity, (iv) any reverse merger in which the Company is the surviving entity but in which securities possessing more than 40% of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger, or (v) the acquisition in a single or series of related transactions by any person or related group of persons of beneficial ownership of securities possessing more than 50% of the total combined voting power of the Company’s outstanding securities.

Amendment, Suspension or Termination of the 2003 Plan. The Board may at any time amend, suspend or terminate the 2003 Plan. The 2003 Plan will terminate ten years from the date of its approval by the Company’s stockholders, unless terminated earlier by the Board. To the extent necessary to comply with 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 of any non-U.S. jurisdiction applicable to awards granted to residents therein, the Company shall obtain stockholder approval of any such amendment to the 2003 Plan in such a manner and to such a degree as required.

Certain Federal Tax Consequences

The following summary of the federal income tax consequences of 2003 Plan transactions is based upon federal income tax laws in effect on the date of this proxy statement. This summary does not purport to be complete, and does not discuss, state, local or non-U.S. tax consequences.

Nonqualified Stock Options. The grant of a nonqualified stock option under the 2003 Plan will not result in any federal income tax consequences to the participant or to the Company. Upon exercise of a nonqualified stock option, the participant is subject to income taxes at the rate applicable to ordinary compensation income on the difference between the option exercise price and the fair market value of the shares on the date of exercise. This income is subject to withholding for federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the

appropriate taxes with respect to such income (if required) and the participant's total compensation is deemed reasonable in amount. Any gain or loss on the participant's subsequent disposition of the shares of common stock will receive long or short-term capital gain or loss treatment, depending on whether the shares are held for more than one year following exercise. The Company does not receive a tax deduction for any such gain.

Incentive Stock Options. The grant of an incentive stock option under the 2003 Plan will not result in any federal income tax consequences to the participant or to the Company. A participant recognizes no federal taxable income upon exercising an incentive stock option (subject to the alternative minimum tax rules discussed below), and the Company receives no deduction at the time of exercise. The Internal Revenue Service has issued proposed regulations that would subject participants to withholding at the time participants exercise an incentive stock option for Social Security and Medicare taxes (but not income tax) based upon the excess of the fair market value of the shares on the date of exercise over the exercise price. These proposed regulations, if adopted, would be effective only for the exercise of an incentive stock option that occurs two years after the regulations are issued in final form. In the event of a disposition of stock acquired upon exercise of an incentive stock option, the tax consequences depend upon how long the participant has held the shares of common stock. If the participant does not dispose of the shares within two years after the incentive stock option was granted, nor within one year after the incentive stock option was exercised, the participant will recognize a long-term capital gain (or loss) equal to the difference between the sale price of the shares and the exercise price. The Company is not entitled to any deduction under these circumstances.

If the participant fails to satisfy either of the foregoing holding periods, he or she must recognize ordinary income in the year of the disposition (referred to as a "disqualifying disposition"). The amount of such ordinary income generally is the lesser of (i) the difference between the amount realized on the disposition and the exercise price or (ii) the difference between the fair market value of the stock on the exercise date and the exercise price. Any gain in excess of the amount taxed as ordinary income will be treated as a long or short-term capital gain, depending on whether the stock was held for more than one year. The Company, in the year of the disqualifying disposition, is entitled to a deduction equal to the amount of ordinary income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the appropriate taxes with respect to such income (if required) and the participant's total compensation is deemed reasonable in amount.

The "spread" under an incentive stock option — i.e., the difference between the fair market value of the shares at exercise and the exercise price — is classified as an item of adjustment in the year of exercise for purposes of the alternative minimum tax.

Restricted Stock. The grant of restricted stock will subject the recipient to ordinary compensation income on the difference between the amount paid for such stock and the fair market value of the shares on the date that the restrictions lapse. This income is subject to withholding for federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the ordinary income recognized by the recipient, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the appropriate taxes with respect to such income (if required) and the participant's total compensation is deemed reasonable in amount. Any gain or loss on the recipient's subsequent disposition of the shares will receive long or short-term capital gain or loss treatment depending on how long the stock has been held since the restrictions lapsed. The Company does not receive a tax deduction for any such gain.

Recipients of restricted stock may make an election under Section 83(b) of the Code ("Section 83(b) Election") to recognize as ordinary compensation income in the year that such restricted stock is granted, the amount equal to the spread between the amount paid for such stock and the fair market value on the date of the issuance of the stock. If such an election is made, the recipient recognizes no further amounts of compensation income upon the lapse of any restrictions and any gain or loss on subsequent disposition will be long or short-term capital gain to the recipient. The Section 83(b) Election must be made within thirty days from the time the restricted stock is issued.

Stock Appreciation Rights, Performance Shares and Performance Units. Recipients of stock appreciation rights ("SARs"), performance shares and performance units generally should not recognize income until such

rights are exercised (assuming there is no ceiling on the value of the right). Upon exercise, the participant will normally recognize taxable ordinary income for federal income tax purposes equal to the amount of cash and fair market value the shares, if any, received upon such exercise. Participants who are employees will be subject to withholding for federal income and employment tax purposes with respect to income recognized upon exercise of an SAR, performance share or performance unit. Participants will recognize gain upon the disposition of any shares received on exercise of an SAR, performance share or performance unit equal to the excess of (i) the amount realized on such disposition over (ii) the ordinary income recognized with respect to such shares under the principles set forth above. That gain will be taxable as long or short-term capital gain depending on whether the shares were held for more than one year.

The Company will be entitled to a tax deduction to the extent and in the year that ordinary income is recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the appropriate taxes with respect to such income (if required) and the participant's total compensation is deemed reasonable in amount.

Dividends and Dividend Equivalents. Recipients of stock-based awards that earn dividends or dividend equivalents will recognize taxable ordinary income on any dividend payments received with respect to unvested shares subject to such awards, which income is subject to withholding for federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the income recognized by a participant, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the appropriate taxes with respect to such income (if required) and the individual's total compensation is deemed reasonable in amount.

New Plan Benefits

As of the date of this Proxy Statement, no outside director and no associate of any director or officer has been granted any awards subject to Stockholder approval of the proposed 2003 Plan. Because the Administrator will make future awards at its discretion, the Company cannot determine the number of options and other awards that may be awarded in the future to eligible participants. However, subject to his achievement of such performance goals as shall be determined by the Board, the Company intends to grant stock options to acquire a total of at least 1,500,000 shares to Kevin J. Kennedy over the approximately 18 month period following the date of his appointment as Chief Executive Officer of the Company, 1,000,000 shares of which will be granted within the first 12 months of such appointment. In addition, the estimated annual awards that will be received by non-employee directors under the 2003 Plan are shown in the table below.

The following table shows the estimated awards to be issued under the 2003 Plan to:

- The named executive officers;
- All current executive officers as a group;
- All current directors who are not executive officers; and
- All employees as a group (excluding executive officers).

In the event the 2003 Plan is not approved by the stockholders of the Company, the estimated awards set forth in the following table will not be issued under the 2003 Plan.

2003 Equity Incentive Plan

<u>Name And Position</u>	<u>Dollar Value (\$)</u>	<u>Number of Shares</u>
Kevin J. Kennedy, Ph.D. Chief Executive Officer	\$ 0	1,500,000 ⁽¹⁾
All current executive officers as a group (5 persons)	\$ 0	1,500,000 ⁽¹⁾
All current directors who are not executive officers, as a group (6 persons)	\$240,000 ⁽²⁾	141,364 ⁽³⁾⁽⁴⁾
All employees as a group (excluding executive officers) ...	\$ 0	0

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- ⁽¹⁾ Represents options to acquire a total of at least 1,500,000 shares that, subject to Board approval, may be granted to Kevin J. Kennedy over the approximately 18 month period following the date of his appointment as Chief Executive Officer of the Company, of which 1,000,000 may be granted within the first twelve months following such employment.
- ⁽²⁾ Represents the combined value of restricted stock to be issued to each non-employee director under the 2003 Plan.
- ⁽³⁾ Includes an estimated 69,364 shares of restricted stock to be purchased by non-employee directors under the 2003 Plan using each non-employee director's remaining retainer of \$40,000 and assuming a purchase price of \$3.46 per share (which was the fair market value of the Company's Common Stock at the end of the 2003 fiscal year on June 28, 2003).
- ⁽⁴⁾ Includes an estimated 72,000 shares subject to stock options to be granted under the 2003 Plan annually to non-employee directors based on (a) a grant of 10,000 shares to each non-employee director made after each annual meeting of stockholders and (b) with respect to non-employee directors serving as chair of one of the committees of the Board, a grant of 3,000 shares to each non-employee director upon their initial appointment as chair and a grant of 3,000 shares after each annual meeting of stockholders if the non-employee director continues as chair for the ensuing year. The Board has four committees: Audit Committee, Compensation Committee, Corporate Governance Committee, and Corporate Development Committee. The Board has the discretion to increase or decrease the number of stock options granted to non-employee directors on an annual basis.

PROPOSAL 3
RATIFICATION OF INDEPENDENT AUDITORS

Ernst & Young LLP has served as the Company's independent auditors since 1987 and has been appointed by the Board to continue as the Company's independent auditors for the fiscal year ending June 30, 2004. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

In the event the Stockholders fail to ratify the appointment of Ernst & Young LLP as the Company's independent auditors, the Board will reconsider its selection. Even if the selection is ratified, the Board in its discretion may direct the appointment of a different independent accounting firm at any time during the fiscal year if the Board believes that such a change would be in the best interests of the Company and its Stockholders.

The Company has been informed by Ernst & Young LLP that neither the firm nor any of its members has any direct financial interest or material indirect financial interest in the Company. Total fees billed by Ernst & Young LLP for audit and other professional services were \$4,320,000 for the year ended June 30, 2003. The components of the total fees were as follows:

Audit Fees:

The aggregate fees billed by Ernst & Young LLP for professional services rendered for: (i) the audit of the Company's annual financial statements included in the Annual Report on Form 10-K, and (ii) the reviews of the Company's interim financial statements included in the Quarterly Reports on Form 10-Q was \$2,460,000.

Financial Information Systems Design and Implementation Fees:

No fees were billed by Ernst & Young LLP for professional services related to financial information systems design and implementation as described in Paragraph (c)(4)(ii) of Rule 2-01 of Regulation S-X.

All Other Fees:

The aggregate fees billed by Ernst & Young LLP for other professional services, other than the audit fees and financial information systems design and implementation fees described above, was \$1,860,000, of which \$510,000 was related to audit-related services and \$1,350,000 was related to non-audit services. Audit-related services generally include statutory audits of foreign subsidiaries, business combinations, accounting consultations and Securities and Exchange Commission registration statements. Non-audit services generally include tax compliance and tax consultations.

The Audit Committee has determined that the other professional services provided by Ernst & Young LLP are compatible with maintaining the independence of Ernst & Young LLP.

**THE BOARD RECOMMENDS A VOTE *FOR* THE RATIFICATION
OF THE APPOINTMENT OF ERNST & YOUNG LLP
AS THE COMPANY'S INDEPENDENT AUDITORS
FOR THE YEAR ENDING JUNE 30, 2004**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company with respect to the beneficial ownership as of August 15, 2003, by (i) all persons who are beneficial owners of five percent (5%) or more of the Company's Common Stock including Exchangeable Shares, (ii) each director and nominee, (iii) the Named Executive Officers (as defined in the "Compensation of Executive Officers" section below), and (iv) all current directors and executive officers as a group.

As of August 15, 2003, 1,368,174,998 shares of the Company's Common Stock were outstanding, and 66,093,931 Exchangeable Shares were outstanding. As of August 15, 2003, no person beneficially owned more than five percent (5%) or more the Company's Common Stock including Exchangeable Shares. The amounts and percentages of Common Stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission ("SEC") governing the determination of beneficial ownership of securities. Under the SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of securities as to which such person has no economic interest.

<u>Name</u>	<u>Number of Shares Beneficially Owned</u>	
	<u>Number</u>	<u>Percentage</u>
Directors and Named Executive Officers		
Jozef Straus, Ph.D. ⁽¹⁾	10,488,542	*
Frederick J. Leonberger ⁽²⁾	1,930,360	*
Joseph C. Zils ⁽³⁾	679,835	*
Bruce D. Day ⁽⁴⁾	641,448	*
Donald E. Bossi, Ph.D. ⁽⁵⁾	575,694	*
Robert E. Enos ⁽⁶⁾	575,320	*
Martin A. Kaplan ⁽⁷⁾	483,959	*
Stan Lumish, Ph.D. ⁽⁸⁾	419,144	*
Syrus P. Madavi ⁽⁹⁾	400,000	*
Casmir S. Skrzypczak ⁽¹⁰⁾	338,415	*
Peter A. Guglielmi ⁽¹¹⁾	294,666	*
Richard T. Liebhaber ⁽¹²⁾	46,971	*
Kevin J. Kennedy, Ph.D. ⁽¹³⁾	44,471	*
All directors and executive officers as a group (17 persons) ⁽¹⁴⁾	17,802,432	1.2%

* Less than 1%.

(1) Includes 10,485,452 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003

(2) Includes 1,915,551 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003

(3) Includes 663,191 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.

(4) Includes 609,012 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003, and 12,200 shares issuable upon exchange of the Exchangeable Shares of JDS Uniphase Canada Ltd.

(5) Includes 553,872 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.

- (6) Includes 547,988 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003, and 12,000 shares issuable upon exchange of the Exchangeable Shares of JDS Uniphase Canada Ltd.
- (7) Includes (i) 472,499 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003, (ii) 1,600 shares held by Mr. Kaplan's children, and (iii) 260 shares held by Mr. Kaplan's spouse.
- (8) Includes 418,525 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (9) Includes 400,000 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (10) Includes 324,916 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (11) Includes 271,166 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (12) Includes 34,721 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (13) Includes 37,471 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003.
- (14) Includes 17,461,117 shares subject to stock options currently exercisable or exercisable within 60 days of August 15, 2003, and 24,200 shares issuable upon exchange of the Exchangeable Shares of JDS Uniphase Canada Ltd.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning compensation of (i) each person that served as the Chief Executive Officer of the Company during the fiscal year ended June 30, 2003, (ii) the four other most highly compensated Executive Officers of the Company whose aggregate cash compensation exceeded \$100,000 during the fiscal year ended June 30, 2003, and (iii) up to two former executive officers of the Company who would have been one of the Company's four most highly compensated officers had such officer been serving as such at end of the Company's fiscal year ending June 30, 2003 (collectively, the "Named Executive Officers"):

Name and Principal Position	Fiscal Year ⁽¹⁾	Annual Compensation		Long-Term Compensation Securities Underlying Options(#)	All Other Compensation (\$) ⁽⁴⁾
		Salary(\$) ⁽²⁾	Bonus and Commission(\$) ⁽³⁾		
Jozef Straus, Ph.D. ⁽⁵⁾ Co-Chairman and Chief Executive Officer	2003	\$544,440 ^(US) 734,994 ^(CDN)	—	750,000	\$4,812 ^(US) 6,502 ^(CDN)
	2002	505,763 ^(US) 743,471 ^(CDN)	—	1,400,000	4,591 ^(US) 6,750 ^(CDN)
	2001	521,355 ^(US) 782,033 ^(CDN)	—	300,000	—
Syrus P. Madavi ⁽⁶⁾ President and Chief Operating Officer	2003	377,596	—	2,100,000	—
Frederick J. Leonberger, Ph.D. ⁽⁷⁾ ... Chief Technology Officer	2003	274,320	—	—	3,400
	2002	225,000	—	170,000	3,425
	2001	224,083	95,721	210,200	4,701
Joseph C. Zils Thin Film Products Group President	2003	274,234	—	275,000	3,600
	2002	245,192	25,010	297,000	—
	2001	250,004	282,693	190,000	—
Donald E. Bossi, Ph.D. Transmission Group President	2003	245,195	—	250,000	3,600
	2002	223,629	—	225,000	3,706
	2001	201,704	43,136	225,250	4,574
Stan Lumish, Ph.D. ⁽⁸⁾ Chief Technology Officer — Communications	2003	242,308	—	225,000	3,077
	2002	204,230	—	155,000	3,069
	2001	159,614	18,000	266,250	—

⁽¹⁾ Compensation reported for fiscal years ending June 30, 2003, 2002 and 2001.

⁽²⁾ The compensation information for Dr. Straus has been converted from Canadian dollars to U.S. dollars based upon an average foreign exchange rate which was CDN \$1.35 = U.S. \$1.00. This currency conversion causes Dr. Straus' reported salary to fluctuate from year-to-year because of the conversion of Canadian dollars to U.S. dollars.

⁽³⁾ Bonus and commission include amounts in the year earned, rather than in the year in which such bonus amount was paid or is to be paid.

⁽⁴⁾ Represents contributions made by the Company to (i) Dr. Leonberger, Mr. Zils, Dr. Bossi, and Dr. Lumish under its 401(k) plan, and (ii) Dr. Straus under the Company's group retirement savings plan for Canadian employees.

- (5) Dr. Straus resigned from his position as Co-Chairman and Chief Executive Officer effective September 1, 2003.
- (6) Mr. Madavi will resign from his position as President and Chief Operating Officer on a date to be agreed upon by Mr. Madavi and the Company.
- (7) Dr. Leonberger retired from his position with the Company on June 27, 2003.
- (8) Mr. Lumish joined the Company in February 2000.

Employment Contracts, Termination of Employment and Change in Control Arrangements

The Company and Kevin J. Kennedy, Ph.D. are parties to an employment agreement dated August 18, 2003 (the “Kennedy Agreement”). The term of the Kennedy Agreement commenced on September 1, 2003 and expires on August 31, 2007, unless sooner terminated pursuant to the terms of the Kennedy Agreement. Dr. Kennedy’s current annual base salary under the Kennedy Agreement is \$500,000, subject to adjustment from time to time by the Company. The Kennedy Agreement provides that on the first anniversary of the Kennedy Agreement, Dr. Kennedy’s base annual salary will be increased to a minimum of \$575,000. In addition, Dr. Kennedy is eligible to earn an annual bonus with a target bonus of 100% of his annual base salary and a maximum bonus of up to 200% of his base salary, based upon achievement of objectives determined by the Company from time to time. The Kennedy Agreement provides for, and Dr. Kennedy received, a one-time new hire bonus of \$500,000 and a one-time stock purchase bonus of \$250,000 (grossed up for applicable deductions and withholdings) to purchase shares of the Company’s Common Stock. Such shares of Common Stock are subject to a restricted stock agreement which provides for vesting after six months of employment as Chief Executive Officer of the Company. Dr. Kennedy further received pursuant to the Kennedy Agreement an option to purchase 2,000,000 shares of the Company’s Common Stock at an exercise price equal to the fair market value at the date of grant and, subject to achieving certain performance goals determined by the Board, Dr. Kennedy will receive options to purchase a minimum of 1,500,000 shares of the Company’s Common Stock over the 18 month period following his commencement of service as Chief Executive Officer, 1,000,000 of which shares will be granted within 12 months of Dr. Kennedy’s commencement of employment. The Kennedy Agreement also provides for 24 months medical insurance coverage upon termination of the Kennedy Agreement. Further, in the event the Kennedy Agreement is terminated (i) by the Company without cause (as that term is defined in the Kennedy Agreement); (ii) as a result of the death or disability of Dr. Kennedy; or (iii) by Dr. Kennedy for good reason (as that term is defined in the Kennedy Agreement), Dr. Kennedy shall receive (a) payment of severance in the amount of three years’ salary and three years’ bonus based upon previous bonuses paid to Dr. Kennedy if employment is terminated prior to the second anniversary of the Kennedy Agreement, or if termination follows a change of control of the Company, (b) payment of severance in the amount of two years’ salary and two years’ bonus based upon previous bonuses paid to Dr. Kennedy if employment is terminated after the second anniversary of the Kennedy Agreement, and (c) partial acceleration of vesting of Dr. Kennedy’s options. If termination of employment occurs prior to the completion of two or three years of employment, the bonus portion of the severance payment will be calculated in accordance with the terms of the Kennedy Agreement.

The Company and Jozef Straus, Ph.D. are parties to a retention agreement dated July 6, 1999 (the “Straus Agreement”). The term of the Straus Agreement expires on July 6, 2004, unless sooner terminated pursuant to the terms of the Straus Agreement. Dr. Straus’ current annual base salary under the Straus Agreement is \$544,440 (\$U.S.), subject to adjustment from time to time by the Company. In addition, Dr. Straus is eligible to earn an annual bonus in an amount up to 100% of his annual base salary, based upon achievement of objectives determined by the Company from time to time. However, no bonus was paid in fiscal 2003. The Straus Agreement also provides for payment of severance in the amount of three years’ salary and bonus based upon previous bonuses paid to Dr. Straus and acceleration of vesting of Dr. Straus’ options in the event the Straus Agreement is terminated (i) by the Company without cause (as that term is defined in the Straus Agreement); (ii) as a result of the death or disability of Dr. Straus; or (iii) by Dr. Straus for good reason (as that term is defined in the Straus Agreement). The Company and Dr. Straus have also entered into an agreement

regarding change of control dated July 6, 1999 providing for the acceleration of vesting of Dr. Straus' options in the event of a change of control of the Company. On August 20, 2003, the Company and Dr. Straus entered into a Transition and Retirement Agreement (the "Transition Agreement") pursuant to which and effective September 1, 2003 (i) Dr. Straus retired from his position as the Company's Chief Executive Officer and assumed a new role as Founder Emeritus and Advisor to the Chief Executive Officer, and (ii) resigned from his position as Co-Chairman of the Board of Directors (but remained a member of the Board). During the term of the Transition Agreement, Dr. Straus will continue to receive his regular salary and will remain eligible for a target bonus. The Transition Agreement also amends the Straus Agreement to provide that upon the latter of (i) the termination of Dr. Straus' employment, and (ii) the termination of Dr. Straus' service as a member of the Company's Board of Directors, Dr. Straus' then vested stock options shall remain exercisable for the full remaining portion of their eight year term.

The Company and Syrus P. Madavi are parties to an employment agreement dated July 24, 2002 (the "Madavi Agreement"). The term of the Madavi Agreement expires on July 31, 2007, unless sooner terminated pursuant to the terms of the Madavi Agreement. Mr. Madavi's current annual base salary under the Madavi Agreement is \$425,000, subject to adjustment from time to time by the Company. In addition, Mr. Madavi is eligible to earn an annual bonus for senior executives with a target bonus of 80% of his annual base salary and a maximum bonus of up to 200% of his target bonus, based upon achievement of objectives determined by the Company from time to time. However, no bonus was paid in fiscal 2003. Mr. Madavi further received pursuant to the Madavi Agreement an option to purchase 1,600,000 shares of the Company's Common Stock at an exercise price equal to the fair market value at the date of grant. The Madavi Agreement also provides for (i) payment of severance in the amount of three years' salary and bonus based upon previous bonuses paid to Mr. Madavi, (ii) 24 months medical insurance coverage, and (iii) acceleration of vesting of Mr. Madavi's options in the event the Madavi Agreement is terminated (a) by the Company without cause (as that term is defined in the Madavi Agreement); (b) as a result of the death or disability of Mr. Madavi; or (c) by Mr. Madavi for good reason (as that term is defined in the Madavi Agreement). If termination of employment occurs prior to the completion of three years of employment, the bonus will be calculated at 80% of Mr. Madavi's base salary. The Company and Mr. Madavi entered into a Transition Agreement (the "Transition Agreement") on July 30, 2003, pursuant to which the Madavi Agreement was amended to provide that upon termination of Mr. Madavi's employment for any reason other than for cause (as such term is defined in the Madavi Agreement) (i) Mr. Madavi shall be entitled to the severance benefits provided in the Madavi Agreement, and (ii) stock options granted to Mr. Madavi in November 2002 shall be exercisable for the remaining portion of their eight year term.

The Company and Frederick J. Leonberger, Ph.D. are parties to an employment agreement dated July 6, 1999 (the "Leonberger Agreement"). The term of the Leonberger Agreement expires on July 6, 2004, unless sooner terminated pursuant to the terms of the Leonberger Agreement. Dr. Leonberger's current base salary under the Leonberger Agreement is \$274,320, subject to adjustment from time to time by the Company. In addition, Dr. Leonberger is eligible to earn an annual bonus in an amount up to 40% of his annual base salary, based upon achievement of objectives determined by the Company from time to time. However, no bonus was paid for fiscal 2003. The Leonberger Agreement also provides for payment of severance in the amount of three years' salary plus a bonus based upon previous bonuses paid to Dr. Leonberger and partial acceleration of vesting of Dr. Leonberger's options in the event the Leonberger Agreement is terminated (i) by the Company without cause (as that term is defined in the Leonberger Agreement); (ii) as a result of the death or disability of Dr. Leonberger; or (iii) by Dr. Leonberger for good reason (as that term is defined in the Leonberger Agreement). The Company and Dr. Leonberger entered into a letter agreement (the "Letter Agreement") dated March 12, 2003 modifying the Leonberger Agreement to provide that upon Dr. Leonberger's retirement from the Company, the Leonberger Agreement terminated and Dr. Leonberger will receive (i) payment of medical insurance for a period of 18 months, and (ii) acceleration of stock options previously granted which would have vested between Dr. Leonberger's retirement date of June 27, 2003 and July 6, 2004, all of which such vested stock options will remain exercisable for the full remaining portion of their eight year term.

The Company and Joseph C. Zils are parties to an employment agreement dated December 1, 2001 (the “Zils Agreement”). The term of the Zils Agreement expires on November 9, 2005, unless sooner terminated pursuant to the terms of the Zils Agreement. Mr. Zils’ current annual base salary under the Zils Agreement is \$274,234, subject to adjustment from time to time by the Company. In addition, Mr. Zils is eligible to earn an annual bonus in an amount up to 50% of his annual base salary, based upon achievement of objectives determined by the Company from time to time. However, no bonus was paid for fiscal 2003. The Zils Agreement also provides for payment of severance in the amount of \$1,090,702.38 and acceleration of vesting of stock options granted to Mr. Zils’ in December 2001 in the event the Zils Agreement is terminated (i) by the Company without cause (as that term is defined in the Zils Agreement); (ii) as a result of the death or disability of Mr. Zils; or (iii) by Mr. Zils for good reason (as that term is defined in the Zils Agreement).

The Company and Donald E. Bossi, Ph.D. are parties to an employment agreement dated September 29, 1999 (the “Bossi Agreement”). The term of the Bossi Agreement expires on July 6, 2004, unless sooner terminated pursuant to the terms of the Bossi Agreement. Dr. Bossi’s current base salary under the Bossi Agreement is \$245,195, subject to adjustment from time to time by the Company. In addition, Dr. Bossi is eligible to earn an annual bonus in an amount up to 50% of his annual base salary, based upon achievement of objectives determined by the Company from time to time. However, no bonus was paid for fiscal 2003. The Bossi Agreement also provides for payment of severance in the amount of one years’ salary plus a bonus based upon previous bonuses paid to Dr. Bossi and partial acceleration of vesting of Dr. Bossi’s previously granted stock options in the event the Bossi Agreement is terminated (i) by the Company without cause (as that term is defined in the Bossi Agreement); (ii) as a result of the death or disability of Dr. Bossi; or (iii) by Dr. Bossi for good reason (as that term is defined in the Bossi Agreement).

Stock Option Grants in Last Fiscal Year

The following table set forth information regarding stock options granted to the Named Executive Officers for the fiscal year ended June 30, 2003:

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Term ⁽⁴⁾⁽⁵⁾	
	Number of Securities Underlying Options Granted ⁽¹⁾	% of Total Options Granted to Employees in Fiscal 2003 ⁽²⁾	Exercise Price per Share ⁽³⁾	Expiration Date		
					5%	10%
Jozef Straus, Ph.D.	750,000	2.89%	\$3.31	11/24/10	\$1,185,283	\$2,838,959
Syrus Madavi	1,600,000	6.17%	2.14	07/25/10	1,634,807	3,915,648
	500,000	1.93%	3.31	11/24/10	790,189	1,892,639
Frederick J. Leonberger, Ph.D. ..	—	—	—	—	—	—
Joseph C. Zils	25,000	0.10%	2.53	07/30/10	30,199	72,332
	250,000	0.96%	2.75	11/18/10	328,251	786,217
Donald E. Bossi, Ph.D.	50,000	0.19%	2.53	07/30/10	60,398	144,664
	200,000	0.77%	2.75	11/18/10	262,600	628,974
Stan Lumish, Ph.D.	50,000	0.19%	2.53	07/30/10	60,398	144,664
	175,000	0.67%	2.75	11/18/10	229,775	550,352

(1) Except in the event of a change in control of the Company, options granted become exercisable at the rate of 25% of the shares subject thereto one year from the grant date and as to approximately 6.25% of the shares subject to the option at the end of each three-month period thereafter such that the option is fully exercisable four years from the grant date.

(2) Based on a total of 25,936,439 options granted to the Company’s employees in fiscal 2003, including the Named Executive Officers.

(3) The exercise price per share of options granted represented the fair market value of the underlying shares of Common Stock on the date the options were granted

- (4) The potential realizable is calculated based upon the term of the option at its time of grant. It is calculated assuming that the stock price on the date of grant appreciates at the indicated annual rate, compounded annually for the entire term of the option, and that the option is exercised and sold on the last day of its term for the appreciated stock price.
- (5) Stock price appreciation of 5% and 10% is assumed pursuant to the rules promulgated by the SEC and does not represent the Company's prediction of the future stock price performance.

Agregated Stock Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth certain information with respect to stock options exercised by the Named Executive Officers during fiscal 2003, including the shares acquired on exercise and the aggregate value of gains on the date of exercise. In addition, the table sets forth the number of underlying stock options as of June 30, 2003 and value of "in-the-money" stock options, which represents the difference between the exercise price of a stock option and the market price of the shares subject to such option:

Name	Shares Acquired on Exercise	Value Realized ⁽¹⁾	Number of Securities Underlying Unexercised Options at June 30, 2003		Value of Unexercised In-the-Money Options at June 30, 2003 ⁽²⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jozef Straus, Ph.D.	—	—	9,778,369	2,419,583	—	\$ 113,250
Syrus P. Madavi	—	—	—	2,100,000	—	2,189,100
Frederick J. Leonberger, Ph.D. ..	—	—	1,915,551	—	\$112,326	—
Joseph C. Zils	—	—	617,129	587,813	—	201,025
Donald E. Bossi, Ph.D.	—	—	512,607	496,963	1,381	188,750
Stan Lumish, Ph.D.	—	—	367,187	479,063	—	170,975

- (1) The value realized upon the exercise of stock options represents the positive spread between the exercise price of stock options and the fair market value of the shares subject to such options on the exercise date.
- (2) The value of "in-the-money" stock options represents the positive spread between the exercise price of stock options and the fair market value of the shares subject to such options on June 28, 2003, which was \$3.46 per share.

EQUITY COMPENSATION PLANS

The following table sets forth information about shares of the Company's Common Stock and Exchangeable Shares that may be issued under the Company's equity compensation plans, including compensation plans that were approved by the Company's Stockholders as well as compensation plans that were not approved by the Company's stockholders. Information in the table is as of June 30, 2003.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans Approved by security Holders ⁽¹⁾⁽²⁾	5,966	\$ 0.24	39,193,743
Equity compensation plans Not approved by security holders ⁽³⁾⁽⁵⁾	<u>94,145,825</u>	<u>18.43</u>	<u>91,249,684</u>
Total/Weighted Ave./Total	94,151,791	\$18.43	130,443,427

- (1) Represents shares of the Company's Common Stock issuable upon exercise of options outstanding under the following equity compensation plan: 1982 Stock Option Plan.
- (2) Represents shares of the Company's Common Stock authorized for future issuance under the following equity compensation plan: Amended and Restated 1998 Employee Stock Purchase Plan.
- (3) Represents shares of the Company's Common Stock issuable upon exercise of options outstanding under the following equity compensation plans: Amended and Restated 1993 Flexible Stock Incentive Plan and 1996 Non-Qualified Stock Option Plan.
- (4) As of June 30, 2003, options and rights to purchase an aggregate of 25,996,246 shares of the Company's Common Stock at a weighted average exercise price of \$30.87 were outstanding under the following equity compensation plans, which options and rights were assumed in connection with the following merger and acquisition transactions: Uniphase Telecommunications, Inc. 1995 Flexible Stock Incentive Plan; JDS FITELE 1994 and 1996 Stock Option Plans; Broadband Communications Products, Inc. 1992 Key Employee Incentive Stock Option Plan; EPITAXX, Inc. Amended and Restated 1996 Employee, Director and Consultant Stock Option Plan; Optical Coating Laboratory, Inc. 1993, 1995, 1996, 1998 and 1999 Incentive Compensation Plans; Cronos Integrated Microsystems, Inc. 1999 Stock Plan; E-TEK Dynamics, Inc. 1997 Equity Incentive Plan, and 1998 Stock Plan; Optical Process Automation, Inc. 2000 Stock Option and Incentive Plan, 2000 Series B Preferred Stock Option Plan, SDL, Inc. 1995 Stock Option Plan; 1992 SDL-Spectra Diode Stock Option Plan; and Epion Corporation 1996 Stock Option Plan. No further grants or awards will be made under the assumed equity compensation plans, and the options outstanding under the assumed plans are not reflected in the table above.
- (5) Represents shares of the Company's Common Stock issuable upon exercise of options or authorized for future issuance under the following equity compensation plans: Amended and Restated 1993 Flexible Stock Incentive Plan, 1996 Non-qualified Stock Option Plan, and Amended and Restated 1999 Canadian Employee Stock Purchase Plan.

The following are descriptions of the material features of the Company's equity compensation plans that were not approved by the Company's stockholders:

Amended and Restated 1993 Flexible Stock Incentive Plan

The 1993 Plan was adopted by the Board of Directors in August 1993 and was approved by the Company's stockholders in October 1993. Amendments and restatements of the 1993 Plan were adopted by the Board of Directors and approved by the Company's stockholders in both 1995 and 1996. The 1993 Plan has subsequently been amended and restated by the Board of Directors without approval of the Company's stockholders.

On July 30, 2003 the Board of Directors adopted a resolution to terminate the 1993 Plan effective upon Stockholder approval of the proposed 2003 Plan (Proposal 2). Upon termination of the 1993 Plan, no new awards will be issued.

The 1993 Plan is administered by the Compensation Committee. Pursuant to the 1993 Plan, the Compensation Committee may grant nonqualified stock options, in its discretion, to employees, officers, directors, independent contractors and consultants of the Company or any parent or subsidiary corporation of the Company. The 1993 Plan also permits the grant of incentive stock options to employees of the Company or any parent or subsidiary corporation of the Company. However, it is the Company's present intention to issue only nonqualified stock options in the future under the 1993 Plan.

An aggregate of 222,664,548 shares have been reserved for the grant of stock options under the 1993 Plan, subject to increase as provided below. Shares underlying options that are forfeited or canceled are not counted as having been issued under the 1993 Plan. The number of shares available for the grant of stock options under the 1993 Plan shall be automatically increased on the first day of each fiscal year of the Company by an amount, rounded to the nearest whole share, equal to four percent (4%) of the aggregate number of shares of Common Stock and Exchangeable Shares, outstanding as of such date or such lesser number of shares as determined by the Compensation Committee; provided that such increase in the number of shares under the 1993 Plan is reduced by the Excess Carryover. "Excess Carryover" means, as of the effective date of each annual increase, the number of shares subject to the 1993 Plan that are not then issued and are not subject to then outstanding option grants, minus the number of shares equal to one percent (1%) of the aggregate number of shares of Common Stock and Exchangeable Shares outstanding as of such effective date.

The number of shares available for the grant of stock options under the 1993 Plan is also increased upon the closing of a Company Acquisition by an amount, rounded to the nearest whole share, equal to the product obtained by multiplying four percent (4%) times the Acquisition Consideration. "Company Acquisition" means (x) if the consideration paid by the Company or its subsidiary consists, in whole or in part, of Common Stock, Exchangeable Shares or a combination thereof ("Stock Consideration"), the number of shares of Common Stock and/or Exchangeable Shares, (y) if the consideration paid by the Company or its subsidiary consists, in whole or in part, of cash, promissory notes or cash equivalents, or any combination thereof ("Cash Consideration"), the number of shares of Common Stock (rounded to the nearest whole share) equal to the Cash Consideration divided by the Market Value, and (z) if the consideration paid by the Company or its subsidiary consists, in whole or in part, of any consideration (other than Stock Consideration or Cash Consideration), the number of shares of Common Stock (rounded to the nearest whole share) equal to the fair market value of such other consideration, as determined by the Compensation Committee, divided by the Market Value. "Market Value" shall mean the closing market price of one share of Common Stock on the NASDAQ National Market (or such other exchange upon which the Common Stock is then listed or quoted, if the Common Stock is not then-listed on the NASDAQ National Market) on the trading day immediately preceding the closing of the applicable Company Acquisition.

The 1993 Plan also provides for automatic grants of nonqualified stock options to non-employee directors. Each non-employee director who first joins the Board after the effective date of the 1993 Plan automatically receives options to purchase 40,000 shares of the Company's Common Stock. Immediately after each annual meeting of stockholders, each individual who is continuing to serve as a non-employee director automatically

is granted options to purchase 10,000 additional shares of the Company's Common Stock, whether or not such non-employee director stands for re-election at such annual meeting of stockholders, provided that each such individual has served as a non-employee director for at least nine months. In its discretion, the Board may make grants of additional options to such non-employee directors. Such options granted to non-employee directors vest monthly on a straight-line basis over a three-year period for the initial 40,000 shares received on joining the Board of Directors and over twelve months for the subsequent grants of 10,000 shares. In addition, all non-employee directors who are serving as chair of one of the committees of the Board receive an annual option grant of 3,000 shares of the Company's Common Stock upon their initial appointment as chair and an automatic option grant of 3,000 shares of the Company's Common Stock after each annual meeting of stockholders if the non-employee director continues as chair for the ensuing year. Such options granted to non-employee directors serving as a committee chair vest over twelve months, with vesting to cease if the non-employee director no longer continues to serve as chair.

All nonqualified stock options issued under the 1993 Plan must have an exercise price of not less than 100% of the fair market value of the Common Stock on the date of grant of the option. Options are generally non-transferable. The term of all options granted under the 1993 Plan shall not exceed eight years from the date of grant. The 1993 Plan will terminate with respect to the grant of incentive stock options on August 26, 2003. Otherwise, the 1993 Plan will continue in effect until terminated by the Board of Directors.

The Company has established subplans under the 1993 Plan for employees in the United Kingdom and France. Each subplan is subject to and incorporates the terms and conditions of the 1993 Plan, and provides further administrative rules in order to take advantage of certain employee- and Company-favorable tax laws in these jurisdictions.

If the 2003 Plan is approved by the Company's Stockholders, no further awards will be made under the 1993 Plan.

1996 Non-Qualified Stock Option Plan

The Board of Directors adopted the 1996 Non-Qualified Stock Option Plan (the "1996 Plan") in November 1996. The 1996 Plan is administered by the Compensation Committee. Pursuant to the 1996 Plan, the Compensation Committee may grant nonqualified stock options only to employees, independent contractors and consultants of the Company or any parent or subsidiary corporation of the Company. Only nonqualified stock options may be issued under the 1996 Plan. Stock options may not be granted to officers and directors of the Company. The 1996 Plan will continue in effect until terminated by the Board of Directors. The Company last granted stock options under the 1996 Plan on April 17, 1998. The Company presently does not intend to grant any additional options under the 1996 Plan.

An aggregate of 19,136,000 shares has been reserved for the grant of stock options under the 1996 Plan. Shares underlying awards that are forfeited or canceled are not counted as having been issued under the 1996 Plan. Stock options issued under the 1996 Plan must have an exercise price of not less than 85% of the fair market value of the Company's Common Stock on the date of grant of the option. Options are generally non-transferable. The term of all options granted under the Plan shall not exceed eight years from the date of grant.

Amended and Restated 1999 Canadian Employee Stock Purchase Plan

The Amended and Restated 1999 Canadian Employee Stock Purchase Plan (the "Canadian ESPP") was adopted by the Board of Directors in August 1999 and is administered by the Board of Directors. An aggregate of 10,000,000 shares of Common Stock has been reserved for issuance under the Canadian ESPP. Only employees of JDS Uniphase Inc. (which generally includes all Company employees in Ottawa) and corporate affiliates of the Company as designated by the Board of Directors are eligible to participate in the Canadian ESPP, and the Canadian ESPP is not intended to qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code.

The terms of the Canadian ESPP provide that shares of the Company's Common Stock are offered for purchase through a series of successive or overlapping purchase periods (the "Purchase Periods"), each of a

duration (not to exceed twenty-four months) as determined by the Board of Directors. Participants enrolled in a Purchase Period are granted a purchase right which entitles the participating employee to specify a level of payroll deduction between 1% and 10% of compensation to be in effect on each pay day during the Purchase Period, and the accumulated payroll deductions are applied to the purchase of the shares when the purchase right is exercised. No rights or accumulated payroll deductions of a participant under the Canadian ESPP may be transferred (other than by will or by the laws of descent and distribution).

Outstanding purchase rights are automatically exercised on successive quarterly or semi-annual purchase dates as determined by the Board of Directors. The purchase right is exercised by applying the accumulated payroll deductions to the purchase of whole shares on each quarterly or semi-annual purchase date. The purchase price per share is the lesser of (i) 85% of the fair market value per share on the date the Purchase Period begins or (ii) 85% of the fair market value per share on the date the purchase right is exercised. The Canadian ESPP limits purchase rights to a maximum of (i) \$25,000 worth of stock (determined at the fair market value of the shares at the time the purchase right is granted) in any calendar year, and (ii) 20,000 shares in any Purchase Period.

The Board of Directors last amended the Canadian ESPP on July 31, 2002 to provide that no new Purchase Periods shall commence under the Canadian ESPP on or after August 1, 2002, except as otherwise determined by the Board of Directors. Although the Canadian ESPP will not terminate by its terms until July 1, 2009, all Purchase Periods under the Canadian ESPP were terminated on July 31, 2002. The Company has since integrated former participants in the Canadian ESPP into the Company's stockholder approved Amended and Restated 1998 Employee Stock Purchase Plan and it is the Company's present intention to utilize for future purchase periods only this single stockholder approved employee stock purchase plan for the benefit of all eligible employees of the Company and its corporate affiliates.

REPORT OF COMPENSATION COMMITTEE

The information contained in this report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Compensation Committee of the Board of Directors is responsible for insuring that the Company adopts and maintains responsible and responsive compensation programs for its employees, officers and directors consistent with the long-range interests of stockholders. In furtherance of this task, the Compensation Committee has the obligation to ensure that (a) the Company's compensation policies (including its wage and salary levels, equity programs, and health and benefit plans) are competitive and designed to attract and retain the most qualified employees, officers and directors, (b) all components of compensation (including wage and salary levels, equity programs, and health and benefit plans) are aligned to actual performance and results, and (c) the Company properly and fully performs all of its public disclosure obligations with respect to its compensation programs and director and executive officer compensation. The Compensation Committee is also responsible for administering certain other compensation programs for such individuals, subject in each instance to approval by the full Board. The Compensation Committee also has the exclusive responsibility for the administration of the Company's employee stock purchase plans and equity incentive plans. The Compensation Committee Chairman reports on Compensation Committee's actions and recommendations at Board meetings. The Company's Compensation and Benefits Group within the company's Human Resources department supports the work of the Compensation Committee and in some cases acts pursuant to delegated authority to fulfill various functions in administering the Company's compensation programs. In addition, the Compensation Committee has the authority to engage the services of outside advisors, experts and others to provide assistance as needed. The Compensation Committee is composed solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, each of whom must at all times meet all other applicable federal securities and NASDAQ listing requirements to qualify as an independent director.

The fundamental policy of the Compensation Committee is to provide the Company's chief executive officer and other executive officers with competitive compensation opportunities based upon their contribution to the financial success of the Company and their personal performance. It is the Compensation Committee's objective to have a substantial portion of each officer's compensation contingent upon the Company's performance as well as upon his or her own level of performance. Accordingly, the compensation package for the chief executive officer and other executive officers is comprised of three elements: (i) base salary which reflects individual performance and is designed primarily to be competitive with salary levels in the industry, (ii) annual variable performance awards payable in cash and tied to the Company's achievement of financial performance targets, and (iii) long-term stock-based incentive awards which strengthen the mutuality of interests between the executive officers and the Company's stockholders. As an executive officer's level of responsibility increases, it is the intent of the Compensation Committee to have a greater portion of his or her total compensation be dependent upon Company performance and stock price appreciation rather than base salary.

Several of the more important factors which the Compensation Committee considered in establishing the components of each executive officer's compensation package for the 2003 fiscal year are summarized below. Additional factors were also taken into account, and the Compensation Committee may in its discretion apply entirely different factors, particularly different measures of financial performance, in setting executive compensation for future fiscal years.

Base Salary. The base salary for each executive officer is determined on the basis of the following factors: experience, personal performance, the average salary levels in effect for comparable positions within and without the industry and internal comparability considerations. The weight given to each of these factors differs from individual to individual, as the Compensation Committee deems appropriate. In selecting comparable companies for the purposes of maintaining competitive compensation, the Compensation Committee considers many factors including geographic location, growth rate, annual revenue and profitability, and market capitalization. The Compensation Committee also considers companies outside the industry which may compete with the Company in recruiting executive talent.

Annual Incentive Compensation. Annual bonuses are earned by each executive officer primarily on the basis of the Company's achievement of certain corporate financial performance goals established for each fiscal year. For fiscal 2003, the criteria for determination of payment of bonuses was based on the following factors: (i) the Company's consolidated operating profit performance net of certain non-recurring adjustments, relative to the target established by the Compensation Committee, and (ii) the revenue and operating profit performance of the respective division or subsidiary relative to the targets established by the Compensation Committee. No bonuses were paid to executive officers during fiscal 2003.

Deferred Compensation Plan. The Company maintains a deferred compensation plan, pursuant to which certain members of management (including the executive officers) may elect to defer a portion of his or her annual compensation. The participants' funds are invested among various funds designated by the plan administrator and currently may not be invested in the Company's Common Stock or other Company securities. Upon the death or retirement of a participant, the funds attributable to the participant (including any earnings on contributions) are distributed to the participant or the participant's beneficiary in a lump sum or in annual installments over a period of three, five, ten or fifteen years.

Long-Term Compensation. Long-term incentives are provided through stock option grants. The grants are designed to align the interests of each executive officer with those of the stockholders and provide each executive officer with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business. Each grant allows the executive officer to acquire shares of the Company's Common Stock at a fixed price per share (the market price on the grant date) over a specified period of time (up to eight years). Options granted become exercisable at the rate of 25% of the shares subject thereto one year from the grant date and as to approximately 6.25% of the shares subject to the option at the end of each three-month period thereafter such that the option is fully exercisable four years from the grant date, contingent upon the executive officer's continued employment with the Company. Accordingly, the option will provide the maximum return to the executive officer only if the executive officer remains employed by the Company for the four-year vesting period,

and then only if the market price of the underlying shares of Common Stock appreciates over the option term. The number of shares of Common Stock subject to each grant is set at a level intended to create a meaningful opportunity for stock ownership based on the executive officer's current position with the Company, the base salary associated with that position, the average size of comparable awards made to executive officers in similar positions within the industry, the executive officer's potential for increased responsibility and promotion over the option term, and the executive officer's personal performance in recent periods. The Compensation Committee also takes into account the number of vested and unvested options held by the executive officer in order to maintain an appropriate level of equity incentive for that executive officer. However, the Compensation Committee does not adhere to any specific guidelines as to the relative option holdings of the Company's executive officers. The actual options granted in fiscal 2003 to each of the current executive officers named in the Summary Compensation Table is indicated in the Long-Term Compensation Awards column.

Compensation of the Chief Executive Officer. The compensation of the Chief Executive Officer is reviewed annually on the same basis as discussed above for all executive officers. Dr. Straus' base salary for fiscal 2003 was approximately \$544,440 (\$U.S.). Dr. Straus' base salary was established in part by comparing the base salaries of chief executive officers at other companies of similar size. Dr. Straus' base salary was at the approximate median of the base salary range for presidents/chief executive officers of comparative companies. Based on the Compensation Committee's criteria described above, in fiscal 2003 Dr. Straus was awarded options to purchase 750,000 shares of Common Stock at a purchase price of \$3.31 per share. Dr. Straus did not receive a bonus during fiscal 2003.

The Compensation Committee recommended, and the Board of Directors approved, Dr. Kennedy's base salary and initial stock option grant in part by comparing the base salaries of chief executive officers at other companies. Dr. Kennedy's base salary was set at the approximate median of the base salary range for chief executive officers of comparative companies chosen based upon geographic location, annual revenue and profitability, market capitalization and those which may compete with the Company in recruiting executive talent.

The Company is required to disclose its policy regarding qualifying executive compensation for deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") which provides that, for purposes of the regular income tax and the alternative minimum tax, the otherwise allowable deduction for compensation paid or accrued with respect to a covered employee of a publicly-held corporation is limited to no more than \$1 million per year. The cash compensation paid to the Company's executive officers for fiscal 2003 did not exceed the \$1 million limit per officer. The Company's 1993 Plan is structured so that any compensation deemed paid to an executive officer when he or she exercises an outstanding option under the Plan, with an exercise price equal to the fair market value of the option shares on the grant date, will qualify as performance-based compensation which will not be subject to the \$1 million limitation. The Company's proposed 2003 Plan is structured so that any compensation deemed paid to an executive officer when he or she exercises an outstanding option or stock appreciation right under the 2003 Plan, with an exercise price equal to the fair market value of the option shares on the grant date, will qualify as performance-based compensation which will not be subject to the \$1 million limitation. In addition, other stock based awards issued under the 2003 Plan may be exempt from the \$1 million limitation if such awards are subject to performance criteria and administered in accordance with Section 162(m) of the Code. The Company has discretion to issue other stock based awards which are intended to be exempt from the \$1 million limitation as well as other stock based awards that are not intended to be exempt from the \$1 million limitation. Should the 2003 Plan be approved by stockholders, it is the intent of the Board to require that at least 2/3rds of all awards to Covered Employees contain criteria under which the vesting of such awards is tied to achievement of specified performance milestones.

COMPENSATION COMMITTEE

Peter A. Guglielmi

Martin A. Kaplan

Kevin J. Kennedy, Ph.D.¹

Casimir S. Skrzypczak

¹ Dr. Kennedy resigned from the Compensation Committee upon commencing employment with the Company as Chief Executive Officer on September 1, 2003.

REPORT OF THE AUDIT COMMITTEE

The information contained in this report shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Audit Committee of the Board of Directors is responsible for assisting the full Board of Directors in fulfilling its oversight responsibilities relative to the Company’s financial statements, financial reporting practices, systems of internal accounting and financial controls, the internal audit function, annual independent audits of the Company’s financial statements, and such legal and ethics programs as may established from time to time by the Board. The Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and may retain external consultants at its sole discretion. The Audit Committee is composed solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, all of whom shall satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002, rules applicable to NASDAQ-listed issuers, and any other regulatory requirements. All members of the Committee are required to have a working knowledge of basic finance and accounting, and at all times at least one member of the Committee qualifies as a “financial expert” as defined by the Sarbanes-Oxley Act of 2002.

The following is the Report of the Audit Committee with respect to the Company’s audited financial statements for the fiscal year ended June 30, 2003, which includes the consolidated balance sheets of the Company as of June 30, 2003 and 2002, and the related consolidated statements of operations, stockholders’ equity (deficit) and cash flows for each of the three years in the period ended June 30, 2003, and the notes thereto.

Review with Management

The Audit Committee has reviewed and discussed the Company’s audited financial statements with management.

Review and Discussions with Independent Auditors

The Audit Committee has discussed with Ernst & Young LLP, the Company’s independent auditors, the matters required to be discussed by SAS 61 (Codification of Statements on Accounting Standards) which includes, among other items, matters related to the conduct of the audit of the Company’s financial statements.

The Audit Committee has also received written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (which relates to the auditors’ independence from the Company and its related entities) and has discussed with Ernst & Young LLP its independence from the Company.

Conclusion

Based on the review and discussions referred to above, the Audit Committee recommended to the Company’s Board that the Company’s audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2003.

AUDIT COMMITTEE

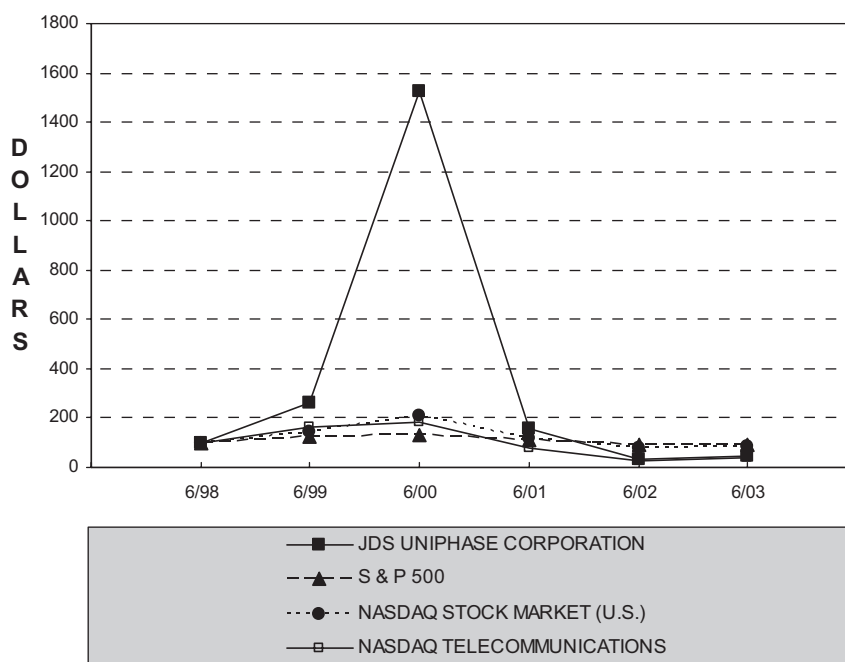
Bruce D. Day
Peter A. Guglielmi
Richard T. Liebhaber
Casimir S. Skrzypczak

STOCK PERFORMANCE GRAPH

The following graph and table set forth the Company's total cumulative stockholder return of an investment of \$100 on June 1998 and ending June 30, 2003 in: (i) the Company's Common Stock, (ii) the S&P 500 Index, (iii) the Nasdaq Stock Market (U.S.) Index and, (iv) the Nasdaq Telecommunications Index. Total return assumes reinvestment of dividends. Historical stock price performance is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

AMONG JDS UNIPHASE CORPORATION, THE S & P 500 INDEX,
THE NASDAQ STOCK MARKET (U.S.) INDEX
AND THE NASDAQ TELECOMMUNICATIONS INDEX



* \$100 invested on 6/30/98 in stock or index-including reinvestment of dividends. Fiscal year ending June 30.

	June 30,					
	1998	1999	2000	2001	2002	2003
JDS Uniphase Corporation	\$100	\$264	\$1,528	\$159	\$34	\$45
S&P 500 Index	100	123	132	112	92	92
Nasdaq Stock Market (U.S.)	100	144	212	115	79	87
Nasdaq Telecommunications Index	100	164	184	78	27	41

BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and any persons who directly or indirectly hold more than 10 percent of the Company's Common Stock ("Reporting Persons") to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received and written representations from certain Reporting Persons that no such forms were required, the Company believes that during fiscal 2003, all

Reporting Persons complied with the applicable filing requirements on a timely basis, except for a Form 4 filing on behalf of Jo Major reporting an open market sale which was inadvertently filed late.

STOCKHOLDER PROPOSALS

In order for stockholder proposals to be considered properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice in writing to the Secretary of the Company. To be timely for the 2004 Annual Meeting of Stockholders (the "2004 Annual Meeting"), a stockholder's notice must be received by the Company at its principal executive offices not less than 30 days nor more than 60 days prior to the 2004 Annual Meeting; provided however that in the event less than 40 days notice or prior public disclosure of the date of the meeting is made or given to the stockholders, notice by the stockholder to be on time must be received not later than the close of business on the tenth day following the day on which notice of the 2004 Annual Meeting was mailed or public disclosure was made. A stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the 2004 Annual Meeting: (i) a brief description of the business desired to be brought before the 2004 Annual Meeting and the reasons for conducting such business at the 2004 Annual Meeting; (ii) the name and record address of the stockholder proposing such business; (iii) the class and number of shares of the Company which are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in such business.

Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and intended to be presented at the Company's 2004 Annual Meeting must be received by the Company not later than June 4, 2004 in order to be considered for inclusion in the Company's proxy materials.


OTHER MATTERS

The Company knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the judgments of the persons voting the proxies.

ANNUAL REPORT ON FORM 10-K AND ANNUAL REPORT TO STOCKHOLDERS

UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, JDS UNIPHASE CORPORATION, 1768 AUTOMATION PARKWAY, SAN JOSE, CALIFORNIA 95131, THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED A COPY OF THE FISCAL 2003 REPORT, INCLUDING FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES FILED THEREWITH.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Kevin J. Kennedy", with a stylized flourish at the end.

Kevin J. Kennedy, Ph.D.
Chief Executive Officer

October 2, 2003
San Jose, California

APPENDIX A

AUDIT COMMITTEE CHARTER

Audit Committee Charter

Organization

There shall be a Committee of the Board of Directors to be known as the Audit Committee. The Audit Committee shall be comprised of three or more Directors, as appointed by the Board of Directors. The Board shall designate the Audit Committee's chairperson, and all members shall serve at the discretion of the Board.

Each member of the Audit Committee shall satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, rules applicable to NASDAQ-listed issuers, and any other regulatory requirements. All members of the Committee shall have a working knowledge of basic finance and accounting, and at least one member of the Committee shall be a "financial expert" as defined by the Sarbanes-Oxley Act of 2002.

The Committee may delegate its authority to the chairperson or other member, when appropriate.

Statement of Policy

The Audit Committee shall provide assistance to the Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements, the financial reporting practices of the Company, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board.

In so doing, it is the responsibility of the Audit Committee to maintain free and open communication between the Committee, the independent auditors, the internal auditors, and the management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel, accounting or other advisors for this purpose. In addition, the Company shall provide appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor and to any advisors that the Audit Committee chooses to engage.

Responsibilities

The primary responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- The integrity of the Company's financial statements and other financial information provided by the Company to its stockholders, the public and others.
- The Company's systems of disclosure controls and internal controls regarding finance, accounting, legal compliance and ethical behavior.
- The Company's auditing, accounting and financial reporting processes generally.
- The appointment, qualifications and performance of the Company's internal audit function and independent auditors.
- Pre-approval of services (both audit and non-audit) to be provided by the independent auditors.
- Review and approval of all related party transactions.

While the Audit Committee has the responsibilities and powers set forth in this Charter, its role is oversight. Accordingly, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Company management and the independent auditors.

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate standards for quality financial reporting, sound business risk practices and ethical behavior. Consistent with these functions, the Audit Committee will encourage continuous improvement of, and foster adherence to, the Company's policies, procedures and practices at all levels. The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee may amend them as appropriate.

With respect to the independent auditors, the Committee shall:

- Be directly responsible for the appointment, compensation and oversight of the work of the independent auditors (including resolution of disagreements between Management and the independent auditors regarding financial reporting) for the purpose of preparing its audit report or related work.
- Review in advance and have the sole authority to pre-approve all audit and non-audit services (as permitted by Section 10A of the Securities Exchange Act of 1934) to be provided by the independent auditors. In connection herewith, the Committee shall approve all fees and other terms of engagement, and review and approve disclosures required to be included in SEC periodic reports with respect to non-audit services.
- Review the experience, qualifications and overall performance of the Company's independent audit team annually, and ensure that all partner rotation requirements, as promulgated by applicable rules and regulations, have been met.
- On an annual basis, review and discuss with the independent auditors all relationships the independent auditors have with the Company in order to evaluate the independent auditors' continued independence. The Committee shall:
 - ensure that the independent auditors submit to the Committee on an annual basis a written statement delineating all relationships and services that may impact the objectivity and independence of the independent auditors;
 - discuss with the independent auditors any disclosed relationship or services that may impact the objectivity and independence of the independent auditors; and
 - satisfy itself as to the independent auditors' independence.
- At least annually, obtain and review a report from the independent auditors describing:
 - the independent auditors' internal quality control procedures and review;
 - any material issues raised by the most recent peer review of the independent auditors; and
 - any steps taken to deal with any such issues.
- Review all reports required to be submitted by the independent auditors to the Committee under Section 10A of the Securities Exchange Act of 1934.
- Review, based upon the recommendation of the independent auditors and internal audit, the scope and plan of the work to be done by the independent auditors for each fiscal year.

With respect to periodic and annual reports, the Committee shall:

- Review the draft Press Release regarding the quarterly and/or annual financial results (including supporting internal Company financial information and associated schedules), with the independent auditors and management of the Company, prior to its release to the public. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards ("GAAS").

- Review the financial statements to be included in the Company's Quarterly Reports on Form 10-Q (including associated CEO and CFO certifications) with the independent auditors and management of the Company.
- Review the annual audited financial statements to be included in the Company's Annual Reports on Form 10-K (including associated CEO and CFO certifications) with the independent auditors and management of the Company, prior to its submission to Directors for review and signature, including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under GAAS.
- Report the results of the annual audit to the Board of Directors. If requested by the Board, invite the independent auditors to attend the full Board of Directors meeting to assist in reporting the results of the annual audit or to answer other Directors' questions (alternatively, the other Directors, particularly the other independent Directors, may be invited to attend the Audit Committee meeting during which the results of the annual audit are reviewed).
- Upon completion of their review, recommend to the Board of Directors that the Company's annual audited financial statements be included in the Company's annual report on Form 10-K for filing with the SEC.
- Prepare the Audit Committee report required by the SEC to be included in the Company's annual proxy statement and any other Committee reports required by applicable securities laws or stock exchange listing requirements or rules.
- Review the financial statements (audited or otherwise) to be included in other SEC filings (e.g., Form S3), as required.
- Review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements or related company compliance policies.

With respect to the internal audit function, the Company's disclosure controls and internal controls, the Committee shall:

- Review and concur with management's appointment, termination or replacement of the director of internal audit.
- Discuss with internal audit, the independent auditors, and financial and accounting personnel, the adequacy and effectiveness of the disclosure controls and internal controls of the Company, and elicit any recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of internal controls to prevent or detect any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- Review the internal audit function of the Company including its independence from management, reporting obligations to the Audit Committee, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditors.
- Inquire of management, internal audit, and the independent auditors about significant risks or exposures and assess the steps management has taken to minimize such risks to the Company.
- Receive from time-to-time a summary of findings from completed internal audits, and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
- Meet separately with internal audit, the independent auditors and with financial and operational personnel, as appropriate, on a periodic basis. Among the items to be discussed in these meetings are

the results of their examinations, the evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the internal auditors and independent auditors received during the course of audits.

In addition, the Committee shall:

- Establish procedures for and ensure the Company instigates policies, in accordance with the Whistleblower provisions of the Sarbanes-Oxley Act of 2002, that support:
 - the receipt, retention and appropriate treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review accounting and financial human resources and succession planning within the Company.
- Review and approve any related party transactions.
- Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors, as appropriate.
- Establish the policy for the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account.
- Review and reassess the adequacy of this Charter as appropriate and recommend to the Board any changes the Committee deems appropriate.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.

APPENDIX B

2003 EQUITY INCENTIVE PLAN

JDS UNIPHASE CORPORATION

2003 EQUITY INCENTIVE PLAN

1. *Purpose of the Plan.* The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance.

2. *Definitions.* As used herein, the following definitions shall apply:

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

(b) "*Affiliate*" and "*Associate*" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "*Applicable Laws*" means the legal requirements relating to the Plan and the Awards 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 of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "*Assumed*" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(e) "*Award*" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Performance Unit, Performance Share, or other right or benefit under the Plan.

(f) "*Award Agreement*" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(g) "*Board*" means the Board of Directors of the Company.

(h) "*Cause*" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Active Service, that such termination is for "*Cause*" as such term is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct, material violation of any applicable Company or Related Entity policy, or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

(i) "*Change in Control*" means a change in ownership or control of the Company effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such stockholders accept, or

(ii) a change in the composition of the Board over a period of thirty-six (36) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

(j) “*Code*” means the Internal Revenue Code of 1986, as amended.

(k) “*Committee*” means any committee composed of members of the Board appointed by the Board to administer the Plan.

(l) “*Common Stock*” means the common stock of the Company.

(m) “*Company*” means JDS Uniphase Corporation, a Delaware corporation.

(n) “*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 Related Entity to render consulting or advisory services to the Company or such Related Entity.

(o) “*Continuing Directors*” means members of the Board who either (i) have been Board members continuously for a period of at least thirty-six (36) months or (ii) have been Board members for less than thirty-six (36) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(p) “*Continuous Active Service*” means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. 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 providing services to the Company or a Related Entity 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 Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds ninety (90) days, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such ninety (90) day period.

(q) “*Corporate Transaction*” means any of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but in which securities possessing more than forty percent (40%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(r) "*Covered Employee*" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code.

(s) "*Director*" means a member of the Board or the board of directors of any Related Entity.

(t) "*Disability*" means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is 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 for a period of not less than ninety (90) consecutive days. 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.

(u) "*Dividend Equivalent Right*" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(v) "*Employee*" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(w) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(x) "*Fair Market Value*" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

(y) "*Grantee*" means an Employee, Director or Consultant who receives an Award under the Plan.

(z) "*Immediate Family*" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent

(50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

(aa) “*Incentive Stock Option*” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code

(bb) “*Non-Qualified Stock Option*” means an Option not intended to qualify as an Incentive Stock Option.

(cc) “*Officer*” means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(dd) “*Option*” means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ee) “*Parent*” means a “parent corporation”, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ff) “*Performance-Based Compensation*” means compensation qualifying as “performance-based compensation” under Section 162(m) of the Code.

(gg) “*Performance Shares*” means Shares or an Award denominated in Shares which may be earned in whole or in part upon attainment of performance criteria established by the Administrator.

(hh) “*Performance Units*” means an Award which may be earned in whole or in part based upon attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(ii) “*Plan*” means this 2003 Equity Incentive Plan.

(jj) “*Related Entity*” means any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly.

(kk) “*Replaced*” means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(ll) “*Restricted Stock*” means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(mm) “*Rule 16b-3*” means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(nn) “*SAR*” means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(oo) “*Share*” means a share of the Common Stock.

(pp) “*Subsidiary*” means a “subsidiary corporation”, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. *Stock Subject to the Plan.*

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is 140,000,000 Shares. Notwithstanding the foregoing, no more than twenty percent (20%) of the aggregate number of Shares reserved for issuance under the Plan pursuant to the preceding sentence may be issued pursuant to all Awards of Restricted Stock. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) The maximum number of Shares with respect to which Awards may be issued to Covered Employees as a group in any fiscal year of the Company shall be limited to five percent (5%) of the total number of Shares subject to Awards issued during such fiscal year. Notwithstanding the preceding sentence, Awards to Covered Employees made in connection with such Covered Employees' commencement of employment with the Company or promotion (either to a position which would result in an employee becoming a Covered Employee, or the promotion of a Covered Employee from one position to another) shall not be included for purposes of calculating whether such limitation has been reached.

(c) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at the lower of their original purchase price or their Fair Market Value at the time of repurchase, such Shares shall become available for future grant under the Plan.

4. *Administration of the Plan.*

(a) *Plan Administrator.*

(i) *Administration with Respect to Directors and Officers.* With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) *Administration With Respect to Consultants and Other Employees.* With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more Officers to grant such Awards and may limit such authority as the Board determines from time to time.

(iii) *Administration With Respect to Covered Employees.* Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the "Administrator" or to a "Committee" shall be deemed to be references to such Committee or subcommittee.

(iv) *Administration Errors.* In the event an Award is granted in a manner inconsistent with the provisions of this subsection (a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) *Powers of the Administrator.* Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that (A) any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, (B) the reduction of the exercise price of any Option awarded under the Plan shall be subject to stockholder approval and (C) canceling an Option at a time when its exercise price exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, Restricted Stock, or other Award shall be subject to stockholder approval, unless the cancellation and exchange occurs in connection with a Corporate Transaction;

(vii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;

(viii) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan; and

(ix) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(c) *Indemnification.* In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to handle and defend the same.

5. *Eligibility.* Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. *Terms and Conditions of Awards.*

(a) *Type of Awards.* The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right

with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, Restricted Stock, Dividend Equivalent Rights, Performance Units or Performance Shares, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) *Designation of Award.* Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds \$100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option.

(c) *Conditions of Award.* Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added, (xvii) market share, (xviii) personal management objectives, and (xix) other measures of performance selected by the Administrator. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(d) *Acquisitions and Other Transactions.* The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) *Deferral of Award Payment.* The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) *Separate Programs.* The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) *Individual Limitations on Awards.* The maximum number of Shares with respect to which Awards may be granted to any Grantee in any fiscal year of the Company shall be three million (3,000,000) Shares. In connection with a Grantee's (i) commencement of Continuous Active Service or (ii) first promotion in any fiscal year of the Company, a Grantee may be granted Awards for up to an additional (2,000,000) Shares which shall not count against the limit set forth in the preceding sentence. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section

10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to a Grantee, if any Awards are canceled, the canceled Awards shall continue to count against the maximum number of Shares with respect to which Awards may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR. If the vesting or receipt of Shares under the Award is deferred to a later date, any amount (whether denominated in Shares or cash) paid in addition to the original number of Shares subject to the Award will not be treated as an increase in the number of Shares subject to the Award if the additional amount is based either on a reasonable rate of interest or on one or more predetermined actual investments such that the amount payable by the Company at the later date will be based on the actual rate of return of a specific investment (including any decrease as well as any increase in the value of an investment).

(h) *Early Exercise.* The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) *Term of Award.* The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Award shall be no more than eight (8) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(j) *Transferability of Awards.* Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable by will and by the laws of descent and distribution, and during the lifetime of the Grantee, by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate a beneficiary of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(k) *Time of Granting Awards.* The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such later date as is determined by the Administrator.

7. *Award Exercise or Purchase Price, Consideration and Taxes.*

(a) *Exercise or Purchase Price.* The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(1) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(2) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of a SAR, the base amount on which the stock appreciation is calculated shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(v) In the case of other Awards, such price as is determined by the Administrator.

(vi) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d) above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) *Consideration.* Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following, provided that the portion of the consideration equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(i) cash;

(ii) check;

(iii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised, provided, however, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Grantee for a period of more than six (6) months;

(iv) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(v) any combination of the foregoing methods of payment.

(c) *Taxes.* No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of an Award the Company shall withhold or collect from Grantee an amount sufficient to satisfy such tax obligations.

8. *Exercise of Award.*

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(iv).

(b) Exercise of Award Following Termination of Continuous Active Service.

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Active Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Active Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Active Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

9. *Conditions Upon Issuance of Shares.*

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

10. *Adjustments Upon Changes in Capitalization.* Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in any fiscal year of the Company, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and the Administrator's determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. *Corporate Transactions.*

(a) *Termination of Award to Extent Not Assumed in Corporate Transaction.* Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) *Acceleration of Award Upon Corporate Transaction.* Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction, for the portion of each Award that is neither Assumed nor Replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at fair market value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction.

(c) *Effect of Acceleration on Incentive Stock Options.* Any Incentive Stock Option accelerated under this Section 11 in connection with a Corporate Transaction shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded. To the extent such dollar limitation is exceeded, the excess Options shall be treated as Non-Qualified Stock Options.

12. *Effective Date and Term of Plan.* The Plan shall become effective upon its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. *Amendment, Suspension or Termination of the Plan.*

(a) The Board may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by Applicable Laws, or if such amendment would change any of the provisions of Section 4(b)(vi) or this Section 13(a).

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. *Reservation of Shares.*

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. *No Effect on Terms of Employment/Consulting Relationship.* The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Active Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Active Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Active Service has been terminated for Cause for the purposes of this Plan.

16. *No Effect on Retirement and Other Benefit Plans.* Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under

which the availability or amount of benefits is related to level of compensation. The Plan is not a “Retirement Plan” or “Welfare Plan” under the Employee Retirement Income Security Act of 1974, as amended.

17. *Unfunded Obligation.* Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee’s creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.