

Quarterly Newsletter – June 2006

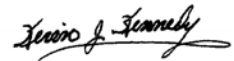
From the Desk of CEO Kevin Kennedy

We were very pleased to report our strongest financial results in five years with our fiscal 2006 third quarter earnings announcement on May 3, 2006. Non-GAAP revenue of \$315.5 million, non-GAAP gross margin of 37.5%, non-GAAP pre-tax income of \$2.2 million, and non-GAAP net loss of \$(2.8) million represented our strongest performance since 2001.

Innovation in our Optical Communications segment, evidenced by 34 new internally developed products and our leadership in Agile Optical Network products, helped deliver sales growth of 16% sequentially and 25% from the year ago quarter, resulting in a positive operating contribution for the first time in five years, at \$2.2 million. We continued to enjoy a favorable environment in Optical Communications and expect the market to grow 5%-10% annually. Our particularly strong performance this quarter was driven by the transition to newer technologies, such as ROADMs and tunable lasers, which are enjoying higher growth rates than the industry as a whole.

At the same time, our team continued to execute on our previously announced cost saving initiatives. In fact, we pulled ahead of schedule, exceeding the incremental \$8 million of cost savings targeted for the quarter, bringing the cumulative total to more than \$17 million when compared to fiscal 2005 third quarter results. Our target for the quarter ending June 30 is to achieve total savings of \$22 million, or \$88 million on an annualized basis. Additionally, we quantified the next round of cost savings associated with activities in Ottawa, Rochester and Santa Rosa. We expect to save \$2 million in fiscal Q107, \$3 million in fiscal Q207, and \$5 million in fiscal Q307.

With line of sight to a profitable business model established, we still have much work to do, and our immediate focus is on continuing to execute our program of cost saving initiatives, reducing operating expenses and strengthening our finance team. And it almost goes without saying that we will continue to invest in enabling optical and broadband innovation for our customers.



Senior Convertible Notes Offering

On May 17, 2006, JDSU announced the closing of the sale of \$375 million aggregate principal amount of 1% senior convertible notes due 2026. Further, on June 6, 2006, we announced the sale of the additional \$50 million aggregate principal amount of notes to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. The additional notes were issued upon the exercise by the initial purchasers of an over-allotment option granted by the Company, bringing the total aggregate principal amount of Notes outstanding to \$425 million.

purchase price equal to 100% of the principal amount of the notes. The net share settlement feature decreases the dilutive impact of the notes.

The completion of the senior convertible offering will further strengthen JDSU's balance sheet, bringing our cash and cash equivalents balance to greater than \$1.2 billion. The Company chose to issue convertible notes because of the favorable market conditions available now and our previously issued convertible notes coming due in 2008.

JDSU may redeem the convertible notes in whole or in part on or after May 20, 2013, and investors may require us to repurchase the notes on May 15, 2013, May 15, 2016 and May 15, 2021 at a

Additional information, including Q&A regarding the convertible notes is available on our website at www.jdsu.com/investors.

Recent and Upcoming Events

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

OFC – March 7-9, 2006

JDSU at Deutsche Bank Conference – March 14, 2006

Fiscal 2006 3rd Quarter Earnings Results – May 3, 2006

JDSU at JPMorgan Conference – May 22, 2006

Globalcomm – June 4-7, 2006

Fiscal 2006 4th Quarter Earnings Results – TBA

JDSU at Citigroup Conference – September 5-7, 2006

ECOC 2006 – September 24-28, 2006

JDSU Acquires Test-Um

On April 13, 2006, JDSU announced an agreement to acquire privately held Test-Um, Inc., an industry-leading provider of home networking test instruments for the FTTx and digital cable markets. Financial terms of the deal were not disclosed.

Test-Um and its 30 employees add to JDSU's triple-play test expertise and product portfolio, bringing an extensive set of home-wiring test instruments for the verification, installation and maintenance of Category 3, Category 5 and coaxial cables used in home and small office networks for the delivery of VoIP, IPTV and other services.

Test-Um's "three-wire" test instruments verify the ability of home wiring to support the reliable delivery of new, high-bandwidth voice, data and video services throughout the home, which has become increasingly important as carriers and cable companies roll out triple-play services.

Changes to JDSU's Board of Directors

We have welcomed a number of new Directors over the past year or so, supplementing our experienced Board with additional talent and a wealth of sales, finance and operations experience in a turnaround context. New appointments include:

Mar 2006 – **Masood Jabbar**, former executive of Sun Microsystems.

Jan 2006 – **Hal Covert**, CFO of Openwave.

Dec 2005 – **Kevin DeNuccio**, CEO of Redback Networks.

Feb 2005 – **Richard Belluzzo**, CEO of Quantum Corp.

Recent News In Brief

3/17/06 – JDSU announced the selection of Nosco, Inc., a leading provider of pharmaceutical printed packaging, as an authorized SecureShift® partner for the production of pharmaceutical labels in North America. The Authorized Partner Program allows partners to supply SecureShift Technology for pharmaceutical brand protection applications using JDSU's patented SecureShift inks.

3/21/06 – JDSU announced the grant of compensatory stock option awards to former employees of Acterna in connection with the acquisition that closed on August 3, 2005. The stock options were granted with an exercise price equal to the closing price of JDSU common stock on NASDAQ on March 20, 2006, which was \$4.00.

5/4/06 – JDSU announced that the Photonic Power business unit achieved a world record in the conversion efficiency of laser light into electrical power. This breakthrough further enables the use of fiber optics to replace copper for power delivery where isolation from the surrounding environment is essential.

During the past few months, our **Communications T&M** team has introduced many new products, including:

- A digital and IP Video Monitoring Service, providing operators distinct advantages when deploying advanced video services.
- The addition of a 30 MHz (VDSL2) copper test solution to the HST-3000 handheld triple-play services tester.
- The industry's most complete Metro Ethernet quality of service (QoS) test solution.
- A compact and lightweight version of the MTS/T-BERD optical tester line known as the MTS-6000/T-BERD 6000.

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

Safe Harbor Statement

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

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