



Enabling Broadband & Optical Innovation

David Vellequette




JPMorgan Technology Conference – 22 May 2006

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, 2006.

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 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.

JDSU Segment Overview

| | Commercial and Consumer | Optical Communications | Communications T&M |
|----------------------------|---|---|---|
| Core Business |  |  |  |
| Total Market Size (Annual) | \$2B | \$2.5B | \$2.6B |
| Growth Rates | Annual Estimate: 5-15% MRQ: +3% Qtr/Qtr, -5% Yr Ago | Annual Estimate: 5-10% MRQ: +16% Qtr/Qtr, +25% Yr Ago | Annual Estimate: 5-10% MRQ: -13% Qtr/Qtr, +10% Yr Ago |
| JDSU Revenue (Annual) | ≈ \$250M | ≈ \$450M | ≈ \$500M |
| JDSU Market Position | #1-5 | #1 | #1-3 |
| Segments | Biotech, Semicon., Defense, TV, Currency, Security, Decorative | Telecom, Datacom, Undersea, LH, Metro, FTTx | Telecom, Datacom, LH, Metro, FTTx, DSL, Cable, VoIP, IPVideo |
| Customers | Applied Biosystems, HP, Governments, Nike, Pfizer, SICPA, Sony | Alcatel, Ciena, Cisco, Huawei, Lucent, Nortel, Siemens | Bellsouth, British Telecom, China Telecom, Comcast, SBC, Telmex, Verizon |
| Recent Innovations | Strengthened Solid State Laser Portfolio with Lightwave, Photonic Power | Leading Agile Network Portfolio, including more than 60% share of ROADM market. Investment in Tunable Lasers. | End-to-End FTTX Portfolio Triple Play Services Testing |

Progress Since March 2005

Non-GAAP Results

| | March 2005 | March 2006 | Δ |
|--------------------------------------|------------|------------|-----|
| Revenue <i>\$ millions</i> | \$166.3 | \$315.5 | 90% |
| Gross Margin <i>% revenue</i> | 16.1% | 37.5% | 21% |
| Net Income/(Loss) <i>\$ millions</i> | \$(23.5) | \$(2.8) | |

Operating Margin by Segment *% revenue*

| | | |
|--------------------------|------|-----|
| Optical Communications | -10% | 2% |
| Comm. Test & Measurement | - | 13% |
| Commercial and Consumer | 0% | 12% |

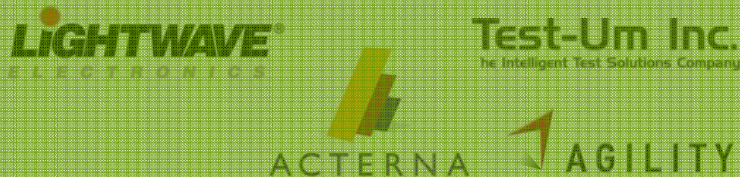
Other Metrics

| | | |
|---|-----------|-----------|
| Headcount | 5,602 | 7,005 |
| Revenue Per Headcount <i>annualized</i> | \$118,743 | \$180,157 |
| Comms. Customer Concentration | ~30 | ~250 |

Deliberate Steps to Strengthen Business Model

Revenue

- Acquisition strategy expands opportunity in growing and/or profitable markets.



- Organic investment in next generation products.

Profitability

- Manufacturing strategy leverages in-house technical expertise and CM scale advantages.
- 7 product lines divested in support of gross margin objectives.

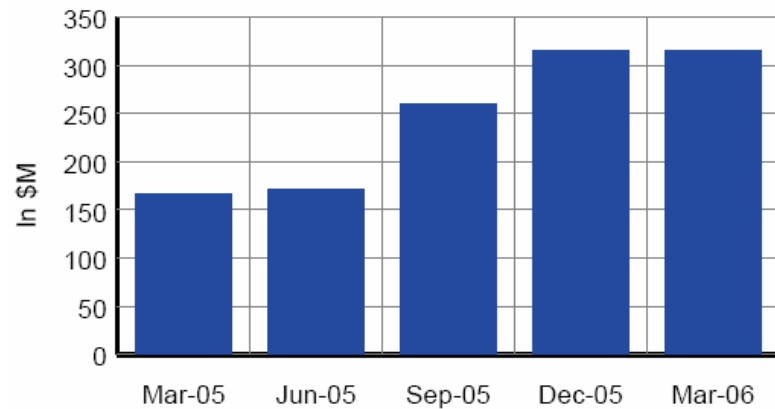
IMPACT

- Positive Operating Contribution from All Business Segments in Q306
- Ahead of Schedule on Cost Reduction Program
- Approximately \$70 million Realized to Date

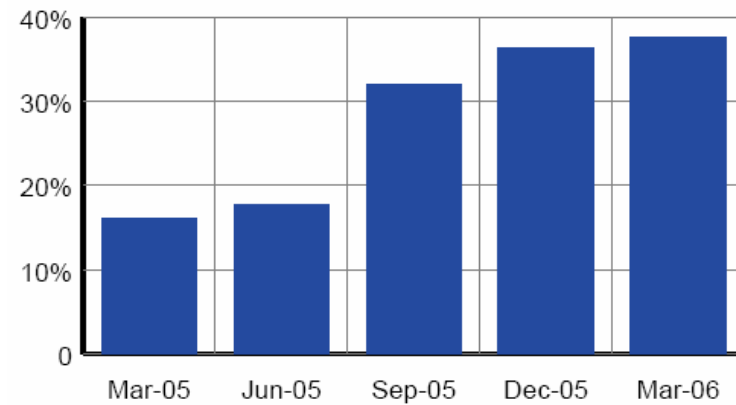
More to Come
in FY07

Business Model Evolving

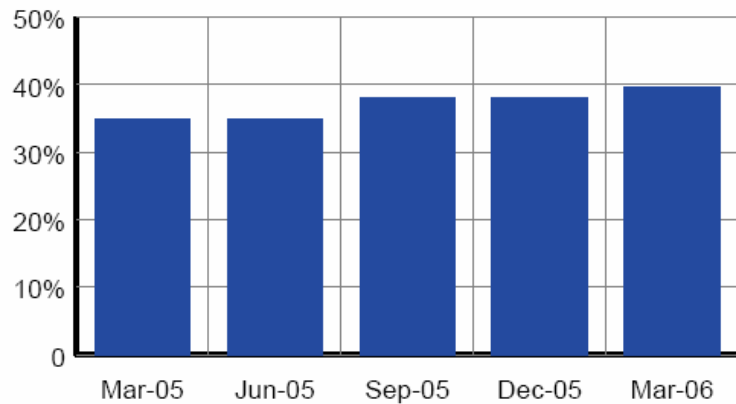
Net Revenue



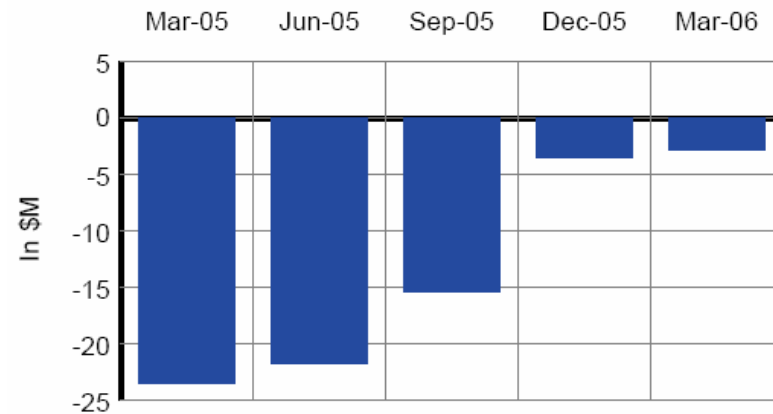
Gross Margin (% Revenue)



Operating Expenses (% Revenue)

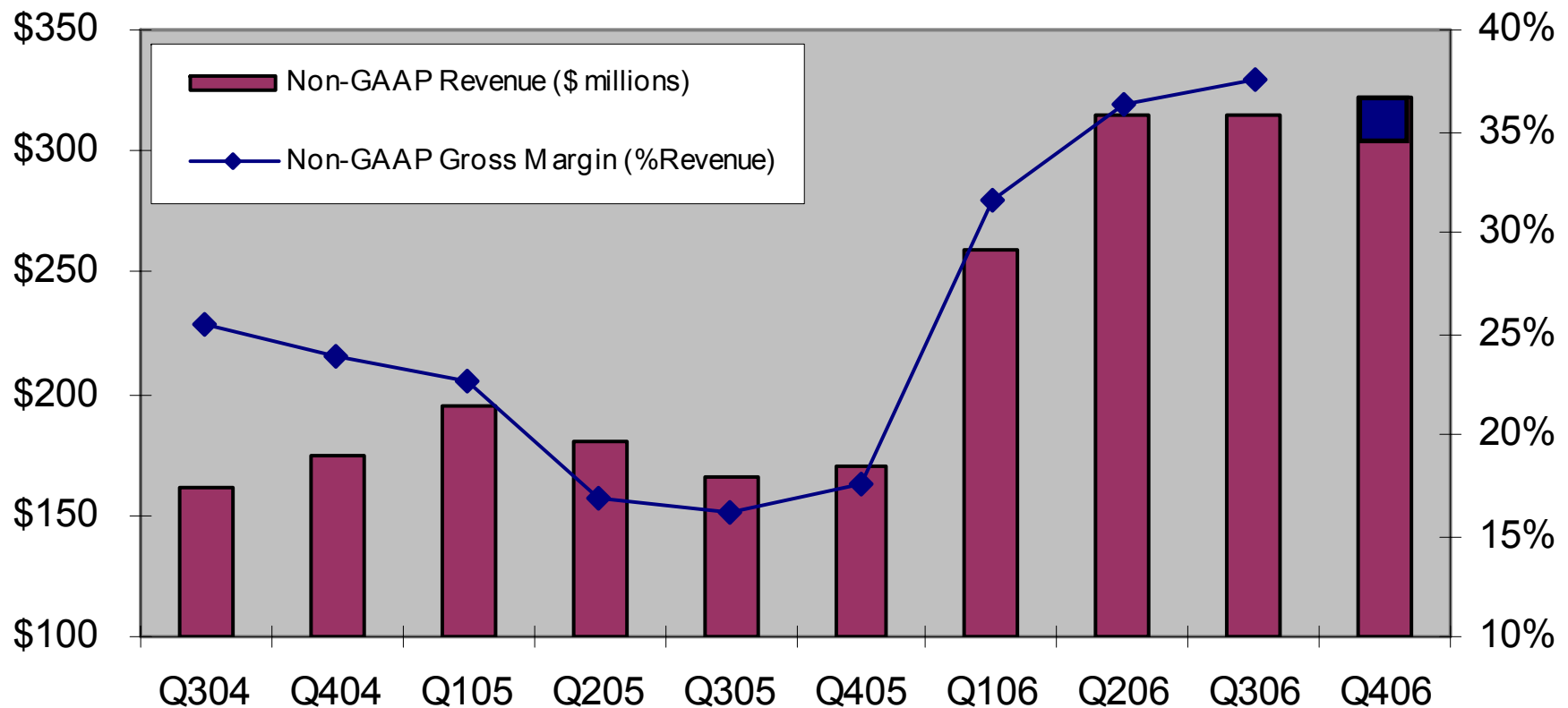


Net Income/(Loss)



Seasonal Impact Anticipated in Q406

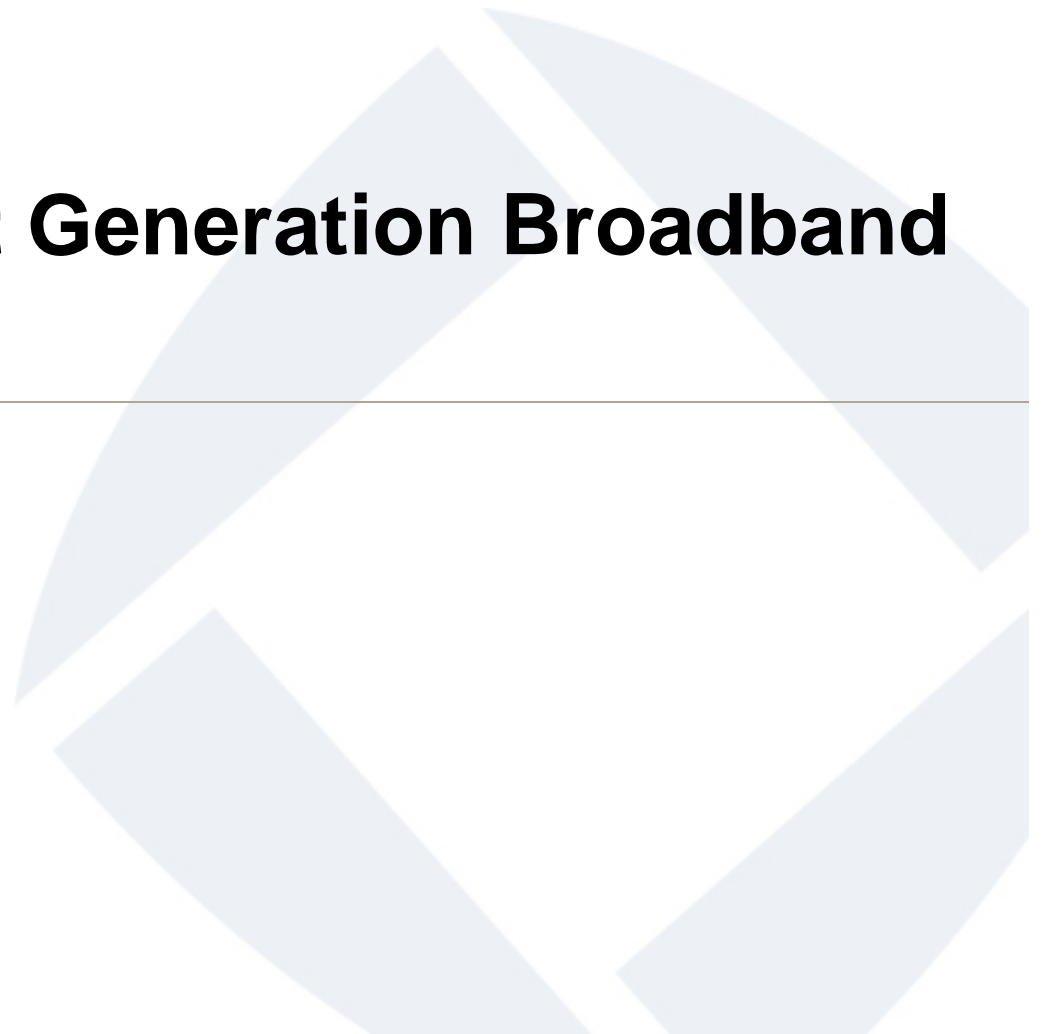
- Q406 Non-GAAP Revenue Expected to Range from \$302 to \$322 million*
- Book-to-bill >1 in All Three Segments



* Management guidance dated 5/3/06



Enabling Next Generation Broadband Networks



Convergence Transitions

Early 1990s

2000

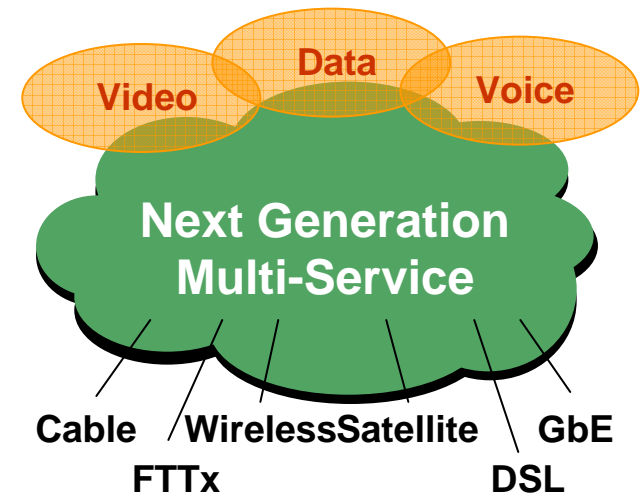
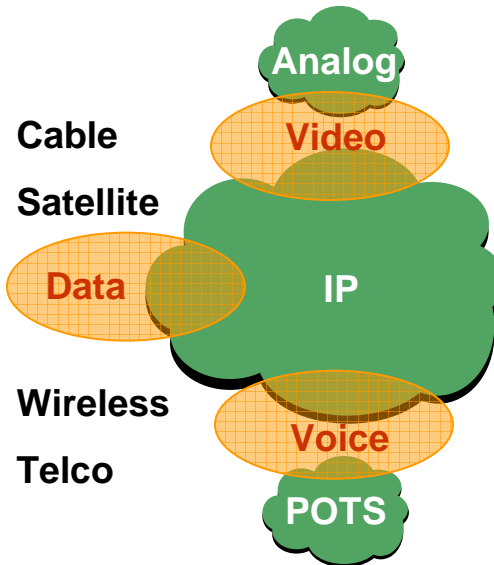
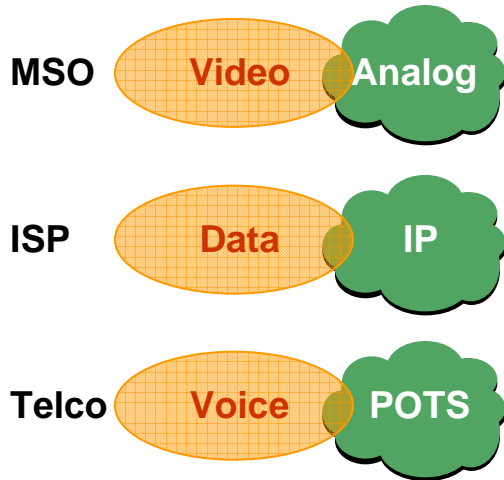
2005+



10 Kb/s
One network, one service
\$20-30 ea/mo opportunity

Mb/s
Convergence
\$100/mo opportunity

10 Mb/s
Multi-service IP
\$150/mo opportunity



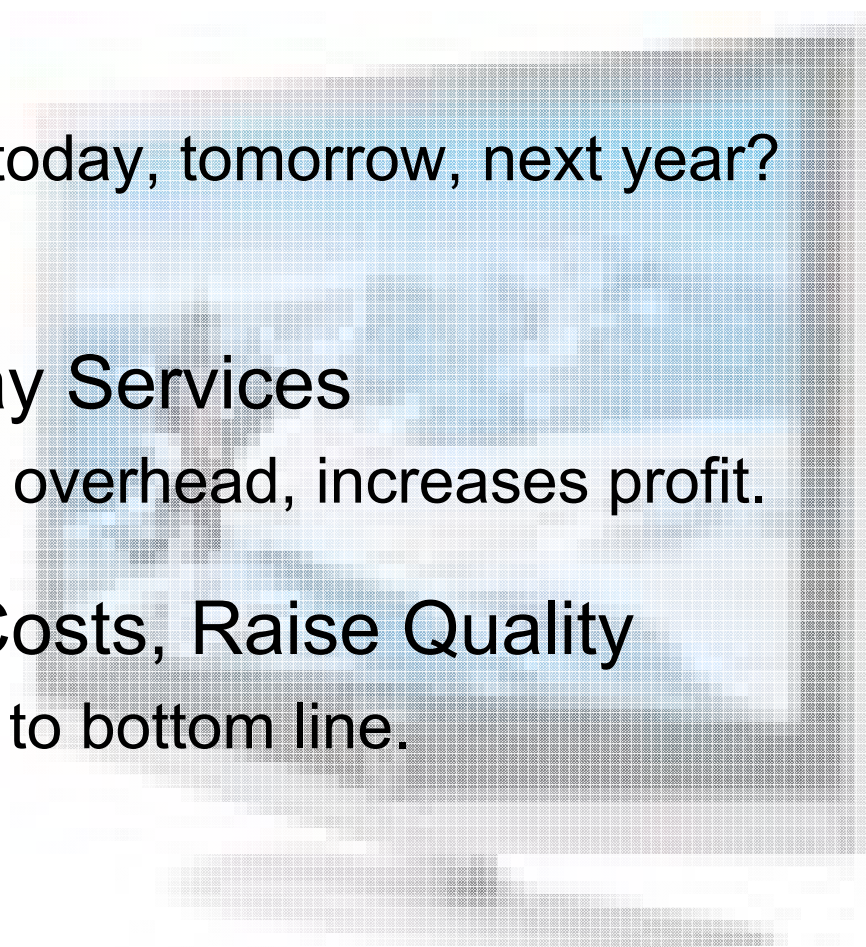
64 Kb/s – 1.5 Mb/s
Voice, FR/ATM

1.5 Mb/s – 45 Mb/s
VoIP, VPN, Transparent LAN

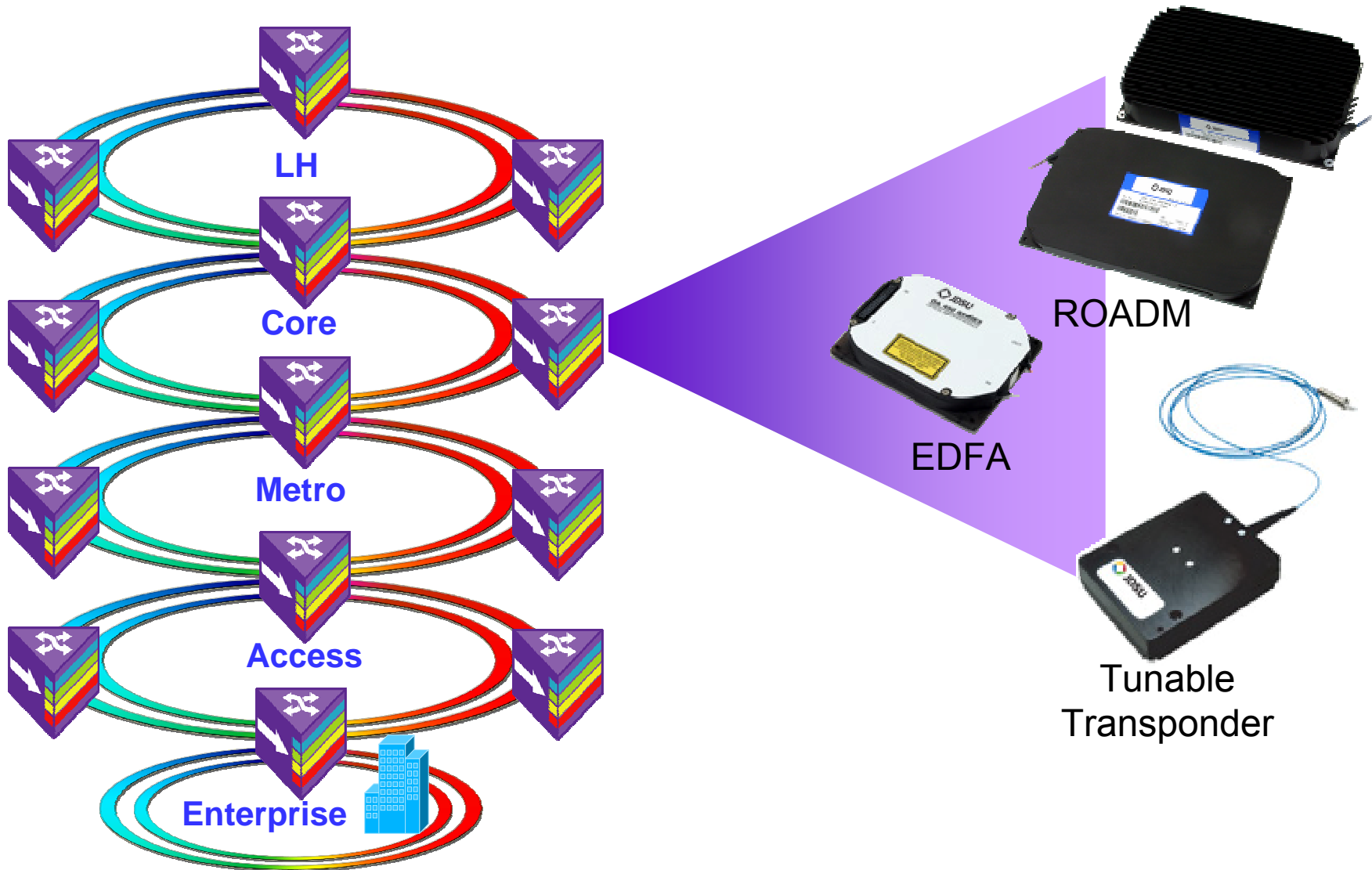
Gb Ethernet
Video Conferencing

Industry Growth Drivers

- **Bandwidth Demand**
 - What do consumers want today, tomorrow, next year?
 - IPTV, Video on Demand
- **Competition for Triple Play Services**
 - Bundling services reduces overhead, increases profit.
- **Carriers Need to Lower Costs, Raise Quality**
 - Consumer retention is key to bottom line.



Key Elements of an Agile Optical Network Node



Customer List Includes Top Global Network Equipment Manufacturers and Carriers



JDSU – Key Takeaways

- JDSU's financials reflect the benefits of the operational re-engineering that we have executed against over the last 12 months.
- JDSU has invested in several next generation technologies in growing markets, and will continue to be viewed as an innovator.
- Our reputation of technical expertise and our broad portfolio of products positions JDSU well in current favorable environment.
- More to do to improve upon our current results. Further cost reduction programs are underway.



Questions
