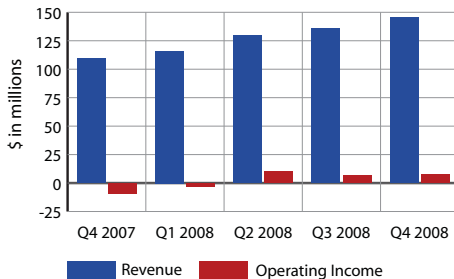


# Optical Communications Fact Sheet

## Revenue and Operating Income



## Overview

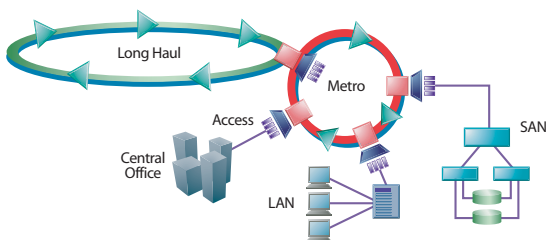
JDSU is the worldwide leader in Optical Communications, with 12% market share<sup>1</sup>. In Q4 2008, the Optical Communications business contributed \$145.1 million, or 37%, of JDSU’s total non-GAAP revenue.

JDSU supplies every major network equipment manufacturer with the optical products and solutions necessary to maintain, upgrade or deploy new communications networks. Our customers include Alcatel-Lucent, Ciena, Cisco, Huawei, Nokia Siemens and Nortel Networks who in turn partner with the telecom carriers (such as Verizon or AT&T) or cable companies to deliver your communications services.

## Optical Communications Growth Drivers

Historically, consumers received their telephone service from a telecom carrier such as Verizon, and their cable service from the likes of Cox Communications. Now, however, we are seeing service providers offer “bundled” services, with one fee for two, three or more services (often referred to as triple or quadruple play). Service providers believe that bundling offers potential to extract greater profit per customer, and this is the reason consumers are now being offered combinations of internet, wireless, wireline and cable services.

At the same time, consumers are demanding more than ever from their communications providers. The shift from dial-up to broadband internet services, for example, has significantly increased communication network demand. Newer technologies, such as HDTV, interactive TV and Video on Demand further strain existing capabilities. The challenge for service providers is to assess just how quickly consumers will adopt these new technologies. Building a network to support the most aggressive estimates, for example, is very costly and represents an enormous up-front investment that could take many years to recoup. On the other hand, doing only what is necessary to meet today’s demand will reduce expenses today, but may weaken the service provider’s ability to compete against another service provider who can accommodate higher levels of traffic on short notice. Of course, these two scenarios are the extremes, but it is clear that in an environment of increasingly rich media content, service providers are wrestling with the issue of how much bandwidth will be enough.

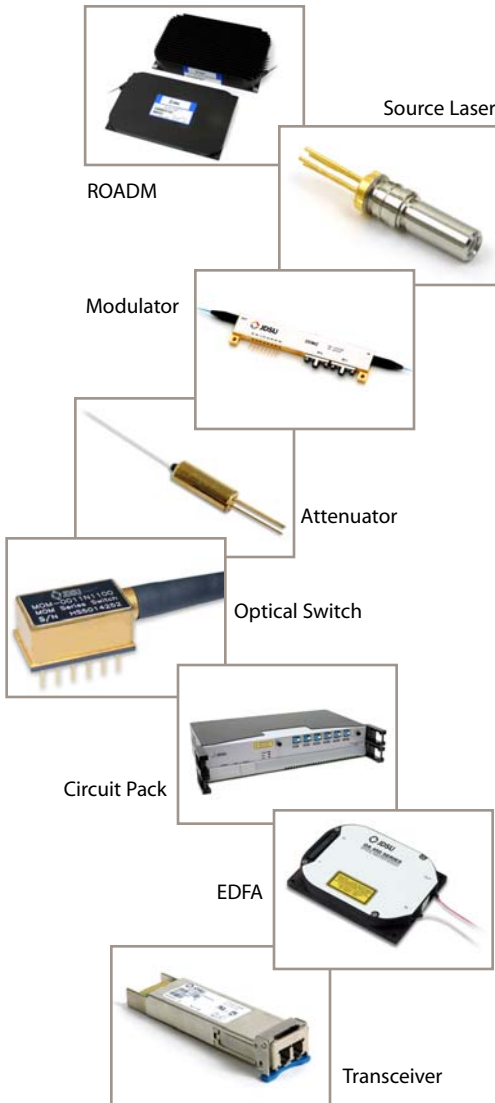


Communications network

## JDSU’s Product Portfolio

Our product portfolio supports nearly every tier of today’s communication network from long haul (>400km) and metro (10-400km), to access (<10km) and datacom (LAN and SAN). JDSU’s portfolio includes the products necessary to transmit and transport communications signals across the network, as well as

<sup>1</sup>Ovum/RHK “Market Share: 1Q08 Global OC” (6/24/2008)



enable the different tiers to interact with each other. Our product offering includes many of the ingredients you will find in an optical network, including source lasers, transceivers, transponders, attenuators, switches, modulators, amplifiers, and multiplexers. For more information on any of these products, please visit the Optical Communications section of our website at [www.jdsu.com](http://www.jdsu.com).

### **JDSU is Leading the Industry's Transition from Fixed to Agile Optical Networks**

In a highly competitive communications market, service providers such as Verizon and AT&T are constantly looking for ways to retain existing customers. One way they can do this is to deliver a high quality and reliability of service. Another way is to reduce their operating expenses so that services can be offered at a lower price to the consumer.

JDSU's Agile Optical Network (AON) portfolio supports both of these objectives. An Agile Optical Network is a dynamically reconfigurable network designed to accelerate the deployment of bundled services and enable advanced applications at a significantly reduced cost. An AON reduces costs because it enables remote management of a network using software. This contrasts with a fixed optical network, where much of the maintenance and changes need to be made locally by technicians on the ground. These "truck rolls" are very costly for carriers, so the new, agile products have been very well received. We believe that JDSU is very well positioned to benefit from this industry transition.

JDSU's innovative portfolio includes:

- ROADMs, or reconfigurable optical add/drop multiplexers which can manipulate and route signals in the optical domain, eliminating the need for Optical Electrical-Optical regeneration;
- Tunable Lasers, which can be adjusted to any frequency over a range of wavelengths; and
- EDFAs, or erbium-doped fiber amplifiers, which dynamically respond to changes in input power or number of wavelengths

### **Competitors**

In the traditional Optical Communications market, JDSU competes with Avanex, Bookham, Oplink, and Finisar. Start-up company Capella competes with JDSU on ROADMs and Wavelength Selective Switches (WSS), while Optium, Opnext and Bookham compete with JDSU in tunable transponders.