



Virtual Analyst Event

Advanced Optical Technologies

Friday, May 11, 2007

Safe Harbor Statement

Certain statements in this presentation 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, particularly the risk factors section of our form 10-Q for the quarter ended March 31, 2007.

This presentation 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 supercede 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 2007. 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.

JDSU's Journey

	Q205	Q307	Near-Term Targets	Longer-Term Targets
Revenue	\$180.5M	\$361.8M	-	-
Gross Margin	16.8%	37.6%	≥40%	≥45%
Operating Expenses	36.6%	36.7%	35 to 38%	≤35%
Operating Margin	(11.4)%	0.9%	2 to 5%	≥10%
EBITDA	(14.2)%	5%	6 to 9%	~14%

All numbers are non-GAAP. For a detailed reconciliation, please see the press release announcing our Q307 results, available at www.jdsu.com/investors.

JDSU's Journey

To highlight how JDSU's Advanced Optical Technologies business is contributing to revenue growth and the achievement of these business model targets.

Near-Term Targets

-

≥40%

35 to 38%

2 to 5%

6 to 9%

Longer-Term Targets

-

≥45%

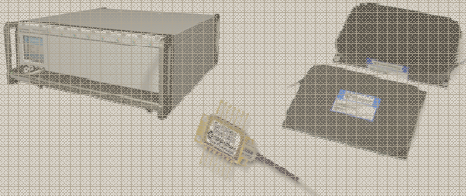
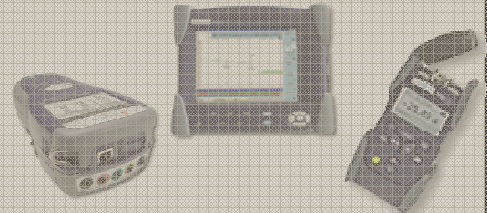

≤35%

≥10%

~14%

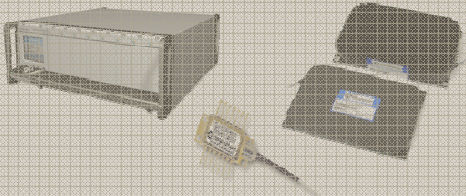
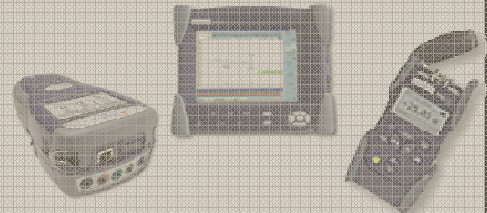

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Enabling Broadband & Optical Innovation

	Optical Communications	Communications T&M	Commercial and Consumer
Market Segments			
Total Market Size (Annual)*	\$3.9B	\$2.6B	\$2.0B
Estimated Market Growth Rate*	5-15%	6-12%	5-10%
Q307 Growth From Q306	1%	28%	15%
JDSU Market Position*	#1	#1-3	#1-3
Markets	Telecom, Datacom, Undersea, LH, Metro, FTTx	Telecom, Cable, LH, Metro, Triple Play	Biotech, Semicon, Defense, Currency, Security, Decor
Trends	Device integration	Physical --> service test	Gas lasers, Flex tech sol'ns

* Sources: Ovum-RHK, Prime Data, Frost & Sullivan, Infonetics Research, Optics Coating: A Strategic Business Report, January 2005, and internal analysis

Enabling Broadband & Optical Innovation

Market Segments	Optical Communications	Communications T&M	Commercial and Consumer	
				AOT
Total Market Size (Annual)*	\$3.9B	\$2.6B	\$	\$1.5B
Estimated Market Growth Rate*	5-15%	6-12%	5-	5-10%
Q307 Growth From Q306	1%	28%	↑	12%
JDSU Market Position*	#1	#1-3	#	#1-2
Markets	Telecom, Datacom, Undersea, LH, Metro, FTTx	Telecom, Cable, LH, Metro, Triple Play	Biotech, Ser Currency, S	Currency, Defense, Authentication, Instrumentation
Trends	Device integration	Physical --> service test	Gas lasers,	Defense, Security

* Sources: Ovum-RHK, Prime Data, Frost & Sullivan, Infonetics Research, Optics Coating: A Strategic Business Report, January 2005, and internal analysis

Expectations for Today's Webcast

Previous Disclosures

- Market Growing in 5 – 10% Range
- Higher margin business than corporate average
- Significant restructuring through 2005 and 2006 in Custom Optics
- Optically Variable Pigment (OVP) is a patent-protected franchise, with JDSU protecting more than 100 currencies globally

Today's Webcast

- What is AOT?
- Portfolio overview, strategy & highlights
- Margin expansion potential



Advanced Optical Technologies

Roy Bie

Senior Vice President & General Manager

Structure of Presentation

Advanced Optical Technologies

Technology – Thin Film

Complexity & Substrates

Markets

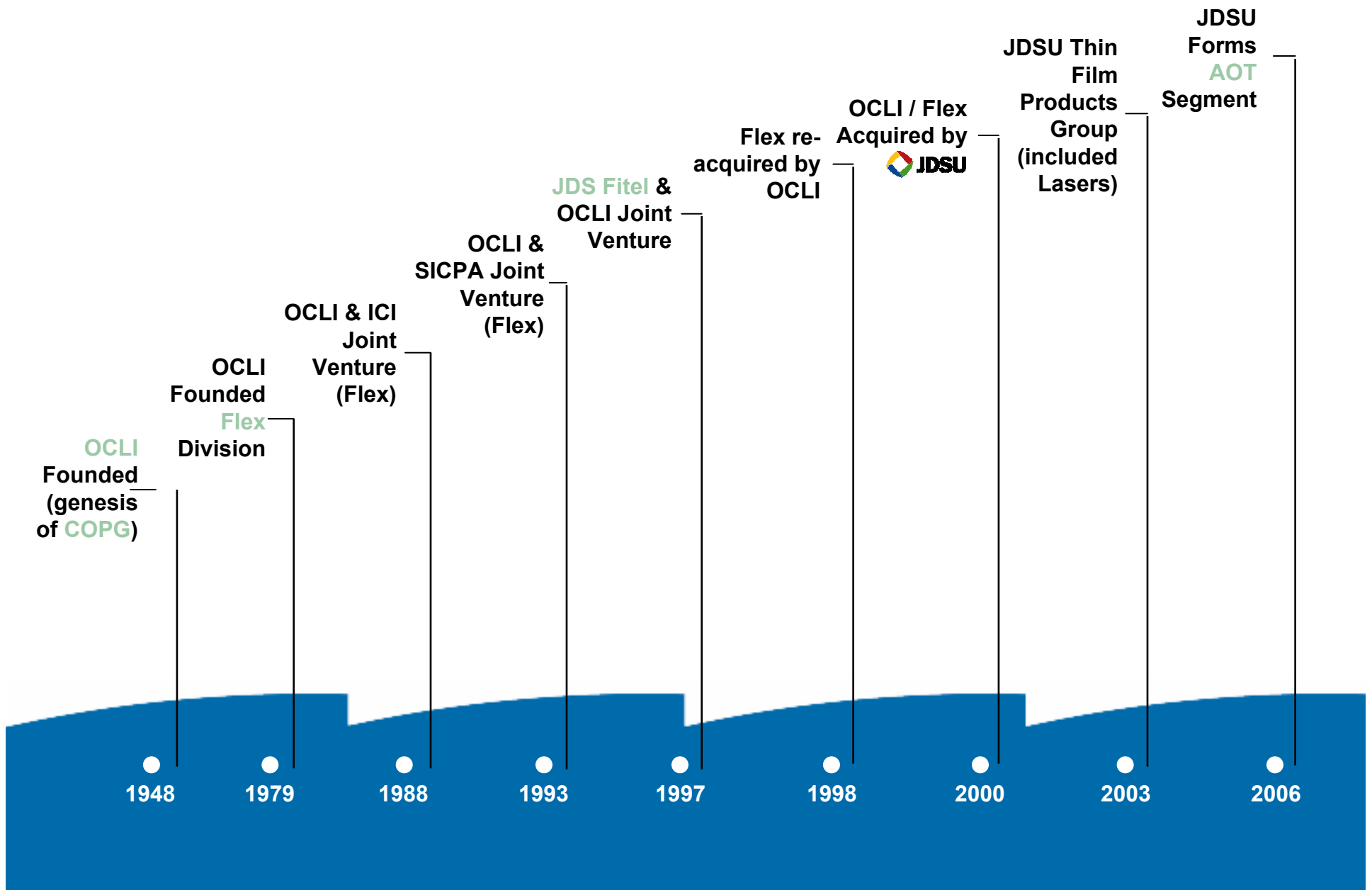
Product/Market Transitions

Future Imperatives

Structure of Advanced Optical Technologies

- Made up of two complementary groups
 - Flex Products Group (Flex)
 - Custom Optics Product Group (COPG)
- Share the same basic science & heritage
 - Thin Film Technology pioneers
 - Nearly 60 years
 - 100's of Patents backed by trade secrets & process know-how
- Leadership position in the markets served
- Business metrics
 - Revenues - \$162.8M in FY06
 - Operating Income: ~30%
 - Locations:
 - Manufacturing in California: Santa Rosa & Commerce
 - Manufacturing in China: Beijing
 - Sales: Representation in major world centers
 - Employees: ~700 worldwide

History of JDSU's AOT Business



Advanced Optical Technologies

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Technology – Thin Film

Complexity & Substrates

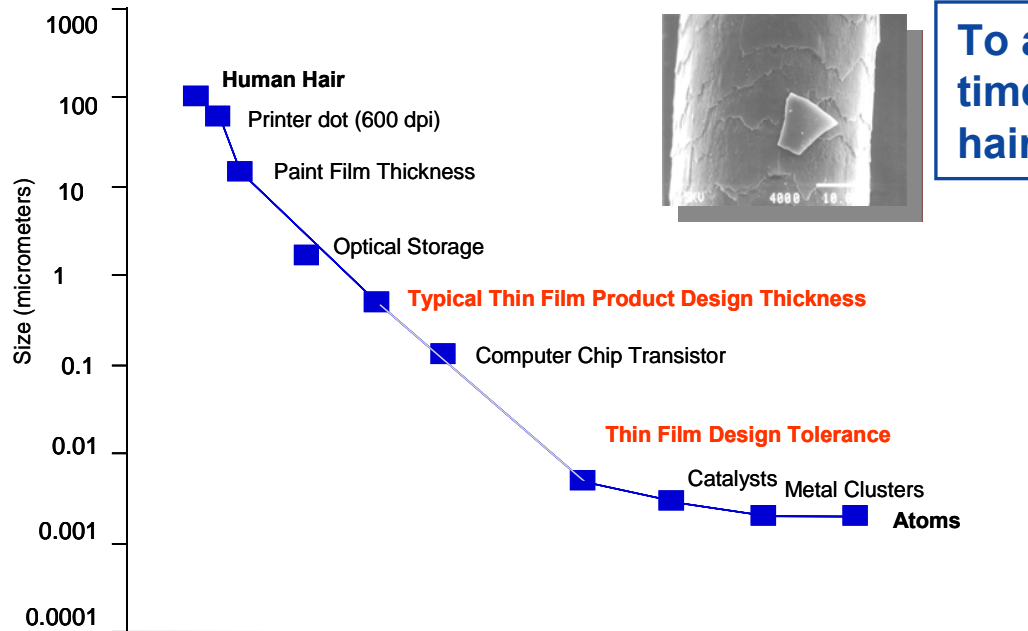
Markets

Product/Market Transitions

Future Imperatives

Overview Of Optical Thin Film Coating Technology

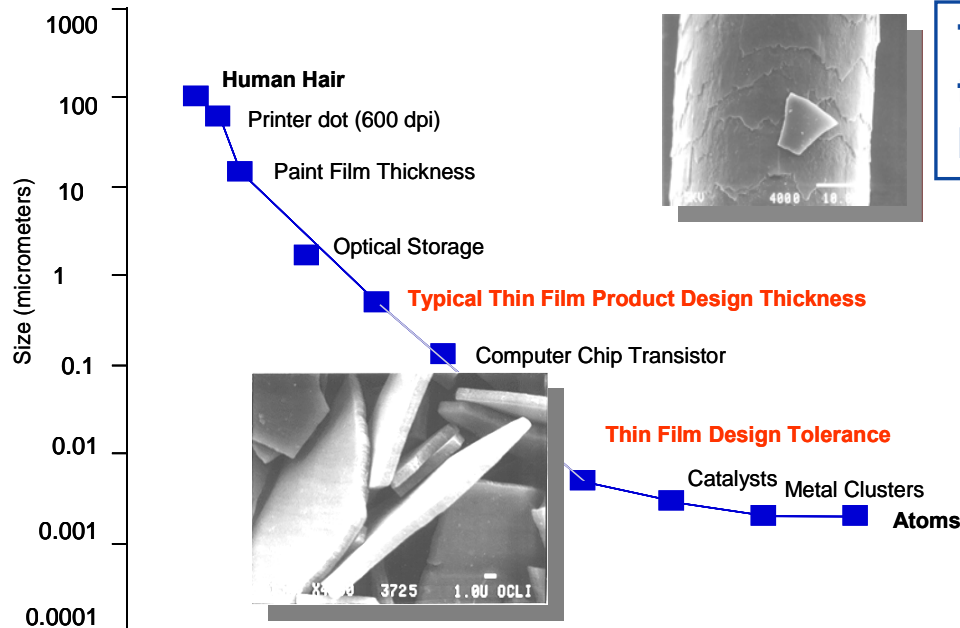
The innovative products of AOT are based on the design and deposition of up to 300 layers of optical materials.....



To a total thickness 100 times thinner than a human hair.....

Overview Of Optical Thin Film Coating Technology

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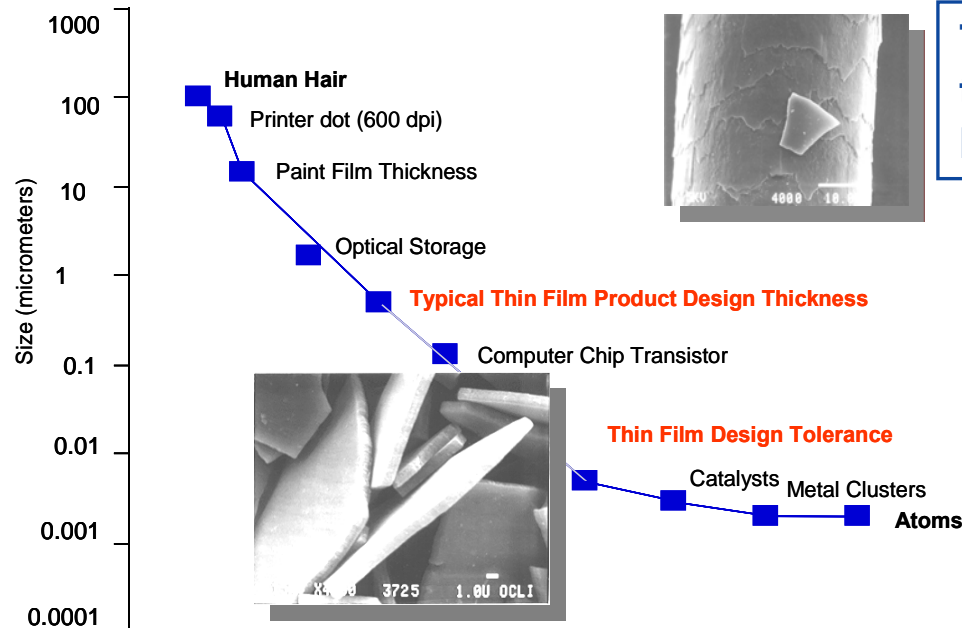
With control of an individual layer 10 times lower than a computer chip.....

In equipment approaching the vacuum of outer space (10^{-11} torr).....



Overview Of Optical Thin Film Coating Technology

The innovative products of AOT are based on the design and deposition of up to 300 layers of optical materials.....



To a total thickness 100 times thinner than a human hair.....

With control of an individual layer 10 times lower than a computer chip.....

In equipment approaching the vacuum of outer space (10^{-11} torr).....



And AOT's industry leading machine design and deposition monitoring makes it all happen.



While depositing materials as hot as molten lava.

Group Technology Dynamics

Flex Products

- Flexible Substrates
 - Film, Paper & Foil
- 3 to 9 coating layers
- High Speed (semi-continuous) roll to roll coating
- High volume – limited mix
- Quick coating cycle times
- Other
 - Pigment blending, grinding & sizing expertise. Flexo printing & design.

Custom Optics Group

- Rigid Substrates
 - Glass & Semiconductor
- 1 to 200+ coating layers
- High Speed (in-line) & Box (batch process) coating
- Low volume – high mix
- Quick to long coating cycle times
- Other
 - Pre & post coating optical fabrication, optical design & advanced characterization capability

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Technology – Thin Film

Complexity & Substrates

Markets

Product/Market Transitions

Future Imperatives

Markets Served

Advanced Optical Technologies

Flex Products

- Document Authentication



- Brand Authentication



- Brand Differentiation



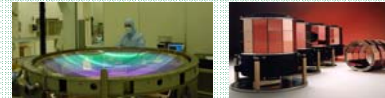
- Commercial Labels



- Films & Specialty Coatings

Custom Optics

- Defense & Aerospace



- Instrumentation & Commercial



- Communications



- Consumer & Commercial



Markets Served

Advanced Optical Technologies

Flex Products

- Document Authentication



OVP SECURITY PIGMENT

YMP

YMP SECURITY PIGMENT

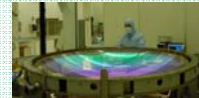
- Brand Authentication



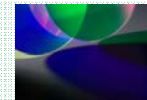
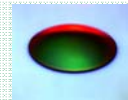
SECURESHIFT
TECHNOLOGIES

Custom Optics






- Defense & Aerospace



- Instrumentation & Commercial



Enabling Broadband & Optical Innovation

Market Segments	Security			Custom Optics	
	Currency	Document	Brand	Aerospace & Defense	Instrumentation
					
2006 Market Served	\$1.0B*	\$1.0B*	\$4.5B*	~\$0.5B**	~\$0.5B**
Market Growth	2-4%	3-5%	20-30%	1-10%	9-12%
Markets	National Currencies	ID, Passports, Checks, Gift Cards	Drugs, Food, Beverages, Apparel	Comm. & Military Satellites, Missile, Defense	Microscopy, Gene Therapy, Avionic Displays, Gas Sensing
Trends	Layered Protection	9/11 Urgency, Worldwide Counterfeiting ID Fraud	7-10% of World Trade is Counterfeit	Growth in Satellite Launches, Anti-Terrorism	Global Warming, Aging Population, Post 9/11

* Source: Pira International; Auto and Industry sourcebooks

** Source: BCC Report-Future of Optical Coatings 2006, Optical Coatings- A Global Strategic Business Report 2005

Leader in Security and Brand Authentication

Document Authentication



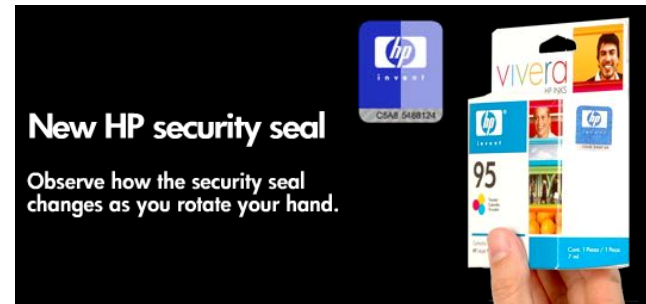
OVP*SECURITY PIGMENT

Protecting ~80% of the world's currency value (~100 countries)

Brand Authentication



New genuine Viagra packaging with color-shift logo



Over \$120B of branded products use SecureShift® Technology to prevent counterfeiting, including consumer electronics, imaging supplies, and pharmaceutical drugs



Leader in Advanced Optical Solutions

Aerospace & Defense



- Solar Cell Cover Glass
- Night Vision Goggles
- Electronic Countermeasures

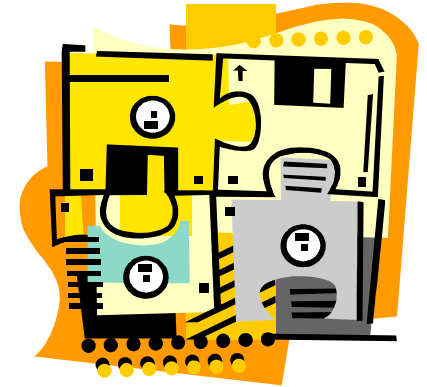
Instrumentation



- Test & Measurement
- Environmental Protection (Gas Sensing)
- Biomedical Anesthesia Monitoring
- Semiconductor
- Intelligent Lighting
- Food Analysis
- Laser Optics

Flex Market Characteristic Fundamentals

- Document Authentication
 - 5-7 years Currency design cycles
 - Cycles accelerating due to counterfeiting pressure
 - Can't miss a redesign or out until next
 - Revenue can be lumpy
 - Redesign years are good (channel fill) followed by a lull (wear-out/reprint)
- Brand Authentication
 - CXX sell
 - Sell cycles are 18 to 24 months
 - Brand “Keepers” important players
 - When designed on, tend to stay on for brand/message continuity
 - Fragmented market with limited knowledge customer base (although advancing)
 - Numerous product forms - labels, boxes, cartons, blister packs, shrink sleeves, etc.



COPG Market Characteristic Fundamentals

- Aerospace & Defense
 - Maximize our revenue when funding is available
 - Win multi-year contracts
 - Leverage technology gains into instrumentation sector (where applicable)
- Instrumentation
 - Design-ins from 5 – 10 years ago have become and/or becoming end of life
 - Re-building our base of customers with new products & technology
 - Operational excellence required
 - Work at the introduction and growth phases of our customer's lifecycle, one customer at a time

Flex Group Growth Drivers

- Document Authentication
 - Major currencies in cycle for redesign
 - Post-911 heightened security
 - Improved security required on ID cards & “breeder” documents

- Brand Authentication
 - Worldwide increase in product/brand counterfeiting & diversion
 - Use of layered, multiple device technologies for security
 - Overt security: easy to recognize, difficult to simulate, inexpensive
 - Covert security: secure, casually undetectable, inexpensive “system”
 - Evolution to Security Solutions Provider

COPG Growth Drivers

- Aerospace and Defense
 - 9/11
 - Iraq War/World Unrest
 - Homeland Security (gas monitoring, water detection)
 - Sensing from Space

- Instrumentation
 - Biomedical
 - Aging population
 - Cost of health care driving home/self testing devices
 - Medical imaging (remote surgery & diagnoses)
 - Environmental Concerns
 - Crop monitoring, produce evaluation, microbial analysis
 - Building CO2 monitoring, gases built up due to air tight structures
 - Air & water quality

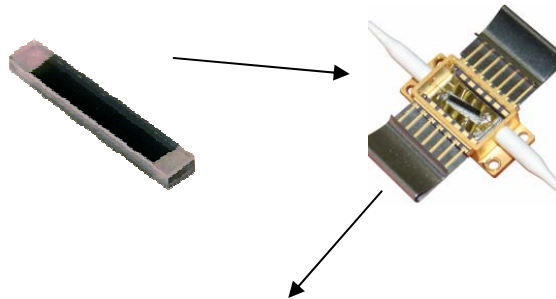
Synergy with other JDSU Segments

Optical Communications



Telecom DWDM
Mux/DeMux

Commercial Lasers



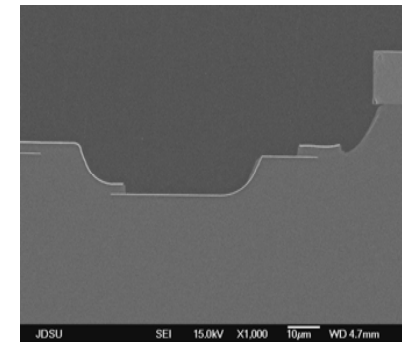
Lithium Niobate Waveguide
for new FCD488 laser



Laser Mirrors

Corporate Services

- Metrology
- Analytical Analysis
- Surface Analysis
- Chemistry Lab



SEM image of Mirror
X electrode in cross section.

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Technology – Thin Film

Complexity & Substrates

Markets

Product/Market Transitions

Future Imperatives

Group Transitions

Flex Products

- Strong legacy in document authentication market
 - Currency
 - High value documents

Transitions

- Leverage market goodwill & leadership position to emerging brand authentication market
- Improved non-currency growth

Custom Optics Group

Group Transitions

Flex Products

- Strong legacy in document authentication market
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- Improved non-currency growth

Custom Optics Group

- Strong Legacy in pioneering development & technology leadership re: thin film optical coating

Transitions

- Deployment & efficacy of Ucp-1 coating technology
 - Cycle time & customer value
- Improved Growth
- Gross Margin improvement

Escaping the Coating Paradigm: Ucp-1

Applications

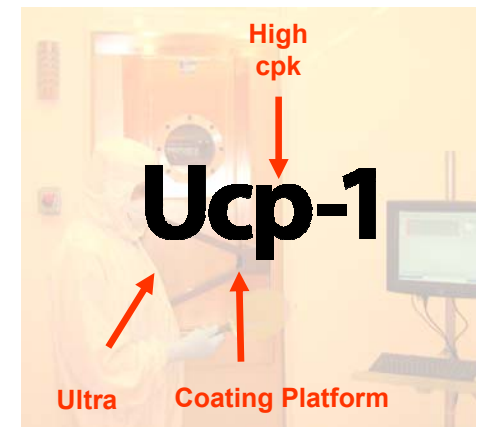
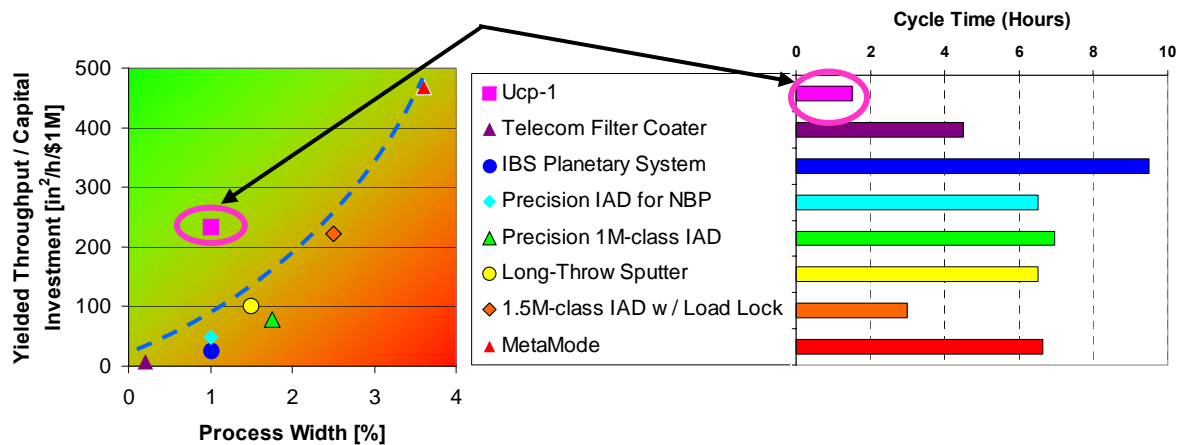
- Biomedical
- Instruments
- Semiconductor
- Intelligent Lighting
- Projection Devices
- Color Management
- Digital Imaging
- Display Components
- + many, many more

Features

- Superior spectral repeatability
- High Precision
- Broadband 325 to 4000 nm
- 20/2 scratch dig surface quality
- Wafer scale or singulated parts
- High throughput

Benefits

- New market solutions
- Faster Turn Around Time
- Competitive cost in both small and large batches



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Technology – Thin Film

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Future Imperatives

AOT Imperatives - Flex

Key Takeaways

- **Maintaining and growing our leadership position in optically variable technology for currency & high value documents**
- **Leveraging “*currency-legacy*” position into more cost-sensitive, branded product authentication**
- **Organizing for aggressive business development in high margin businesses**

AOT Imperatives - COPG

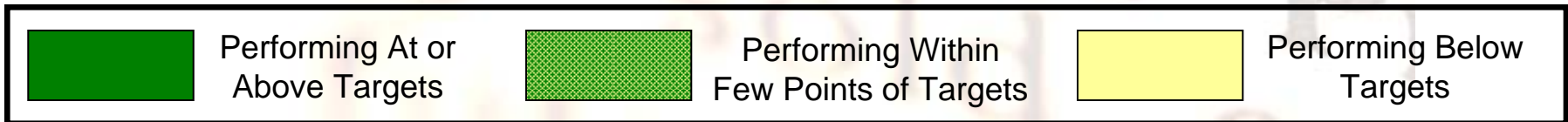
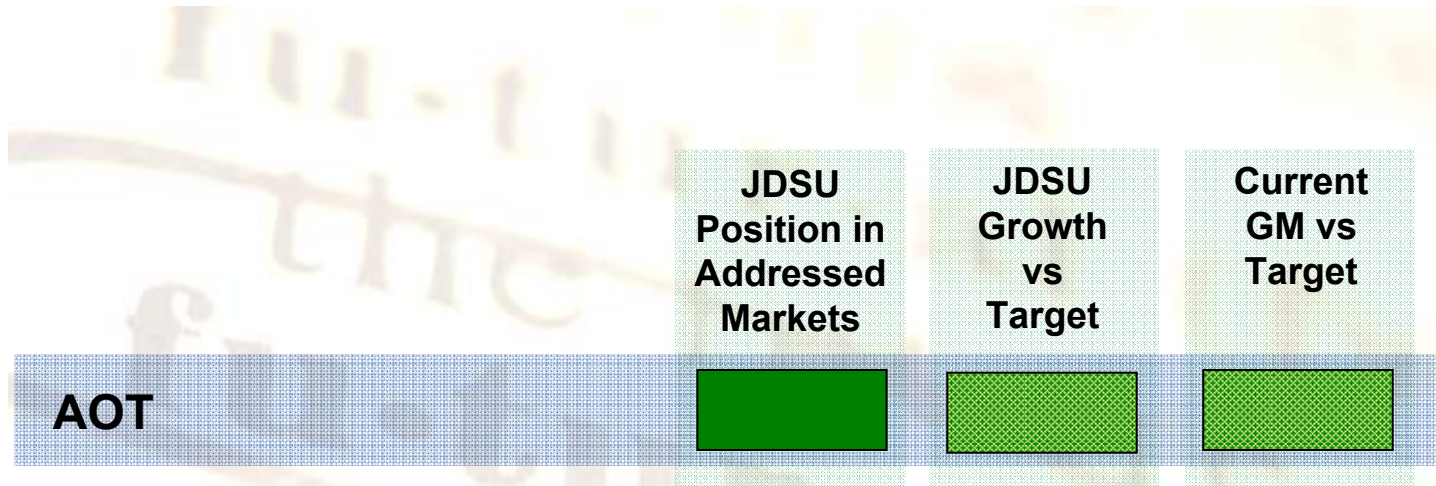
Key Takeaways

- **JDSU is a leader in custom coated optics**
 - Wide range of coating platforms, coating types, pre/post coating fabrication, metrology and advanced characterization laboratories
- **For the past two years we have focused back on our core competency of thin film coated optics**
- **We continue to innovate coating technology by providing new and unique product capability into the market**
 - Ucp-1 coating technology platform
 - Notch filters, sensor response filters, 3-D imaging, Polarization components, Contrast enhancers, etc.
 - Growing faster than the market and addressing the high growth segments



Business Model

Business Model Trajectory



AOT is targeting a 1-2 point improvement in GM performance

Summary

- Strong legacy of innovative product design & pioneering technology development creating solutions that solve complex customer needs
- Improving business model with Custom Optics reengineering & business transition in final stages
- Leadership position in the markets AOT serves
- Margins in upper quadrant of JDSU's business portfolio
- Growth patterns are slow & steady with long term annuity opportunities

Summary

- Strong legacy of innovative product design & pioneering technology development creating solutions that solve complex customer needs
- Improving business model with Custom Optics reengineering & business transition in final stages
- Leadership position in the markets AOT serves
- Margins in upper quadrant of JDSU's business portfolio
- Growth patterns are slow & steady with long term annuity opportunities
- How many companies can say they have their product in the pockets of nearly every adult in the US!





Q&A
