

Quarterly Newsletter – June 2007

From the Desk of CEO Kevin Kennedy

As our fourth quarter and fiscal 2007 draws to a close, JDSU is once again quite transformed relative to a year ago.

On a non-GAAP basis, JDSU has reported three consecutive quarters of profitability after more than five years of losses. Revenue for the first three quarters of fiscal 2007 is up more than 17% over the same period in fiscal 2006, and non-GAAP gross margin has improved from 24% to almost 38% over the same timeframe.

Even more significant, JDSU has now reported two consecutive quarters of positive cashflow from operations, and the March quarter marked our first quarter of positive free cashflow in more than five years.

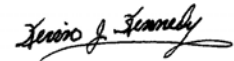
Cashflow will be an area of continued focus in fiscal 2008. Additionally, we are working to achieve a sustainable non-GAAP gross margin of 40%+, and an operating margin in the 2 – 5% range by the end of this calendar year. We have announced some additional cost savings targets that we expect to contribute to the achievement of those objectives.

During our third quarter, our Communications Test and

Measurement business was unseasonally strong, and our Advanced Optical Technologies segment grew 13% over the previous quarter. Optical Communications was down 3% sequentially, with some of our customers undergoing transitions that slowed spending.

As we noted on our May conference call, the bulk of our Optical Communications revenue derives from a very small number of customers, and the March quarter saw several of these customers impacted by either lean manufacturing or inventory initiatives, in addition to industry consolidation. As our customers execute these operational adjustments, spending has slowed, and – at the time of our May call – JDSU stated that this could be a multi-quarter phenomenon. As a result, we guided for fourth quarter revenue of \$325 to \$345 million, which compared to third quarter non-GAAP revenue of \$361.8 million.

While our visibility into our Optical Communications customers' spending trajectory remains limited, we remain confident about the quality of our technology portfolio, and the strength of the end-market drivers.



Innocor Acquisition

On May 10, 2007, JDSU announced plans to acquire broadband test company Innocor, which is based in Ottawa, Canada. The transaction is expected to close during the quarter ending June 30, 2007, and financial terms were not disclosed.

Following the close of the acquisition, Innocor will be integrated into the Lab and Production segment of our Communications Test and Measurement business. The focus of the Lab and Production group is to provide solutions to network equipment manufacturers (NEMs), such as Cisco and Nortel, that enable them to test their equipment before it is sold to customers, which are usually carriers, such as AT&T or Verizon.

Innocor has been around since 1995 designing, manufacturing, and marketing broadband test gear for NEMs.

The addition of Innocor's products to JDSU's portfolio would enhance our offering, not only through the addition of new products, but also through capitalizing on Innocor's established verification and production test expertise and innovation, the close relationships the company has with the leading NEMs, as well as JDSU's strong product development capabilities and global sales organization.

JDSU also announced that Bill Mortimer of Innocor will join JDSU as vice president and general manager of the Lab and Production division. He brings more than 20 years of experience in the communications test business, including 13 years with Agilent Technologies (formerly part of Hewlett-Packard). Mortimer will play a key role in the initiative to expand test solutions for NEMs.

Recent and Upcoming Events

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

Communications Test & Measurement Webcast – Mar. 7, 2007

Commercial Lasers Webcast – Mar. 12, 2007

Fiscal 2007 3rd Quarter Earnings Results – May 2, 2007

Piper Jaffray Conference – May 9, 2007

Advanced Optical Technologies Webcast – May 11, 2007

NXTComm Tradeshow - June 18-21, 2007

Laser 2007 – June 18-21, 2007

Fiscal 2007 4th Quarter and Fiscal Year Results - TBA

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Picolight Close

On May 29, 2007, JDSU announced that the acquisition of Picolight, Inc. had closed. As announced in February, JDSU paid \$115 million in stock, and there is an additional \$10 million payable in cash subject to the achievement of certain revenue targets in calendar 2007.

JDSU believes the addition of Picolight to our Optical Communications portfolio will strengthen our offerings for datacom applications while supporting our growth and margin expansion initiatives with a best-in class vertically integrated manufacturing model and strategic integrated circuit partnership.

JDSU at OFC Tradeshow

OFC, the Optical Fiber Communication Conference and Exposition, is the year's largest trade show for the optics industry. This year, the event was held in Anaheim, CA from March 25th through March 29th. JDSU enjoyed a strong presence at the show, and demonstrated the company's commitment to innovation by previewing several new and exciting products, including:

- **Mini-ROADM:** half the size of a regular ROADM, but this new product will offer all of the same performance and flexibility for remote network traffic management.
- **Integrated Laser Mach Zehnder Laser Modulator:** An example of how JDSU uses its photonic integration to evolve our reliable tunable technology into a smaller, highly integrated solution that consumes less power and requires less space within network equipment racks.
- **SpanExpress™** - Our new storage area network (SAN) extension system aimed to reduce the cost and complexity of enterprise network management.

Recent News In Brief

3/13/07 – Our Communications T&M team announced that more than 21,000 units of the HST-3000, a triple-play field test instrument have been shipped. This milestone made it one of the telecom industry's most widely deployed triple-play test instruments.

3/14/07 – JDSU announced a new set of features available for the T-BERD/MTS-8000, a field service test instrument used by telecom service providers. The new features include an in-band optical spectrum analyzer (OSA) that tests Agile Optical Network (AON) performance with a high degree of accuracy; an enhancement for testing Optical Transport Network (OTN) interfaces, enabling users to turn-up and troubleshoot OTN circuits in the field; and a module for testing Ethernet transported over SONET or SDH (EoS), also known as new or next-generation SONET/SDH ("NewGen") services.

4/3/07 – Validating JDSU's Communications T&M leadership, we announced the receipt of growth consulting firm Frost & Sullivan's 2007 Global Communications Test and Measurement Company of the Year award. The award is based on several criteria, including business development strategy and success, competitive strategy and leadership in a particular industry.

4/9/07 – In line with JDSU's strategy to align each business segment under one leader, we announced the appointment of David Gudmundson to the role of President of the Optical Communications business. In his new role, Gudmundson will be responsible for sales, operations and product development. He has been with JDSU since 2003, when he joined as Senior Vice President of Corporate Development and Marketing.

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 and adjusted financial measures where indicated. These non-GAAP and adjusted financial measures complement the Company's consolidated financial statements presented in accordance with GAAP. However, these non-GAAP and adjusted 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 and adjusted results is provided in a 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