

Quarterly Newsletter – September 2005

From the Desk of CEO Kevin Kennedy

Our program of manufacturing consolidation initiatives, product phase outs, and acquisitions continues to pick up momentum in the early months of 2006. To date, we have completed all initiatives on - or ahead of - schedule, and we expect to announce incremental initiatives as we progress through the next several quarters. In the meantime, we expect to start realizing the benefits of our initiatives to date: starting with modest savings in the first fiscal quarter of 2006, and phasing in until the full benefit is realized in the fourth fiscal quarter of 2006.

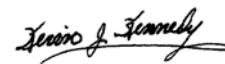
Looking back, fiscal 2005 was the first year since fiscal 2001 that JDSU has reported year-over-year revenue growth. Revenue growth of 12% is even more satisfying when you remember we have been actively selling or phasing out non-core and unprofitable products in order to improve profitability over time, even to the detriment of revenue performance.

Our communications business, which comprised 59% of our fiscal 2005 revenues, grew 33% from fiscal 2004. JDSU continues to enjoy strength in our integrated, sub-system level products,

with more than 10,000 circuit packs and 1,450 wavelength management modules shipped so far this year, representing 50% and 100% growth respectively. As the leading vendor of communications equipment, JDSU continues to enjoy a widening lead in market share, according to industry analyst RHK.

For fiscal 2006, the acquisition of communications test and measurement company Acterna, which closed in early August, will have a significant impact on our financial results. Compared to revenues of \$170.9 million in the fourth quarter of fiscal 2005, JDSU has guided to revenues in the \$240 - \$260 million range for the first quarter of fiscal 2006, which ends on September 30, 2005.

There is, of course, still much more to do. Successfully integrating a company the size of Acterna requires determined and focused execution. At the same time, we must continue to drive our profitability-enhancing initiatives. Careful management of the risks and successful execution on both fronts is needed to move JDSU closer to profitability.



Programs and Profitability Enhancing Objectives

Organic Initiatives	Announced	Progress
Sale of CATV (Ewing)	4/27/05	Completed 5/31/05
Sale of Ottawa Campus	5/20/05	Completed 6/05
Transfer Ewing, NJ to CM	4/20/05	Completed 5/31/05
Transfer Mt. Lakes to CM	4/20/05	Completed 5/31/05
Phase out Light Engine/DLP	4/27/05	Completed 6/30/05
Santa Rosa, CA Reduction	4/20/05	In progress
Melbourne Facility Closure	4/20/05	In progress
Transfer Fuzhou to CM	4/27/05	Completed 5/31/05
Sale of Microlaser	8/19/05	Completed 9/2/05
Sale of Front Surface Mirror	9/1/05	In progress
Sale of Laser Marking	9/1/05	In progress
M&A Initiatives		
Photonic Power Acquisition	6/6/05	Completed 6/6/05
Acterna Acquisition	5/23/05	Completed 8/3/05
Agility Acquisition	9/8/05	In progress

On our fourth quarter and fiscal year-end conference call in early September, management updated investors on the many initiatives underway at the Company to accelerate a return to profitability. As detailed in last quarter's newsletter, the initiatives fall into two categories: right-sizing the past through the consolidation of manufacturing facilities and the phase out of non-core or unprofitable product lines; and investing in our future through M&A to expand our market opportunity or strengthen our market position.

The chart on the left lists the initiatives announced by JDSU over the last six months. The "organic" initiatives focus on right-sizing our past, and – when completed in quarter ending June 30, 2006 – are expected to deliver annualized savings of \$88 million. These savings will phase in over the next several quarters: \$4 million in Q106, \$9 million in Q206, \$17 million in Q306, and \$22 million in Q406.

Recent and Upcoming Events

JDSU at Smith Barney Conference – September 7, 2005

(Webcast available at www.jdsu.com/investors)

Fiscal Fourth Quarter and Year-end 2005 Earnings Results –

September 1, 2005 (Webcast available at www.jdsu.com/investors)

European Conference and Exhibition on Optical

Communication – September 26-28, 2005

PACK EXPO – September 26-28, 2005

Broadband World Forum Europe – October 3-6, 2005

Fiscal First Quarter 2006 Earnings Results – TBA

Annual Stockholders' Meeting – December 1, 2005

JDSU at Lehman Brothers Conference – December 8, 2005

(Webcast available at www.jdsu.com/investors)

Acterna, Inc. Acquisition Closes

The acquisition of Acterna, Inc. closed on August 3, 2005. The transaction was on a cash-free, debt-free basis for approximately \$450 million in cash and approximately 200 million shares of JDSU common stock.

Acterna is the world's largest provider of communications test and measurement (T&M) solutions for telecom and cable network providers, and will join JDSU as the newly formed Communication Test and Management Product Group. Acterna will strengthen JDSU's product portfolio by adding internet protocol based services over optical long haul, metro, and broadband access media, including FTTH (fiber to the home), DSL and Cable, all of which are part of the recent developments in the communications market.

The transaction, which was originally announced on May 23, 2005, is expected to double the size of JDSU's addressable communications market to more than \$5 billion. The addition of Acterna is also expected to be immediately financially accretive, with the first quarter of fiscal 2006 (which ends September 30, 2005) including a partial quarter contribution from Acterna. With revenues of \$448 million, gross margins of approximately 56%, and a non-GAAP EBITDA contribution of approximately 11% for their most recent fiscal year, the addition of Acterna is expected to strengthen JDSU's business model.

Acterna also brings a large customer base, including many service providers such as Comcast, Verizon and SBC, which will enable JDSU to deepen its relationships with the end-users of our communications products.

Safe Harbor Statement

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

This document includes Non-GAAP financial measures where indicated. These non-GAAP financial measures complement the Company's consolidated financial statements presented in accordance with GAAP. However, these non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. A detailed reconciliation of historical GAAP results to the historical non-GAAP results is provided in the "Non-GAAP Condensed Consolidated Statement of Operations" schedule to our news release announcing the financial results of the fourth quarter of fiscal 2005. 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

Other First Quarter 2006 News In Brief

6/28/05 – JDSU filed a Form 8-K announcing approval by its Board of Directors to accelerate the vesting of certain "out-of-the-money" stock options with exercise prices equal to or greater than \$2.50 per share. The Company expects to avoid a pre-tax charge of approximately \$80 million, which would have been recognized over the expected life (an average of 1.55 years from acceleration date) of the unvested options subject to acceleration.

8/19/2005 – JDSU announced its entry into a definitive agreement to sell its passive Q-switched microlaser product line and facility in Grenoble, France to Teem Photonics. Financial details of the deal, expected to close by September 30, 2005, were not disclosed.

9/2/05 – JDSU announced the grant of compensatory stock awards to former employees of Acterna under the JDS Uniphase Corporation 2005 Acquisition Equity Incentive Plan, which was approved by the Board of Directors of JDS Uniphase, but not submitted for the approval of the stockholders of JDS Uniphase.

9/8/05 – The Company announced a definitive agreement to acquire Agility Communications, a leading provider of widely tunable laser solutions for optical networks. Agility is a privately held company with approximately 90 employees. The terms of the acquisition, which is expected to close during the quarter ending December 31, 2005, were not disclosed.

9/13/05 – A new corporate identity was unveiled, which included shortening the company name to JDSU, a new corporate logo and the new tagline "Enabling Broadband & Optical Innovation."

9/23/05 – JDSU announced that stockholders of record as of October 11, 2005 will be invited to approve a proposal to amend the Company's Certificate of Incorporation to authorize a reverse stock split. The reverse proposal (which impacts common stock, Exchangeable Shares and options) would authorize a reverse split in the range of 1:8 to 1:10 and could be implemented anytime before December 1, 2006, at the discretion of the Board.