JDSU

JDS UNIPHASE CORPORATION
430 North McCarthy Boulevard
Milpitas, California 95035
(408) 546-5000

Notice of Annual Meeting of Stockholders and Proxy Statement 2014 Annual Report

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT AND SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

PLEASE REFER TO (I) THE INSTRUCTIONS OF THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS YOU RECEIVED IN THE MAIL, (II) THE SECTION ENTITLED GENERAL INFORMATION BEGINNING ON PAGE 1 OF THIS PROXY STATEMENT, OR (III) IF YOU REQUESTED TO RECEIVE PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD.

GO GREEN!

REGISTER ELECTRONICALLY FOR STOCKHOLDER MATERIALS

JDS Uniphase Corporation is pleased to take advantage of the Securities and Exchange Commission (the "SEC") rule allowing companies to furnish this Proxy Statement and Annual Report over the Internet to our stockholders who hold Common Stock. We believe that this e-proxy process, also known as "Notice and Access" will expedite the receipt of proxy materials by our stockholders, reduce our printing and mailing expenses and reduce the environmental impact of producing the materials required for our Annual Meeting.

You should refer to the "General Information" portion of the following Proxy Statement or contact our Investor Relations hotline at 408-546-4445 for assistance regarding instructions on how to register for and access our Proxy Statement and Annual Report online.

JDSU

JDS Uniphase Corporation
Notice of Annual Meeting of Stockholders
To Be Held on December 5, 2014

October 24, 2014

Dear JDSU Stockholder:

We cordially invite you to attend the JDS Uniphase Corporation 2014 Annual Meeting of Stockholders, which will be held on December 5, 2014 at 9:00 a.m. Pacific Time at 690 North McCarthy Boulevard, Milpitas, California 95035.

This year's Annual Meeting will consider the following proposals:

1. To elect six directors to serve until the 2015 annual meeting of stockholders and until their successors are elected and qualified.
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending June 27, 2015.
3. To consider a non-binding advisory vote on the compensation of our named executive officers.
4. To approve amendments to the Company's 2003 Amended and Restated Equity Incentive Plan.
5. To consider such other business as may properly come before the annual meeting and any adjournment or postponement thereof.

These items of business are more fully described in the Proxy Statement which is attached and made a part hereof. Stockholders of record as of the close of business on October 6, 2014 are entitled vote at this year's Annual Meeting and any adjournment or postponement.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, YOU ARE URGED TO VOTE PROMPTLY. For specific instructions on how to vote your shares please refer to (i) the Notice of Internet Availability of Proxy Materials (the "Notice") you received in the mail, (ii) the section entitled General Information beginning on page 1 of this Proxy Statement, or (iii) if you requested to receive printed proxy materials, your enclosed Proxy Card. As specified in the Notice you may vote your shares by using the Internet or the telephone. All stockholders may also vote shares by marking, signing, dating and returning the Proxy Card in the enclosed postage-prepaid envelope. If you send in your Proxy Card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

Sincerely,

Thomas H. Waechter

Thomas Waechter
Chief Executive Officer and President

JDS UNIPHASE CORPORATION
430 North McCarthy Boulevard
Milpitas, California 95035
(408) 546-5000

PROXY STATEMENT

GENERAL INFORMATION

Why am I receiving these proxy materials?

The Board of Directors (the "Board" or "Board of Directors") of JDS Uniphase Corporation, a Delaware corporation (the "Company"), is furnishing these proxy materials to you in connection with the Company's 2014 Annual Meeting of stockholders (the "Annual Meeting"). The Company has also sent printed copies of the proxy materials by mail to each holder of Common Stock who has requested such copy. The Annual Meeting will be held at 690 North McCarthy Boulevard, Milpitas, California 95035, on December 5, 2014 at 9:00 a.m., Pacific Time. You are invited to attend the Annual Meeting and are entitled and requested to vote on the proposals outlined in this proxy statement ("Proxy Statement").

What is the Notice of Internet Availability of Proxy Materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide stockholders with access to our proxy materials over the Internet. Most of our stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the "Notice of Internet Availability of Proxy Materials" (the "Notice"), which was mailed on or about October 24, 2014 to our stockholders who held Common Stock as of the record date, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or e-mail copy of our proxy materials, you should follow the instructions in the Notice for requesting such materials.

How do I obtain electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to:

- View our proxy materials for the Annual Meeting on the Internet; and
- Instruct us to send our future proxy materials to you electronically by e-mail.

Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

What if I prefer to receive paper copies of the materials?

If you would prefer to continue receiving paper copies of proxy materials, please mark the "Paper Copies" box on your Proxy Card (or provide this information when you vote telephonically or via the Internet). The Company must provide paper copies via first class mail to any stockholder who, after receiving the Notice, requests a paper copy. Accordingly, even if you do not check the "Paper Copies" box now, you will still have the right to request delivery of a free set of proxy materials upon receipt of any Notice in the future.

Additionally, you may request a paper copy of the materials by (i) calling 1-800-579-1639; (ii) sending an e-mail to sendmaterial@proxyvote.com; or (iii) logging onto *www.ProxyVote.com*. There is no charge to receive the materials by mail. If requesting material by e-mail, please send a blank e-mail with the 12 digit "Control Number" (located on the second page of the Notice) in the subject line.

What proposals will be voted on at the Annual Meeting?

The following proposals are scheduled to be voted on at the Annual Meeting:

1. To elect six directors to serve until the 2015 annual meeting of stockholders and until their successors are elected and qualified.
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm (hereinafter referred to as "independent auditors") for the fiscal year ending June 27, 2015.
3. To consider a non-binding advisory vote on the compensation of our named executive officers ("NEOs").
4. To approve amendments to the Company's 2003 Amended and Restated Equity Incentive Plan.
5. To consider such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

What are the recommendations of the Company's Board of Directors?

The Board recommends that you vote "**FOR**" each of the proposals presented in this Proxy Statement.

Specifically, the Board recommends you vote:

- "**FOR**" the election of the six directors,
- "**FOR**" the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year ending June 27, 2015,
- "**FOR**" the approval of the Company's executive compensation programs, and
- "**FOR**" the amendment of the Company's 2003 Amended and Restated Equity Incentive Plan.

Will any other business be conducted at the meeting?

An eligible stockholder has notified the Company of its intent to propose an advisory resolution at the Annual Meeting. The non-binding resolution, if proposed, would ask the Board to "engage its existing financial advisors to evaluate further strategic alternatives, in addition to the previously announced corporate separation, that would maximize the value of the Corporation's various business segments as well as its substantial tax assets in a timely manner." This stockholder proposal is referred to as the "Floor Proposal." The Company knows of no other matters to be submitted to the stockholders at the Annual Meeting, other than the proposals referred to in this Proxy Statement and the possible submission of the Floor Proposal.

The Floor Proposal was not submitted under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, the Floor Proposal may be presented at the meeting but is not included in this Proxy Statement. If the Floor Proposal is presented at the Annual Meeting, then to the extent permitted by applicable rules, the proxy holders will have, and intend to exercise, discretionary voting authority under Rule 14a-4(c) under the Exchange Act to vote AGAINST the Floor Proposal. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

What is the record date and what does it mean?

The record date for the Annual Meeting is October 6, 2014. The record date is established by the Board as required by Delaware law. Holders of shares of the Company's Common Stock at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting and any adjournments or postponements thereof.

What shares can I vote?

Each holder of the Company's common stock, par value $.001 per share ("Common Stock"), is entitled to one vote for each share of Common Stock owned as of the record date.

At the record date, 231,804,161 shares of Common Stock were issued and outstanding.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote on the record date will constitute a quorum permitting the Annual Meeting to conduct its business.

How are abstentions and broker non-votes treated?

Under Delaware law, an abstaining vote and a broker non-vote are counted as present and are included for purposes of determining whether a quorum is present at the Annual Meeting.

Broker non-votes are not included in the tabulation of the voting results on the election of directors or issues requiring approval of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting authority with respect to that item and has not received instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held by them as nominee, brokers have the discretion to vote such shares only on routine matters. Where a matter is not considered routine, shares held by your broker will not be voted absent specific instruction from you, which means your shares may go unvoted and not affect the outcome if you do not specify a vote. None of the matters to be voted on at the Annual Meeting are considered routine, except for the ratification of the Company's independent auditors.

For the purpose of determining whether the stockholders have approved matters, other than the election of directors, abstentions will have the same effect as a vote against the proposal.

What is the voting requirement to approve each of the proposals?

Proposal 1. Each director must be elected by the affirmative vote of a majority of the shares of Common Stock cast with respect to such director by the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. This means that the number of votes cast for a director must exceed the number of votes cast against that director, with abstentions and broker non-votes not counted as votes cast as either for or against such director's election.

Proposal 2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors requires the affirmative vote of a majority of the shares of Common Stock present or represented by proxy and entitled to vote on this proposal at the Annual Meeting. As a result, abstentions will have the same effect as votes against the proposal. Brokers will have discretion to vote on this proposal.

Proposal 3. Approval of the non-binding advisory vote on the Company's executive compensation programs requires the affirmative vote of a majority of the shares of Common Stock present or represented by proxy and entitled to vote on this proposal at the Annual Meeting. As a result, abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of this vote.

Proposal 4: Approval of the amendments to the Company's Amended and Restated 2003 Equity Incentive Plan requires the affirmative vote of a majority of the shares of Common Stock present or represented by proxy and entitled to vote on this proposal at the Annual Meeting. As a result, abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of this vote.

All shares of Common Stock represented by valid proxies will be voted in accordance with the instructions contained therein. In the absence of instructions, proxies from holders of Common Stock will be voted in accordance with the recommendations set forth in the Proxy Statement.

How do I vote my shares?

You can either attend the Annual Meeting and vote in person or give a proxy to be voted at the Annual Meeting:

- by mailing the enclosed white proxy card;
- over the telephone by calling a toll-free number; or
- electronically, using the Internet and following the instructions provided in the Notice you received by mail.

The Internet and telephone voting procedures have been set up for your convenience and are designed to authenticate the stockholders' identities, to allow them to provide their voting instructions, and to confirm that their instructions have been recorded properly. The Company believes the procedures which have been put in place are consistent with the requirements of applicable law. Specific instructions for record holders of Common Stock who wish to use the Internet or telephone voting procedures are set forth on the enclosed white proxy card or in the Notice you received by mail.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor by any of the methods listed below:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005

Call Collect: (212) 269-5550
Call Toll-Free: (866) 796-7179
Email: jdsu@dfking.com

Who will tabulate the votes?

An automated system administered by Broadridge Financial Services, Inc. ("Broadridge") will tabulate votes cast by proxy at the Annual Meeting and a representative of the Company will tabulate votes cast in person at the Annual Meeting.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except as necessary to meet applicable legal requirements or to allow for the tabulation and/or certification of the vote.

Can I change my vote after submitting my proxy?

You may revoke your proxy at any time before the final vote at the Annual Meeting. You may do so by one of the following ways:

- submitting another proxy card bearing a later date;
- sending a written notice of revocation to the Company's Corporate Secretary at 430 North McCarthy Boulevard, Milpitas, California, 95035;
- submitting new voting instructions via telephone or the Internet; or
- attending AND voting in person at the Annual Meeting.

Who is paying for this proxy solicitation?

This solicitation is made by the Company. The Company will bear the cost of soliciting proxies, including preparation, assembly, printing and mailing of the Proxy Statement. If you are a holder of Common Stock and if you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. The Company has retained the services of D.F. King & Co., Inc. as its proxy solicitor for this year for a fee of approximately $15,000 plus reasonable out-of-pocket costs and expenses. In addition, the Company will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, either personally, by telephone, facsimile, or telegram.

How can I find out the voting results?

The Company will announce the preliminary results at the Annual Meeting and publish the final results in a Current Report on Form 8-K within four business days after the Annual Meeting. Stockholders may also find out the final results by calling the Company's Investor Relations Department at (408) 546-4445.

How do I receive electronic access to proxy materials for the current and future annual meetings?

Stockholders who have previously elected to receive the Proxy Statement and Annual Report over the Internet will be receiving an e-mail on or about October 24, 2014 with information on how to access stockholder information and instructions for voting over the Internet. Stockholders of record may vote via the Internet until 11:59 p.m. Eastern Time, December 4, 2014.

If your shares are registered in the name of a brokerage firm and you have not elected to receive your Proxy Statement and Annual Report over the Internet, you still may be eligible to vote your shares electronically over the Internet. A large number of brokerage firms are participating in the ADP online program, which provides eligible stockholders who receive a paper copy of this Proxy Statement the opportunity to vote via the Internet. If your brokerage firm is participating in ADP's program, your proxy card will provide instructions for voting online.

Stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies, which results in cost savings for the Company. If you are a stockholder of record and would like to receive future stockholder materials electronically, you can elect this option by following the instructions provided when you vote your proxy over the Internet at *www.ProxyVote.com.*

If you chose to view future proxy statements and annual reports over the Internet, you will receive an e-mail notification next year with instructions containing the Internet address of those materials. Your choice to view future proxy statements and annual reports over the Internet will remain in effect until you contact either your broker or the Company to rescind your instructions. You do not have to elect Internet access each year.

If you elected to receive this Proxy Statement electronically over the Internet and would now like to receive a paper copy of this Proxy Statement so that you may submit a paper proxy in lieu of an electronic proxy, you should contact your broker or the Company.

How can I avoid having duplicate copies of the Proxy Statement sent to my household?

Some brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports, which results in cost savings for the Company. Householding means that only one copy of the Proxy Statement and Annual Report, or notice of internet availability of proxy materials will be sent to multiple stockholders who share an address. The Company will promptly deliver a separate copy of either document to any stockholder who contacts the Company's Investor Relations Department at (408) 546-4445 or 430 North McCarthy Boulevard, Milpitas, California, 95035 Attention: Investor Relations, requesting such copies. If a stockholder is receiving multiple copies of the Proxy Statement and Annual Report at the stockholder's household and would like to receive a single copy of those documents for a stockholder's household in the future, that stockholder should contact their broker, other nominee record holder, or the Company's Investor Relations Department to request mailing of a single copy of the Proxy Statement and Annual Report.

When are stockholder proposals due for next year's annual meeting?

In order for stockholder proposals to be considered properly brought before an annual meeting, the stockholder must have given timely notice in writing to the Secretary of the Company. To be timely for the 2015 annual meeting of stockholders (the "2015 Annual Meeting"), a stockholder's notice must be received by the Company at its principal executive offices not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 40 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the 2015 Annual Meeting: (i) a brief description of the business desired to be brought before the 2015 Annual Meeting and the text of the proposal or business; (ii) the name and record address of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is being made; (iii) a representation that the stockholder is a holder of record of the Company's stock, is entitled to vote at the meeting and intends to appear in person or by proxy to propose the business specified in the notice; (iv) any material interest of the stockholder or any proposing person in such business; (v) the number of shares owned beneficially and of record by the stockholder or proposing person, including derivative interests, contracts or other agreements related to ownership or rights to vote the Company's shares and other economic interests in the Company's securities; and (vi) any other information required pursuant to Section 14 of the Exchange Act. Our Bylaws specify in greater detail the requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to bring any item before an annual meeting review a copy of our Bylaws, as amended and restated to date, which can be found at *www.jdsu.com*. We will not entertain any proposals at the annual meeting that do not meet the requirements set forth in our Bylaws. Subject to applicable laws and regulations, the Company has discretion over what stockholder proposals will be included in the agenda for the 2015 Annual Meeting and/or in the related proxy materials. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Exchange Act, we may exercise discretionary voting authority under proxies that we solicit to vote in accordance with our best judgment on any such stockholder proposal.

Proposals that a stockholder intends to present at the 2015 Annual Meeting and wishes to be considered for inclusion in the Company's Proxy Statement for the 2015 Annual Meeting must be received by the Company at its principal executive offices not less than 120 days prior to the date the Proxy Statement for the 2014 Annual Meeting was made available to stockholders. All such proposals must comply with Rule 14a-8 under the Exchange Act, which lists the requirements for the inclusion of stockholder proposals in Company-sponsored proxy materials.

PROPOSAL 1

Election of Directors

The Board was previously divided into three classes. At the Company's 2012 Annual Meeting, stockholders approved a proposal to declassify the Board. As a result, directors elected at this Annual Meeting will be elected for a one-year term, as were the directors elected at the 2013 Annual Meeting. Directors previously elected for three-year terms will serve until the term for which they were elected expires, at which point the entire Board will be elected on an annual basis. As of the date of this Proxy Statement, the Board is composed of the following eight members:

Directors	Term Expiration
Richard E. Belluzzo and Harold L. Covert	2015 Annual Meeting of Stockholders
Keith Barnes, Timothy Campos, Penelope A. Herscher, Masood A. Jabbar, Martin A. Kaplan and Thomas Waechter	2014 Annual Meeting of Stockholders

At this Annual Meeting, the stockholders will elect six directors recommended by the Governance Committee (which serves as the Company's Nominating Committee) and nominated by the Board, each to serve a one-year term until the 2015 Annual Meeting of Stockholders and until a qualified successor is elected and qualified or until the director's earlier resignation or removal. The Board has no reason to believe that the nominees named below will be unable or unwilling to serve as a director if elected.

Considerations in Director Selection

The Company's Governance Committee is responsible for reviewing, evaluating and nominating individuals for election to the Company's Board. The Governance Committee selects nominees from a broad base of potential candidates. The Governance Committee's charter instructs it to seek qualified candidates regardless of race, color, religion, ancestry, national origin, gender, sexual orientation, etc. It is the Governance Committee's goal to nominate candidates with diverse backgrounds and capabilities, to reflect the diverse nature of the Company's stakeholders (security holders, employees, customers and suppliers), while emphasizing core excellence in areas relevant to the Company's long term business and strategic objectives.

The Board believes that it is necessary for each of the Company's directors to possess many qualities and skills. When searching for new candidates, the Governance Committee seeks individuals of the highest ethical and professional character who will exercise sound business judgment. The Governance Committee also seeks people who are accomplished in their respective field and have superior credentials. In selecting nominees, the Governance Committee generally seeks active and former leaders of major complex organizations. The Governance Committee seeks individuals who can work effectively together to further the interests of the Company, while preserving their ability to differ with each other on particular issues. A candidate's specific background and qualifications are also reviewed in light of the particular needs of the Board at the time of an opening.

Each candidate must have an employment and professional record which demonstrates, in the judgment of the Governance Committee, that the candidate has sufficient and relevant experience and background, taking into account positions held and industries, markets and geographical locations served, to serve on the Board in the proposed capacity. In particular, the Governance Committee seeks candidates with at least two years of experience serving as the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Director, or the equivalent of such positions, of a well-respected, publicly-traded company.

Certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole are described below.

Nominees for One-Year Terms that will Expire in 2015

Keith Barnes

Age 63
Director Since: October 2011

Experience:
Mr. Barnes served as Chief Executive Officer of Verigy Ltd, a semiconductor automatic test equipment company, from 2006 through 2010 and as Chairman of the Board of Verigy from 2008 through 2011. Prior to that he was Chairman and Chief Executive Officer of Electroglas, Inc. from 2003 through 2006 and Chairman and Chief Executive Officer of IMS from 1995 through 2001. Mr. Barnes is currently a member of the board of directors and audit committee of Spansion, Inc., a member of the board of directors, compensation committee, and governance and nominating committee of Mentor Graphics, and a member of the board of directors, governance and nominating committee, and Chairman of the audit committee of Knowles Corporation. Within the past five years, Mr. Barnes also served on the board of directors of Intermec, Inc.

Qualifications:
Mr. Barnes' extensive management experience as chief executive officer of several technology companies, test and measurement industry background, and international sales and marketing knowledge, along with his experience as a board member for several public technology companies, bring important perspective and expertise to the Board and its Audit and Corporate Development Committees.

Timothy Campos

Age 41
Director Since: 2014

Experience:
Mr. Campos has served as the Chief Information Officer and Vice President of Information Technology of Facebook since August 2010. Prior to Facebook, he served as the Chief Information Officer and Vice President of Information Technology at KLA-Tencor from 2005 to 2009. Prior to KLA-Tencor, Mr. Campos worked at internet startup Portera Systems where he was responsible for engineering and hosting architecture.

Qualifications:
Mr. Campos' extensive industry experience in enterprise networks, application hosting and managing big data provides valuable insight into those markets.

Penelope A. Herscher

Age 54
Director Since: July 2008

Experience:
Ms. Herscher currently holds the position of President and Chief Executive Officer of FirstRain, an enterprise software company. Prior to joining FirstRain, Ms. Herscher held the position of Executive Vice President and Chief Marketing Officer at Cadence Design Systems. From 1996 to 2002, Ms. Herscher was President and Chief Executive Officer of Simplex Solutions, which was acquired by Cadence in 2002. Before Simplex, she was an executive at Synopsys for eight years and started her career as an R&D engineer with Texas Instruments. Ms. Herscher serves on the board of directors of Rambus (where she is the Chair of the Compensation Committee) and FirstRain.

Qualifications:
Ms. Herscher's experience as chief executive officer of several technology companies, her extensive marketing and technical background and her position on the board and compensation committee at Rambus enables her to significantly contribute as a member of the Company's Board and its Compensation and Governance Committees.

Masood A. Jabbar

Age 64
Director Since: March 2006

Experience:
Mr. Jabbar was Chief Executive Officer of XDS Inc. from 2004 to 2006. Prior to that, he worked at Sun Microsystems Inc. from 1986 to 2003, where he served in a series of progressively responsible roles including President of the Computer Systems Division, Chief Financial Officer of the $10 billion Sun Microsystems Computer Corporation, and Executive Vice President of Global Sales Operations. Mr. Jabbar's career at Sun culminated as Executive Vice President and Advisor to the Chief Executive Officer, where he was responsible for advising the CEO on critical strategic issues. Prior to joining Sun, Mr. Jabbar spent ten years in finance and accounting at Xerox Corporation, and two years at IBM Corporation. Mr. Jabbar is currently on the board of directors of Silicon Image, Inc. (where he is on the audit and compensation committees) and RF Micro Devices, Inc. (where he is on the audit and corporate development committees).

Qualifications:
Mr. Jabbar brings significant mergers and acquisitions, global sales and marketing and operational expertise gained from his experience in executive roles at Sun Microsystems, Inc. In addition, Mr. Jabbar's experiences at Xerox and IBM and as a senior executive of Sun Microsystems provide the Board with valuable accounting and financial reporting expertise particular relevant to his service on the Company's Audit Committee. Finally, Mr. Jabbar's service on the boards of several other technology companies provides valuable perspective in his role as a director and chair of the Company's Corporate Development Committee and member of the Audit Committee.

Martin A. Kaplan

Age 77
Director Since: October 1997

Experience:
Mr. Kaplan served as the Chairman of the Board from May 2000 to November 2012. From May 1998 until his retirement in May 2000 after 40 years in the technology industry, Mr. Kaplan was Executive Vice President of Pacific Telesis, responsible for integration following the merger of SBC Communications, Inc. and Pacific Telesis Group, followed by the same role for other SBC mergers. From 1986 to 1997, he was Executive Vice President of Pacific Bell and President of Network Services. Earlier in his career he was the Finance Director for Pacific Bell. Mr. Kaplan also is a director, chairman of the board and a member of the audit, compensation and governance committees of Superconductor Technologies. Within the past five years, Mr. Kaplan also served on the board of directors of Tekelec.

Qualifications:
Mr. Kaplan has extensive business leadership, operational and technical experience in the telecommunications industry, including substantial experience in mergers and acquisitions. Additionally, his tenure as the Chairman of the Board gives him substantial insights into the workings of the Board and the operations of the Company. Finally, his experience on the boards of Tekelec and Redback Networks, and as a member of the audit, compensation and governance committees at Superconductor Technologies, the compensation and governance committees of Tekelec and the audit and compensation committee of Redback Networks is useful in his service on the Company's Governance, Corporate Development and Compensation Committees.

Thomas Waechter

Age 61
Director Since: January 2009

Experience:
Thomas Waechter became Chief Executive Officer and President of the Company in January 2009, prior to which he was Executive Vice President and President of the Communications Test & Measurement Group. Before joining the Company, Mr. Waechter was the chief operating officer of Harris Stratex Networks, an independent supplier of wireless transmission systems. As president and chief executive officer of Stratex Networks, he was instrumental in the merging of Stratex and the microwave division of Harris, while growing revenues substantially and improving profitability. Prior to that, Mr. Waechter was the president and chief executive officer of REMEC Corporation and has also served as president and chief executive officer of Spectrian Corporation. Additionally, he held a number of executive level positions during his 14-year career with multinational Schlumberger Limited. He holds a Bachelor of Business Administration from The College of William and Mary. Mr. Waechter currently serves on the board of directors and nominating and governance committee of Altera Corporation.

Qualifications:
Mr. Waechter's day-to-day leadership of the Company provides him with intimate knowledge of the Company's operations. Additionally, Mr. Waechter's extensive operational and senior executive and Chief Executive Officer experience at other technology companies add substantial value to the Board and the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION TO THE BOARD OF EACH OF THE NOMINEES NAMED ABOVE.

The Company's directors listed below will continue in office for the remainder of their terms or earlier in accordance with the Company's Bylaws. Information regarding the business experience of each such director is provided below.

Directors Whose Terms Will Expire in 2015

Richard E. Belluzzo

Age 60
Director Since: February 2005
Chairman of the Board Since: November 2012

Experience:
Mr. Belluzzo is currently managing partner of Corso Partners LLC, where he consults with The Gores Group, a private equity firm, and Bravosolution, a private software company. From April 2011 to August 2012, he served as Executive Chairman of Quantum Corporation, a provider of backup, recovery and archive products and services. From 2002 to 2011, he was Chairman and Chief Executive Officer of Quantum Corporation. Prior to that, Mr. Belluzzo was President and Chief Operating Officer of Microsoft Corporation. Prior to becoming its President and Chief Operating Officer, Mr. Belluzzo served as Microsoft's group Vice President of the Personal Services and Devices Group, and was Group Vice President for the Consumer Group. Prior to Microsoft, Mr. Belluzzo was Chief Executive Officer of Silicon Graphics Inc. ("SGI"). Before SGI, Mr. Belluzzo held a series of increasingly senior roles at Hewlett Packard Company, culminating in his service as Executive Vice President of the Computer Products Organization. Mr. Belluzzo is currently a member of the board of directors, governance and nominating committee, and audit committee of PMC-Sierra (Vancouver, Canada) and a member of the board of directors, governance and nominating committee, and Chairman of the compensation committee of InfoBlox.

Qualifications:
Mr. Belluzzo's background and experience as the Chief Executive Officer of public companies, as well as his deep knowledge of the technology industry, senior leadership roles and service on the boards of other prominent public companies allow him to contribute significantly to the Board and to its Compensation and Governance Committees.

Harold L. Covert

Age 67
Director Since: January 2006

Experience:
Since October 2014, Mr. Covert has been an independent business consultant. Prior to that Mr. Covert served as Executive Vice President and Chief Financial Officer of Lumos Networks Corporation, a fiber-based service provider from September 2011 to September 2014. From October 2010 to September 2011, Mr. Covert was an independent business consultant. From 2007 to 2010, Mr. Covert was President, Chief Financial Officer and Chief Operating Officer of Silicon Image, Inc., a provider of semiconductors for storage, distribution and presentation of high-definition content. Prior to joining Silicon Image, Mr. Covert was Executive Vice President and Chief Financial Officer at Openwave Systems, Inc., a public software and services company, from 2005 to 2007. From 2003 to 2005, Mr. Covert was Chief Financial Officer of Fortinet Inc., a worldwide provider of network security appliances. Mr. Covert served on Openwave's Board from 2003 to 2005 and was chairman of its audit committee. Prior to Openwave, Mr. Covert was Chief Financial Officer of Extreme Networks, a network infrastructure company, from 2001 to 2003 and Silicon Graphics, Inc., a public computer systems company, from 2000 to 2001. Prior to Silicon Graphics, he held a variety of financial and accounting positions over the course of over 20 years with high-technology companies including Chief Financial Officer of Adobe Systems, Inc. Mr. Covert is a member of the board of directors of Harmonic, Inc. and is the Chair of its Audit Committee. Within the past five years he was also a member of the board of directors and Chairman of the Audit Committee of Solta Medical, Inc., which was acquired in 2014.

Qualifications:
Mr. Covert has significant experience and service in leadership roles in finance and accounting obtained through his tenure as Chief Financial Officer of seven publicly traded technology companies. The compliance, financial reporting and audit experience Mr. Covert gained in these positions in particular allows him to significantly contribute to the Company's Audit Committee as its chairman.

CORPORATE GOVERNANCE

Corporate Governance and Ethics

The Board and management of the Company believe that good corporate governance is an important component in enhancing investor confidence in the Company and increasing stockholder value. Continuing to develop and implement best practices throughout our corporate governance structure is a fundamental part of our strategy to enhance performance by creating an environment that increases operational efficiency and ensures long-term productivity growth. Good corporate governance practices also ensure alignment with stockholder interests by promoting fairness, transparency and accountability in business activities among employees, management and the Board.

Our corporate governance practices represent our commitment to the highest standards of corporate ethics, compliance with laws, financial transparency and reporting with objectivity and the highest degree of integrity. Steps we have taken to fulfill this commitment include, among others:

- All members of the Board are independent with the exception of the Company's Chief Executive Officer.
- All members of our Board committees are independent.
- Our Board committee charters clearly establish the roles and responsibilities of each committee.
- All employees and members of the Board are responsible for complying with our Code of Business Conduct and our Insider Trading Policy.
- We have an anonymous hotline to encourage employees to report questionable activities to our Internal Audit and Legal Departments, and the Audit Committee.
- Our independent public accountants report directly to the Audit Committee.
- Our internal audit control function maintains critical supervision over the key areas of our business and financial controls and reports directly to our Audit Committee.
- We have established procedures for stockholders to communicate with the Board by contacting the Investor Relations Department.
- The independent members of our Board and Board committees meet regularly without the presence of management.

The Company has adopted a Code of Ethics (known as the Code of Business Conduct) for its directors, officers and other employees. The Company will post on its website any amendments to, or waivers from, any provision of its Code of Business Conduct. A copy of the Code of Business Conduct is available on the Company's website at *www.jdsu.com*.

Director Independence

In accordance with current NASDAQ listing standards, the Board, on an annual basis, affirmatively determines the independence of each director and nominee for election as a director. Our director independence standards include all elements of independence set forth in the NASDAQ listing standards, and can be found in our Corporate Governance Guidelines, which are included in the "Corporate Governance" section of our website at *www.jdsu.com*. The Board has determined that each of its directors, except for Mr. Waechter, was independent as determined by the relevant NASDAQ listing standard for board independence and for any committee on which such director served during fiscal year 2014.

Board Leadership

The Board has determined that it is in the best interests of the Company to maintain the Board chairperson and chief executive officer positions separately. The Board believes that having an outside, independent director serve as chairperson is the most appropriate leadership structure, as this enhances its independent oversight of management and the Company's strategic planning, reinforces the Board's ability to exercise its independent judgment to represent stockholder interests, and strengthens the objectivity and integrity of the Board. Moreover, we believe an independent chairperson can more effectively lead the Board in objectively evaluating the performance of management, including the chief executive officer, and guide it through appropriate Board governance processes.

Board Oversight of Risk

The Company takes a comprehensive approach to risk management. We believe risk can arise in every decision and action taken by the Company, whether strategic or operational. The Company, therefore, seeks to include risk management principles in all of its management processes and in the responsibilities of its employees at every level. Our comprehensive approach is reflected in the reporting processes by which our management provides timely and comprehensive information to the Board to support the Board's role in oversight, approval and decision-making.

Management is responsible for the day-to-day supervision of risks the Company faces, while the Board, as a whole and through its committees, has the ultimate responsibility for the oversight of risk management. Senior management attends Board meetings, provides presentations on operations including significant risks, and is available to address any questions or concerns raised by the Board. Additionally, our committees assist the Board in fulfilling its oversight responsibilities in certain areas. Generally, the committee with subject matter expertise in a particular area is responsible for overseeing the management of risk in that area. For example, the Audit Committee coordinates the Board's oversight of the Company's internal controls over financial reporting and disclosure controls and procedures. Management regularly reports to the Audit Committee on these areas. Additionally, the Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs as well as succession planning for senior executives. The Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, and corporate governance topics. When any of the committees receives a report related to material risk oversight, the chairman of the relevant committee reports on the discussion to the full Board.

Compensation Program Risk Assessment

Consistent with SEC disclosure requirements, in fiscal year 2014 a team composed of senior members of our human resources, finance and legal departments and our compensation consultant, Compensia, inventoried and reviewed elements of our compensation policies and practices. This team then reviewed these policies and practices with Company's management in an effort to assess whether any of our policies or practices create risks that are reasonably likely to have a material adverse effect on the Company. This assessment included a review of the primary design features of the Company's compensation policies and practices, the process for determining executive and employee compensation and consideration of features of our compensation program that help to mitigate risk. Management reviewed and discussed the results of this assessment with the Compensation Committee, which consulted with Compensia. Based on this review, we believe that our compensation policies and practices, individually and in the aggregate, do not create risks that are reasonably likely to have a material adverse effect on the Company.

Board Committees and Meetings

During fiscal year 2014, the Board held seven meetings. The Board has four committees: an Audit Committee, Compensation Committee, Governance Committee, and Corporate Development Committee. The members of the committees during fiscal year 2014 are identified below.

Each director attended at least 75% of the aggregate of all meetings of the Board and any committees on which he or she served during fiscal year 2014 after becoming a member of the Board or after being appointed to a particular committee. The Company encourages, but does not require, its Board members to attend the Annual Meeting. All then-current directors attended the 2013 Annual Meeting except Mr. Covert.

Audit Committee

The Audit Committee is responsible for assisting the full Board in fulfilling its oversight responsibilities relative to:

- the Company's financial statements;
- financial reporting practices;
- systems of internal accounting and financial control;
- internal audit function;
- annual independent audits of the Company's financial statements; and
- such legal and ethics programs as may established from time to time by the Board.

Members:
Harold L. Cover (Chair)
Keith Barnes
Masood A. Jabbar

Meetings: 9

The Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and may retain external consultants at its sole discretion. In addition, the Audit Committee considers whether the Company's independent auditors' provision of non-audit services is compatible with maintaining the independence of the independent auditors. The Board has determined that all members of the Audit Committee are "independent" as defined in the applicable rules and regulations of the SEC and NASDAQ. The Board has further determined that Keith Barnes, Harold L. Covert and Masood A. Jabbar are "audit committee financial expert(s)" as defined by Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). A copy of the Audit Committee charter can be viewed at the Company's website at *www.jdsu.com*.

Compensation Committee

The Compensation Committee is responsible for:

- ensuring that the Company adopts and maintains responsible and responsive compensation programs for its employees, officers and directors consistent with the long-range interests of stockholders; and
- the administration of the Company's employee stock purchase plans and equity incentive plans.

Members:
Penelope A. Herscher (Chair)
Richard E. Belluzzo
Martin A. Kaplan

Meetings: 5

The chair of the Compensation Committee reports on the Compensation Committee's actions and recommendations at Board meetings. In addition, the Compensation Committee has the authority to engage the services of outside advisors, experts and others to provide assistance as needed. During fiscal year 2014, the Compensation Committee engaged Compensia, Inc. ("Compensia"), a national compensation consulting firm, to assist with the Committee's analysis and review of the compensation of our executive officers. Compensia attends all Compensation Committee meetings, works directly with the Committee Chair and Committee members, and sends all invoices, including descriptions of services rendered, to the Committee Chair for review and payment approval. Compensia performed no work for the Company that was not in support of the Committee's charter nor authorized by the Committee Chair during fiscal year 2014. All members of the Compensation Committee are "independent" as that term is defined in the applicable NASDAQ rules and regulations. A copy of the Compensation Committee charter can be viewed at the Company's website at *www.jdsu.com*. Additional information on the Compensation Committee's processes and procedures for consideration of executive compensation are addressed in the "Compensation Discussion and Analysis" below.

Corporate Development Committee

The Corporate Development Committee is responsible for:

- oversight of the Company's strategic transaction and investment activities.

Members:
Masood A. Jabbar (Chair)
Keith Barnes
Timothy Campos*
Martin A. Kaplan

Meetings: 5

The Corporate Development Committee reviews and approves certain strategic transactions for which approval of the full Board is not required and makes recommendations to the Board regarding those transactions for which the consideration of the full Board is appropriate. A copy of the Corporate Development Committee charter can be viewed at the Company's website at *www.jdsu*.com.

* Appointed to the Committee in May 2014.

Governance Committee

The Governance Committee:

- serves as the Company's nominating committee;
- reviews current trends and practices in corporate governance; and
- recommends to the Board the adoption of governance programs.

Members:
Martin A. Kaplan (Chair)
Keith Barnes*
Richard E. Belluzzo
Penelope A. Herscher

Meetings: 4

As provided in the charter of the Governance Committee, nominations for director may be made by the Governance Committee or by a stockholder of record entitled to vote. The Governance Committee will consider and make recommendations to the Board regarding any stockholder recommendations for candidates to serve on the Board. Stockholders wishing to recommend candidates for consideration by the Governance Committee may do so by writing to the Company's Corporate Secretary at 430 North McCarthy Boulevard, Milpitas, California 95035 providing the candidate's name, biographical data and qualifications, a document indicating the candidate's willingness to act if elected, and evidence of the nominating stockholder's ownership of Company's stock not less than 60 days nor more than 90 days prior to the next annual meeting to assure time for meaningful consideration by the Governance Committee. Our Bylaws specify in greater detail the requirements as to the form and content of the stockholder's notice. We recommend that any stockholder wishing to nominate a director review a copy of our Bylaws, as amended and restated to date, which can be found at *www.jdsu.com*. There are no differences in the manner in which the Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder. All members of the Governance Committee are "independent" as that term is defined in the applicable NASDAQ rules and regulations.

In reviewing potential candidates for the Board, the Governance Committee considers the individual's experience in the Company's industry, the general business or other experience of the candidate, the needs of the Company for an additional or replacement director, the personality of the candidate, the candidate's interest in the business of the Company, as well as numerous other subjective criteria. Of greatest importance is the individual's integrity, willingness to be involved and ability to bring to the Company experience and knowledge in areas that are most beneficial to the Company. The Governance Committee intends to continue to evaluate candidates for election to the Board on the basis of the foregoing criteria. A detailed description of the criteria used by the Governance Committee in evaluating potential candidates may be found in the charter of the Governance Committee.

The Governance Committee operates under a written charter setting forth the functions and responsibilities of the committee. A copy of the charter can be viewed at the Company's website at *www.jdsu*.com.

* Appointed to the Committee in May 2014.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of the Company's Board or Compensation Committee and any member of the board of directors or compensation committee of any other companies, nor has such interlocking relationship existed in the past. None of Messrs. Belluzzo or Kaplan or Ms. Herscher, who served on the Company's Compensation Committee during fiscal year 2014, were at any time an officer or employee of JDSU. In addition, none of our executive officers serves as a member of the board of directors or compensation committee of any company that has one or more of its executive officers serving as a member of our Board or Compensation Committee.

Communication between Stockholders and Directors

Stockholders may communicate with the Company's Board through the Company's Secretary by sending an email to *bod@jdsu.com*, or by writing to the following address: Chairman of the Board, c/o Company Secretary, JDSU, 430 North McCarthy Boulevard, Milpitas, California 95035. The Company's Secretary will forward all correspondence to the Board, except for spam, junk mail, mass mailings, product complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. The Company's Secretary may forward certain correspondence, such as product-related inquiries, elsewhere within the Company for review and possible response.

Director Compensation

Each non-employee director of the Company is entitled to receive an annual cash retainer of $60,000 which is paid in quarterly installments of $15,000. During fiscal year 2014, each non-employee director received an annual grant of restricted stock units having a value on the date of grant of $150,000. The restricted stock units are subject to a grant agreement which provides for annual vesting over a three year period. Upon vesting each restricted stock unit is converted into one share of the Company's Common Stock. Upon retirement of a non-employee director, all unvested options and restricted shares of the Company's Common Stock will automatically become fully vested, and the exercise period for any such options will be extended to expire on the expiration date of such options, which is eight years from the date of grant.

Upon initial appointment to the Board, each non-employee director will receive a grant of restricted stock units having a value on the date of grant of $200,000.

In addition, each non-employee director serving on the Audit Committee receives an annual cash retainer of $15,000, whereas the director serving as the Audit Committee chair receives an annual cash retainer of $30,000. Each non-employee director serving on the Compensation Committee receives an annual cash retainer of $10,000, whereas the director serving as the Compensation Committee chair receives an annual cash retainer of $20,000. Each non-employee director serving on the Governance or Corporate Development Committees receives an annual cash retainer of $7,500, whereas the directors serving as the Governance or Corporate Development Committee chairs receive an annual cash retainer of $15,000.

In addition to the compensation described above, Mr. Belluzzo, who has served as Chairman of the Board since November 12, 2012, receives an additional annual cash retainer of $100,000 as compensation for his services which is paid in quarterly installments of $25,000.

Directors who are also employed by the Company do not receive any compensation for their services as directors. All directors are reimbursed for expenses incurred in connection with attending Board and committee meetings.

All director compensation described above is summarized in the following table:

Compensation Element for Role	Board Compensation		
General Board Service – Cash			
▷ Retainer	▷ $60,000		
▷ Meeting Fees	▷ Not applicable ("NA")		
General Board Service – Equity			
▷ RSU Value (Initial/Annual)	▷ $200,000/$150,000		
▷ Vesting Schedule	▷ Initial and annual grant vest annually over 3 years		
	▷ Number of shares determined using 30 calendar day average stock price prior to date of grant		
		Chair	**Member**
Committee Service (No meeting fees)	Audit	$30,000	$15,000
	Compensation	$20,000	$10,000
	Governance/Corporate Development	$15,000	$ 7,500
Non-Employee Board Chair			
▷ Additional Board Retainer	▷ $100,000		
▷ Additional Board Meeting Fee	▷ NA		
▷ Additional Equity	▷ NA		

The director compensation policies summarized above resulted in the following total compensation for our non-management directors in fiscal year 2014:

Director Compensation Table

Name [1]	Fees Earned or Paid in Cash ($)	Stock Awards ($) [2]	Option Awards ($)	Total ($)
Keith Barnes [3]	86,568	128,893	0	215,461
Richard E. Belluzzo [4]	177,500	128,893	0	306,393
Timothy Campos [5]	26,630	187,359	0	213,989
Harold L. Covert [6]	90,000	128,893	0	218,893
Penelope A. Herscher [7]	87,500	128,893	0	216,393
Masood A. Jabbar [8]	90,000	128,893	0	218,893
Martin A. Kaplan [9]	92,500	128,893	0	221,393

(1) Thomas Waechter, the Company's Chief Executive Officer and President, is not included in this table as he is an employee of the Company and as such receives no compensation for his services as a director. Mr. Waechter's compensation is disclosed in the Summary Compensation Table.

(2) The amounts shown in this column are the grant date fair value in the period presented as determined pursuant to stock-based compensation accounting rule FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used to calculate these amounts are set forth under Note 14 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year 2014 filed with the SEC on August 26, 2014. Each non-employee director's annual grant was calculated by using the 30 calendar day average stock price prior to the date of grant. The intended value of the annual grant is then divided by this average in order to determine the number of restricted stock units granted.

(3) Mr. Barnes had no options and 30,349 restricted stock units outstanding at the end of fiscal year 2014.

(4) Mr. Belluzzo had 3,250 options and 24,359 restricted stock units outstanding at the end of fiscal year 2014.

(5) Mr. Campos had no options and 14,357 restricted stock units outstanding at the end of fiscal year 2014.

(6) Mr. Covert had 3,250 options and 24,359 restricted stock units outstanding at the end of fiscal year 2014.

(7) Ms. Herscher had no options and 24,359 restricted stock units outstanding at the end of fiscal year 2014.

(8) Mr. Jabbar had 2,500 options and 24,359 restricted stock units outstanding at the end of fiscal year 2014.

(9) Mr. Kaplan had no options and 24,359 restricted stock units outstanding at the end of fiscal year 2014.

Relationships Among Directors or Executive Officers

There are no family relationships among any of the Company's directors or executive officers.

Certain Relationships and Related Person Transactions

Review and Approval of Related Person Transactions

We review all relationships and transaction in which the Company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Company's legal staff is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. On an annual basis, all directors and executive officers must respond to a questionnaire requiring disclosure about any related person transactions, arrangements or relationships (including indebtedness). As required under SEC rules, any transactions that are determined to be directly or indirectly material to the Company or a related person are disclosed in the Company's Proxy Statement. The Audit Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. This review and approval process is evidenced in the minutes of the Audit Committee meetings.

Related Person Transactions

The Company has entered into an employment agreement with Thomas Waechter (see "Employment Contracts, Termination of Employment and Change in Control Arrangements" below).

Executive Officers

The following sets forth certain information regarding the Company's executive officers as of the date of this Proxy Statement:

Executive Officer	Age	Position
Thomas Waechter	61	Chief Executive Officer and President
Rex Jackson	54	Chief Financial Officer, Executive Vice President
Alan Lowe	52	Executive Vice President and President, Communications & Commercial Optical Products
David Heard	46	Executive Vice President and President, Network Enablement and Service Enablement
Luke Scrivanich	52	Senior Vice President and General Manager, Optical Security & Performance Products
Andrew Pollack	50	Senior Vice President, General Counsel and Secretary
Paul McNab	51	Executive Vice President, Chief Marketing and Strategy Officer

Thomas Waechter became Chief Executive Officer and President of the Company in January 2009, prior to which he was Executive Vice President and President of the Communications Test & Measurement Group. Before joining the Company, Mr. Waechter was the chief operating officer of Harris Stratex Networks (now Aviat Networks), an independent supplier of wireless transmission systems. Prior to that, Mr. Waechter was the President and chief executive officer of Stratex Networks. Before joining Stratex, Mr. Waechter was the president and chief executive officer of REMEC Corporation and has also served as president and chief executive officer of Spectrian Corporation. Additionally, he held a number of executive level positions during his 14-year career with multinational Schlumberger Limited. He holds a Bachelor of Business Administration from The College of William and Mary. Mr. Waechter serves as a member of the board of Altera Corporation.

Rex Jackson joined the Company as Senior Vice President, Business Services, in January 2011, and became Chief Financial Officer and Executive Vice President of the Company in January 2013. Prior to joining the Company, Mr. Jackson served as executive vice president and chief financial officer at Symyx Technologies from 2007 to 2010 where he had responsibility for finance, legal, IT and other corporate functions. From 2006 to 2007, Mr. Jackson served as senior vice president and general counsel for Avago Technologies. Prior to that, he held senior executive positions with Synopsys, Inc., AdForce, Inc. and Read-Rite Corporation. Mr. Jackson holds a B.A. from Duke University and a J.D. from Stanford University Law School. Mr. Jackson serves a member of the board and Chairman of the audit committee of Energous Corporation.

Alan Lowe joined the Company in September 2007 as Senior Vice President of the Commercial Lasers business, and he became Executive Vice President and President, Communications & Commercial Optical Products in October 2008. Prior to joining the Company, Mr. Lowe was senior vice president, Customer Solutions Group at Asyst Technologies, Inc. a leader in automating semiconductor and flat panel display fabs. From 2000 to 2003, he was president and chief executive officer of Read-Rite Corporation, a manufacturer of thin-film recording heads for disk and tape drives. From 1989 to 2000, Mr. Lowe served in roles of increasing responsibility at Read-Rite, including president and chief operating officer, and senior vice president, customer business units. Prior to joining Read-Rite, he served in various sales positions with Microcom Corporation and IBM Corporation. Mr. Lowe holds bachelors degrees in computer science and business economics from the University of California, Santa Barbara, and also completed the Stanford Executive Program in 1994.

Luke Scrivanich became the Vice President and General Manager of Optical Security and Performance Products (OSP) in June 2012 and became Senior Vice President and General Manager of OSP in August 2012. Mr. Scrivanich joined the Company in April 2008 as Vice President and General Manager of Flex Products. Prior to joining the Company in 2008, Mr. Scrivanich was with PPG Industries where he served in general management, marketing and strategic planning positions for various divisions, including fine chemicals, optical products and coatings. He previously held senior marketing positions at AGR International, Inc., a manufacturer of packaging inspection equipment. Mr. Scrivanich holds a B.S. in Chemical Engineering from Cornell University and an M.B.A. from the Harvard Graduate School of Business Administration.

David Heard joined the Company in October 2010 as Executive Vice President and President of the Network and Service Enablement business. Prior to joining the Company, Mr. Heard was chief operating officer from 2007 to 2010 at BigBand Networks, Inc., a leading provider of digital video networking solutions. From 2004 to 2006, Mr. Heard served as president and chief executive officer of Somera Communications. From 2000 to 2004 Mr. Heard was president of the Systems Switching division at Tekelek/Santera, a leading VoIP gateway supplier. Prior to this role, Mr. Heard served for 10 years in broadband access and wireless networking, including VP/GM of Access Networks and various international posts at AT&T/Lucent. Mr. Heard was a Sloan Fellow and holds an M.S. in management from Stanford University, an MBA from the University of Dayton, Ohio, and B.A. in production and operations management from The Ohio State University.

Andrew Pollack became Senior Vice President, General Counsel and Secretary in April 2012, prior to which he served as Vice President, General Counsel and Secretary from August 2010 to April 2012. Before assuming the General Counsel role, Mr. Pollack held increasingly senior roles within the Company's legal department since joining the Company in 2000. Before joining the Company, Mr. Pollack was in private practice in the San Francisco Bay Area, focusing on general litigation, corporate and labor and employment maters. Mr. Pollack holds a B.A. in History from the University of California, Santa Barbara and a J.D. from Santa Clara University School of Law.

Paul McNab joined the Company in September 2014 as Executive Vice President and Chief Marketing and Strategy Officer. Prior to joining the Company, Mr. McNab was with Cisco Systems, Inc. for sixteen years where he held increasingly senior roles including Vice President and Chief Technology Officer, Data Center Switching and Vice President, Enterprise Marketing. In these roles, he worked closely with some of the leading public and private data center operators and spearheaded corresponding strategic initiatives and product roadmaps for next generation network architectures, including software-defined networking. He also led the enterprise marketing organization McNab holds a Bachelor of Science degree from Manchester Metropolitan University in the United Kingdom.

PROPOSAL 2

Ratification of Independent Auditors

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year ending June 27, 2015, and the Board has directed that the selection of the independent auditors be submitted for ratification by the stockholders at the Annual Meeting.

Although the Company is not required to seek stockholder approval of its selection of the independent auditors, the Board believes it to be sound corporate governance to do so. If the appointment is not ratified, the Board will investigate the reasons for stockholder rejection and will reconsider its selection of the independent auditors. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the fiscal year if the Audit Committee determines that such a change would be in the Company's and its stockholders' best interests.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Audit and Non-Audit Fees

The following table presents fees billed for professional audit services rendered by PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements for the years ended June 28, 2014 and June 29, 2013, respectively, and fees billed for other services rendered by PricewaterhouseCoopers LLP and during those periods.

	Fiscal 2014	Fiscal 2013
Audit Fees [(1)]	$3,272,638	$ 3,884,024
Audit-Related Fees [(2)]	230,761	561,751
Tax Fees [(3)]	366,613	286,946
All Other Fees [(4)]	50,600	746,443
Total	$3,920,612	$ 5,479,164

(1) Audit Fees are related to professional services rendered in connection with the audit of the Company's annual financial statements, the audit of internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, reviews of financial statements included in the Company's Quarterly Reports on Form 10-Q, and audit services provided in connection with other statutory and regulatory filings.

(2) Audit-Related Fees include assurance and related services provided for due diligence related to acquisitions, accounting consultations in connection with acquisition and consultations on corporate transactions.

(3) Tax Fees for fiscal 2014 include $66,234 for professional services rendered in connection with transfer pricing tax consulting and compliance, and $300,379 for tax audits, planning services and other tax consulting.

(4) All Other Fees in fiscal 2014 are related to the annual Workforce Engagement Survey.

For fiscal year 2014, the Audit Committee considered whether audit-related services and services other than audit-related services provided by PricewaterhouseCoopers LLP are compatible with maintaining the independence of PricewaterhouseCoopers LLP and concluded that the independence of PricewaterhouseCoopers LLP was maintained.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the independent auditors are required to provide detailed back-up documentation at the time of approval. Pursuant to the Sarbanes-Oxley Act of 2002, the fees and services provided as noted in the table above were authorized and approved by the Audit Committee in compliance with the pre-approval policies and procedures described herein.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING JUNE 27, 2015.

PROPOSAL 3

Advisory Vote on Executive Compensation

The Company's goal for its executive compensation program is to attract, motivate and retain the executive talent necessary to achieve its business objectives. The Company believes that it can best drive long-term stockholder value by establishing a strong pay-for-performance system, which provides the opportunity to earn above average compensation in return for achieving business and financial objectives which drive stockholder returns.

At the Company's 2013 annual meeting of stockholders, approximately 96% of the votes cast were voted in favor of approving the compensation of the Company's Named Executive Officers ("NEOs"). The Company believes this affirms stockholders' support of the Company's approach to executive compensation.

The Compensation Discussion and Analysis ("CD&A") section of this Proxy Statement includes a detailed description of the Company's compensation philosophy, as well as an analysis of how the compensation of its NEOs in fiscal year 2014 aligned with that philosophy. Highlights of the Company's compensation practices include:

- Approximately 50% of each executive's total target compensation is performance-based, consisting of cash incentive compensation and RSUs with performance-based vesting conditions, as described below.
- The Company emphasizes pay for performance. All cash incentive compensation paid to its NEOs is paid pursuant to the Company's Variable Pay Plan (the "VPP"). The VPP is generally available to all employees, and payments under the VPP are directly tied to attainment of the Company's operating income objective.
- 50% of the RSUs awarded to the Company's NEOs have time-based vesting requirements – the ultimate value of these awards is directly tied to the performance of the Company's stock, encouraging management to drive stockholder value which also encouraging retention of key employees. The other 50% of RSUs awarded to the Company's NEOs have vesting requirements tied to the performance of the Company's stock as compared to the NASDAQ telecommunications index, and could vest at a higher or lower rate or not at all, based on such relative performance. We refer to these performance-based RSUs as market stock units, or "MSUs."
- The Company has stock ownership requirements which are designed to align the interest of its NEOs with those of its stockholders and regularly monitors compliance with these requirements.
- The Company does not generally provide perquisites or other benefits to its NEOs that are not available to all employees.
- We regularly evaluate our compensation practices and modify our programs as appropriate to address evolving best practices. For example, in fiscal year 2012 we moved from performance-based stock options to MSUs, which are designed to be a more accurate indicator of the Company's performance than stock appreciation alone.

We urge stockholders to read the CD&A section of this Proxy Statement beginning on page 34 which describes in more detail how our executive compensation practices operate and are designed to achieve our compensation objectives.

In accordance with section 14A of the Securities Exchange Act, stockholders will have the opportunity to cast a non-binding, advisory vote on the compensation of our NEOs. You are encouraged to read the Executive Compensation section of this Proxy Statement, including the CD&A, along with the accompanying tables and narrative disclosure. Accordingly, we are asking you to approve, on an advisory basis, the compensation of the Company's NEOs, as described in the CD&A, the accompanying tables and the related narrative disclosure contained therein.

The following resolution will be submitted for stockholder vote at the Annual Meeting:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Company's proxy statement for the 2014 Annual Meeting of stockholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and related narrative discussion."

Although the advisory vote is non-binding, the Compensation Committee and the Board will review the results of the vote and the Compensation Committee will consider the results of the vote when making future compensation decisions. Unless the Board of Directors modifies its determination on the frequency of future advisory votes, the next advisory vote on the compensation of the Company's NEOs will be held at the fiscal 2015 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE, ON AN ADVISORY BASIS, "FOR" THE APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE CD&A, THE COMPENSATION TABLES AND THE RELATED NARRATIVE DISCUSSION IN THIS PROXY STATEMENT.

PROPOSAL 4

Amendment of the Amended and Restated 2003 Equity Incentive Plan

General

The Company's stockholders are being asked to approve an amendment to the Company's Amended and Restated 2003 Equity Incentive Plan (the "2003 Plan") to increase the number of shares of our Common Stock that may be issued under the 2003 Plan and clarify the 2003 Plan's share counting rules. The 2003 Plan was originally approved by our stockholders on November 6, 2003 (the "Original Effective Date"), and was last amended with stockholder approval in November 2012.

The Company operates in a challenging marketplace in which our success depends to a great extent on our ability to attract and retain employees, directors and other service providers who possess the superior talent and skills necessary to meet our business objectives and drive long-term stockholder value and returns. The 2003 Plan is an important tool to help us attract, motivate and retain the individuals whose contributions are critical to our success. The use of broad-based equity incentive programs such as those made available through the 2003 Plan has long been an important component of our compensation and incentive philosophy. This philosophy emphasizes the alignment of compensation and incentives with stockholder interests. Additionally, the Company uses long-term equity incentives to increase the proportion of individual compensation that is dependent upon Company performance, particularly at the more senior employee and executive levels. As further discussed below, we believe that the proposed amendments to the 2003 Plan are necessary to enable us to continue to provide these incentives.

On October 3, 2014, the Board adopted the proposed amendment subject to the approval of the stockholders, to increase the number of shares of Common Stock that may be issued under the 2003 Plan by 9,000,000 shares. In determining the number of shares to recommend to the Board, the Compensation Committee reviewed the 2003 Plan, the number of shares remaining available for grant under the 2003 Plan, and the Company's compensation policies with the assistance of the Compensation Committee's compensation consultant and management. Given that the Company has a significant institutional stockholder base, we also considered proxy advisory firm guidelines and recommended best practices in determining the number of additional shares for which we are seeking stockholder approval. Finally, the Compensation Committee considered the fact that the Company repurchased $155.3M of shares of its common stock during fiscal year 2014 in order to increase stockholder value and reduce dilution. After taking into consideration the Company's current and anticipated burn rate, the Board determined that it expects the additional 9,000,000 shares would enable the Company to continue utilizing the long-term equity incentive component of our compensation program through the Company's fiscal year 2016. This determination does not take into account_to the decision of the Company's Board of Directors to separate the Company into two, publicly-traded companies, which is expected to be completed in the third calendar quarter of 2015. We have not yet determined the impact that the proposed separation would have on the 2003 Plan, although the terms of the 2003 Plan do allow for proportional adjustments under such circumstances. See "*Shares Authorized for Issuance Under the 2003 Plan*" below for additional details. In addition to the above, the Board also approved an amendment to the 2003 Plan which clarified the share counting rules under the 2003 Plan to ensure that, consistent with past practice, shares withheld to satisfy tax withholdings and/or as payment for options or SARs would not become available for grant under the Plan.

Corporate Governance Aspects of the 2003 Plan

The 2003 Plan has been designed to include a number of provisions that promote best practices by reinforcing the alignment between equity compensation arrangements for eligible employees and non-employee directors and stockholders' interests. These provisions include, without limitation, the following:

No Evergreen Provision. The 2003 Plan does not contain an "evergreen" feature pursuant to which the shares authorized for issuance under the 2003 Plan can be automatically replenished.

No Automatic Grants. The 2003 Plan does not provide for automatic grants to any participant.

No Tax Gross-ups. The 2003 Plan does not provide for any tax gross-ups.

No Liberal Share Recycling. Shares used to pay the exercise price or withholding taxes related to an outstanding award, unissued shares resulting from the net settlement of outstanding SARs or options, and shares purchased by the Company in the open market using the proceeds of option exercises do not become available for issuance as future awards under the 2003 Plan.

Fungible Share Ratio. We use a fungible share ratio where any full value awards, such as RSUs, are deducted at a higher rate from our plan than options and SARs. Currently, for each share subject to an RSU 1.5 shares are deducted from the 2003 Plan share pool reserve.

Maximum Term of Options/SARs. The maximum term for options and SARs issued under the 2003 Plan is 8 years.

No Transferability. Awards generally may not be transferred, except by will or the laws of descent and distribution, unless approved by the Compensation Committee.

No Discounted Options or Stock Appreciation Rights (SARs). Stock options and SARs may not be granted with exercise prices lower than the market value of the underlying shares on the grant date.

No Repricing Without Stockholder Approval. Other than in connection with a change in the Company's capitalization, at any time when the purchase price of a stock option or SAR is above the market value of a share, JDSU will not, without stockholder approval, reduce the purchase price of such stock option or SAR and will not exchange such stock option or SAR for a new award with a lower (or no) purchase price or for cash.

No Reload Grants. Reload grants, or the granting of stock options conditioned upon delivery of shares to satisfy the exercise price and/or tax withholding obligation under another employee stock option are not permitted.

Performance Measures. The 2003 Plan includes a list of business and financial performance measures from which the Compensation Committee may construct predetermined goals that must be met for certain awards to vest. In general, the performance measures and other award limitations in the 2003 Plan are designed to help the Company comply with Section 162(m) of the Code which would otherwise limit deductions for certain awards to "covered employees" of the Company (generally the Company's Chief Executive Officer and the three (3) Named Executive Officers who are included as such as a result of their compensation). Although the Company believes that grants under the 2003 Plan should generally satisfy these rules, under certain circumstances, such as a change in control of the Company, compensation paid in settlement of awards may not qualify for deductions under these rules.

Summary of Proposal

The proposed amendment to the 2003 Plan would permit the issuance of an additional 9,000,000 shares of our Common Stock under the 2003 Plan, subject to proportionate adjustment in the event of a stock split or other change in the Common Stock or capital structure of the Company (the "Additional Shares") and deduction of restricted stock units and other full value shares at a rate of 1.5 shares for each share subject to the RSU or other full value share award.

Currently, a maximum of 64,200,000 shares of Common Stock have been authorized for issuance under the 2003 Plan. As of August 31, 2014, there were 1,280,579 shares of our Common Stock remaining available for future grants under the 2003 Plan.[1] We believe that these remaining shares may be insufficient to continue operating the 2003 Plan beyond the Company's fiscal year 2015, after taking into account the charge of 1.5 shares against the available Plan share reserve for each share made subject to a "full value award," such as a restricted stock unit ("RSUs") awards. We believe that the Additional Shares will allow us to remain consistent with our intent to limit annual potential incremental dilution attributable to equity incentive awards to at or below a long-term average of 3% while continuing to have the ability to utilize awards under the 2003 Plan to compete for, attract and retain talent necessary to the Company's future success and align employee interests with those of the Company's stockholders. Consistent with this intent, average annual net dilution resulting from grants under

[1] As of August 31, 2014 there were also 606,729 shares of our Common Stock remaining available for future grants under the 2005 Acquisition Equity Incentive Plan (the "2005 Plan"), which we utilize for grants made in connection with acquisitions and certain new hire awards to the extent permitted by NASDAQ rules.

the 2003 Plan over the Company's 2012, 2013 and 2014 fiscal years has been 1.58%.[2] The Board does not presently anticipate that the separation of the Company into two publicly-traded companies will result in any change to this objective.

As of August 31, 2014, there were 3,480,165 shares of our Common Stock subject to outstanding options, with a weighted average exercise price per share equal to $10.17 and a weighted average term remaining of 3.4 years, and 11,870,582[3] restricted stock units that were issued and outstanding, but not yet vested, under all of our equity plans.

In addition, as noted above, clarifying language was added to the 2003 Plan's share counting rules. However, this does not substantively change the operation of the 2003 Plan.

Summary of the 2003 Plan

The following description of the 2003 Plan is only a summary of certain provisions thereof and is qualified in its entirety by reference to its full text, a copy of which, as proposed in its amended and restated form, is attached hereto as Appendix A.

Purpose of the 2003 Plan

The purpose of the 2003 Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance.

Plan Administrator

The 2003 Plan is administered by the Board or a committee of the Board, either of which we refer to in this proposal as the "Administrator." The Board has delegated to its Compensation Committee the authority generally to administer the 2003 Plan. In the case of awards granted to officers and members of the Board or which are intended to qualify as "performance-based" for purposes of Section 162(m) of the Code, the 2003 Plan requires that the Administrator be constituted in a manner that complies with applicable law. Subject to applicable laws and the terms of the 2003 Plan, the Administrator has the authority, in its discretion, to:

- select the employees, directors and consultants to whom awards are to be granted;
- determine the type of award granted;
- determine the number of shares or the amount of other consideration to be covered by each award;
- approve award agreements for use under the 2003 Plan;
- determine the terms and conditions of each award;
- construe and interpret the terms of the 2003 Plan and the awards granted;
- establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions; and
- take such other action not inconsistent with the terms of the 2003 Plan as the Administrator deems appropriate.

As of August 31, 2014, the Company had approximately 5,000 employees, including five Named Executive Officers, and seven independent directors who were eligible to participate in the 2003 Plan. As of August 31, 2014, the closing price per share of the Company's Common Stock was $11.55.

Shares Authorized for Issuance Under the 2003 Plan

As of August 31, 2014, there were 3,480,165 shares of our Common Stock subject to outstanding options, with a weighted average exercise price per share equal to $10.17 and a weighted average term remaining of 3.4 years, and 11,870,582 RSUs that were issued and outstanding, but not yet vested, under all of our equity plans. As of that date, there were 1,280,579 shares of our Common Stock remaining available for future grants under the 2003 Plan (and 606,729 shares of our Common Stock remaining available for future grants under the 2005 Acquisition Equity Incentive Plan). If this amendment is approved by the stockholders, the aggregate number of shares of Common Stock that may be issued under the 2003

[2] Excludes shares underlying equity granted under the Company's 2005 Acquisition Equity Incentive Plan. MSUs calculated based on the number of shares that actually vested during the period.

[3] Includes market stock units ("MSUs"). MSUs are restricted stock units with vesting requirements tied to the performance of the Company's stock as compared to the NASDAQ telecommunications index. MSUs are reported at 100% of the target number of shares. The actual number of shares that vest will range from 0% to 150% of the target amount based on the Company's actual performance as compared to the NASDAQ telecommunications index for the relevant vesting period.

Plan will be increased from 64,200,000 shares to 73,200,000 shares, subject to proportionate adjustment in the event of stock splits or other changes in the Common Stock or capital structure of the Company.

The number of shares charged against the 2003 Plan's limit when an award is granted differs depending on whether the award is a "full value award" or another award, such as a stock option. Full value awards are awards, such as Restricted Stock, RSUs, performance shares, and performance units, which do not require payment of a purchase price per share at least equal to the fair market value of a share of Common Stock on the date of grant. The 2003 Plan's share reserve is reduced by 1.5 shares for each one share made subject to a full value award. Accordingly, 1.5 shares are returned to the share reserve for each share subject to a full value award that is forfeited, cancelled, expired, or repurchased by the Company at the lower of its original purchase price or its fair market value at the time of repurchase. For each share made subject to an award that is not a full value award, the 2003 Plan's share reserve is reduced by one share, and one share is returned to the share reserve for each share subject to a non-full value award that is forfeited, cancelled, expired, or repurchased by the Company at the lower of its original purchase price or its fair market value at the time of repurchase. The number of shares available under the 2003 Plan will be reduced upon the exercise of a stock appreciation right by the gross number of shares for which the award is exercised, rather than by the net number of shares actually issued. Except as described above, shares that have been issued under the 2003 Plan cannot be returned to the 2003 Plan's share reserve to again become available for future grant.

The maximum number of shares for which awards may be granted to any participant during a fiscal year is 1,000,000 shares, provided that a participant may be granted awards for up to an additional 1,000,000 shares in connection with the participant's initial commencement of service or first promotion in any fiscal year. These award limits will be adjusted proportionately in the event of a stock split or other change in the Common Stock or capital structure of the Company.

Grants for Fiscal 2012, 2013 and 2014

Grants made during the past three fiscal years from the 2003 and 2005 Plans are as follows:

Fiscal Year	Options Granted	Full Value Time Based Awards Granted [1]	Performance Awards Earned [2]	Weighted Average Number of Common Shares Outstanding	Unadjusted Burn Rate
2014	0	5,400,759	413,694	234,152,471	4.97%
2013	0	5,755,664	167,467	235,007,426	5.04%
2012	0	4,476,249	0	230,027,061	3.89%

(1) Includes restricted stock units granted during the fiscal year with time-based vesting requirements.

(2) Includes MSUs. MSUs are reflected based on the amount actually earned during the fiscal year.

If the amendment is approved, we anticipate the number of shares available for grant under the 2003 Plan will last through the Company's fiscal year 2016. This calculation is based solely on the average rate at which shares were granted over the past three fiscal years, and assumes that future awards under the 2003 Plan would be granted at a similar rate. The number of shares required for future grants is not currently known and is dependent upon several factors that cannot be predicted, including but not limited to the price of the Company's Common Stock on future grant dates and the extent to which grants, including our MSUs, vest. In addition, the potential impact of the proposed separation of JDSU into two separate companies on the share reserve is difficult to predict and may impact this estimate.

Prohibition of Repricing without Stockholder Approval

The 2003 Plan expressly provides that, without the approval of the Company's stockholders, the Company may not reduce the exercise price of any option or stock appreciation right granted under the 2003 Plan or cancel an outstanding option or stock appreciation right having an exercise price that exceeds the fair market value of the underlying shares in exchange for cash, another option, stock appreciation right, restricted stock, RSUs or other award, unless the exchange occurs in connection with a corporate transaction, as described below. In accordance with these provisions, in November 2009, the Company's stockholders approved a stock option exchange program which occurred in October 2010.

Terms and Conditions of Awards

The 2003 Plan provides for the grant of awards in the form of stock options, stock appreciation rights, restricted stock, RSUs, performance shares, performance units, and dividend equivalent rights. Stock options granted under the 2003 Plan may be either incentive stock options complying with Section 422 of the Code or nonqualified stock options. Incentive stock options may be granted only to employees. All other awards may be granted to employees, directors and consultants. Please see the section entitled "*Compensation Discussion and Analysis — Elements of Executive Compensation — Long Term Incentive Compensation*" for details about the awards granted under the 2003 Plan during fiscal year 2012.

Each award must be evidenced by an award agreement designating the type of award granted. Stock options must be designated as either incentive stock options or nonqualified stock options. However, to the extent that the aggregate fair market value of shares of Common Stock subject to options designated as incentive stock options which become exercisable by an employee for the first time during any calendar year exceeds $100,000, such excess options are treated as nonqualified stock options. The term of any award granted under the 2003 Plan may not exceed eight years, provided that the term of an incentive stock option granted to an employee who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary of the Company may not exceed five years.

Awards may be granted with such vesting conditions, including satisfaction of performance criteria, as are determined by the Administrator. Compensation realized by a covered employee pursuant to a stock-based award other than a stock option or stock appreciation right will qualify as performance-based for purposes of Section 162(m) of the Code only if it is payable only upon the achievement of one or more performance goals established by the Administrator not later than 90 days (or other period required by Section 162(m) of the Code) after the commencement of the services to which the goal relates and while the outcome is substantially uncertain. The 2003 Plan establishes the following business criteria upon which the Administrator may base such performance goals for purposes of qualifying the Award as performance-based for purposes of Section 162(m) of the Code: (i) increase in share price, (ii) earnings per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added, and (xvii) market share.

Stock options and stock appreciation rights must have an exercise price per share that is not less than 100% of the fair market value of a share of Common Stock on the date the option is granted, except that in the case of incentive stock options granted to an employee who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary of the Company such exercise price may not be less than 110% of the fair market value of a share of Common Stock on the date the option is granted. The exercise price is generally payable in cash, by check, through the surrender of shares of Common Stock or, in the case of options, by means of a broker-assisted sale and remittance procedure.

Under the 2003 Plan, the Administrator may establish one or more programs to permit selected participants the opportunity to elect to defer receipt of consideration payable under an award. The Administrator also may establish separate programs for the grant of particular forms of awards to one or more classes of participants.

Termination of Service

A participant in the 2003 Plan whose service with the Company terminates may exercise an award only to the extent and only within the time period provided in the award agreement. Any award designated as an incentive stock option not exercised within the time permitted by Section 422 of the Code following the participant's termination of employment will be treated as a nonqualified stock option.

Transferability of Awards

Incentive stock options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the participant only by the participant. Other awards may be transferred only by will or by the laws of descent and distribution, or by gift or domestic relations order to the participant's immediate family in a manner determined by the Administrator. The 2003 Plan permits the designation of beneficiaries by holders of awards.

Change in Capitalization

Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by outstanding awards, the number of shares of Common Stock that have been authorized for issuance under the 2003 Plan, the exercise or purchase price of each outstanding award, the maximum number of shares of Common Stock that may be granted subject to awards to any participant in a fiscal year, and the like, will be proportionally adjusted in the event of (i) any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, stock dividend, combination or reclassification or similar event affecting the Common Stock, or (ii) any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company. In addition, the Administrator is authorized to provide for such adjustments in connection with any other transaction with respect to Common Stock, including a merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction.

Corporate Transactions

Outstanding awards will terminate upon the consummation of a corporate transaction (as described below) except to the extent that they are continued by the Company or assumed by the successor entity or its parent. Except as otherwise provided by the award agreement, the vesting of an outstanding award will be accelerated in full if it is not continued by the Company or assumed or replaced by the successor entity or its parent in connection with a corporate transaction. The 2003 Plan provides that a corporate transaction includes (i) the sale of all or substantially all of the Company's assets, (ii) the complete dissolution or liquidation of the Company, (iii) a merger or consolidation in which the Company is not the surviving entity, (iv) any reverse merger in which the Company is the surviving entity but in which securities possessing more than 40% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger, or (v) the acquisition in a single or series of related transactions by any person or related group of persons of beneficial ownership of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities.

Amendment, Suspension or Termination of the 2003 Plan

The Board of Directors may at any time amend, suspend or terminate the 2003 Plan. The 2003 Plan will terminate automatically November 14, 2022. To the extent necessary to comply with applicable law and listing requirements, the Company will obtain stockholder approval of any amendment to the 2003 Plan. The Board of Directors may unilaterally amend the 2003 Plan or any award agreement, retroactively or otherwise, in order to conform the 2003 Plan or award agreement to any present or future law, regulation, rule or listing requirement applicable to the 2003 Plan, including Section 409A of the Code. Section 409A establishes certain requirements applicable to nonqualified deferred compensation and imposes tax penalties on such deferred compensation that does not satisfy these requirements. Certain awards granted under the 2003 Plan may be deemed to constitute deferred compensation and will be required to comply with the requirements of Section 409A.

Certain U.S. Federal Income Tax Consequences

The following summary of the United States federal income tax consequences in connection with awards granted under the 2003 Plan is based upon federal income tax laws in effect on the date of this proxy statement. This summary does not purport to be complete, and does not discuss state, local or non-U.S. tax consequences.

Nonqualified Stock Options

The grant of a nonqualified stock option under the 2003 Plan will not result in any federal income tax consequences to the participant or to the Company. Upon exercise of a nonqualified stock option, the participant is subject to income tax at the rate applicable to ordinary compensation income on the excess of the fair market value on the date of exercise of the shares acquired over the exercise price paid. If the participant is an employee, this income will be subject to withholding of federal income and employment taxes. The Company generally will be entitled to an income tax deduction in the amount of the income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code. Any gain or loss realized by the participant upon a subsequent disposition of the shares will be a long- or short-term capital gain or loss, depending on whether the shares are held for more than one year following exercise of the option. The Company does not receive a tax deduction for any such gain.

Incentive Stock Options

The grant of an incentive stock option under the 2003 Plan will not result in any federal income tax consequences to the participant or to the Company. A participant recognizes no taxable income for regular tax purposes upon exercising an incentive stock option (subject to the alternative minimum tax rules discussed below), and the Company receives no deduction at the time of exercise. In the event of a disposition of stock acquired upon exercise of an incentive stock option, the tax consequences depend upon how long the participant has held the shares. If the participant does not dispose of the shares within two years after the incentive stock option was granted or within one year after the incentive stock option was exercised, the participant will recognize a long-term capital gain (or loss) equal to the difference between the sale price of the shares and the exercise price paid. The Company is not entitled to any deduction under these circumstances.

If the participant fails to satisfy either of the foregoing holding periods, he or she must recognize ordinary income in the year of the disposition (referred to as a "disqualifying disposition"). The amount of such ordinary income generally is the lesser of (i) the difference between the amount realized on the disposition and the exercise price paid, or (ii) the difference between the fair market value of the stock on the exercise date and the exercise price paid. Any gain in excess of the amount taxed as ordinary income will be treated as a long- or short-term capital gain, depending on whether the shares were held for more than one year. The Company, in the year of the disqualifying disposition, is entitled to a deduction equal to the amount of ordinary income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code.

In general, the difference between the exercise price paid and the fair market value of the shares on the date when an incentive stock option is exercised is treated as an adjustment in computing income that may be subject to the alternative minimum tax, which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to participants subject to the alternative minimum tax.

Stock Appreciation Rights

A participant recognizes no taxable income upon the receipt of a stock appreciation right. Upon the exercise of a stock appreciation right, the participant generally will recognize ordinary income in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the award's base price. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant in connection with the exercise of the stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code. Any gain or loss on participant's subsequent disposition of the shares will be a long- or short-term capital gain or loss, depending on whether the shares have been held for more than one year following exercise of the stock appreciation right. The Company does not receive a tax deduction for any such gain.

Restricted Stock

A participant who acquires shares under a restricted stock award will generally recognize ordinary income on the difference between the amount paid for the shares, if anything, and their fair market value on the date that the restrictions lapse. If the participant is an employee, this income will be subject to withholding of federal income and employment taxes. The Company is entitled to an income tax deduction in the amount of the ordinary income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code (including, without limitation, Section 162(m)). Any gain or loss on the recipient's subsequent disposition of the shares will be a long- or short-term capital gain or loss, depending on whether the shares have been held for more than one year since the restrictions lapsed. The Company does not receive a tax deduction for any such gain.

Recipients of restricted stock awards may make an election under Section 83(b) of the Code to recognize as ordinary income in the year that such shares are granted an the amount equal to the excess of the fair market value on the date of their issuance over the price paid for such shares, if any. If this election is made, the participant will recognize no additional compensation income when the restrictions on the shares lapse. Any gain or loss on the subsequent disposition of the shares will be a long- or short-term capital gain or loss, depending on whether the shares have been held for more than one year since they were acquired by the participant. An election under Section 83(b) of the Code must be made, if at all, within thirty days following the date on which the shares of restricted stock were issued to the participant.

Restricted Stock Units, Performance Shares and Performance Units

A participant generally will recognize no income upon the receipt of a Restricted Stock Unit, performance share or performance unit award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of settlement in an amount equal to the cash received and the fair market value of any unrestricted shares of stock received. If the participant is an employee, such ordinary income generally is subject to withholding of federal income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described above under "Restricted Stock." Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value of unrestricted shares on the date they were issued, will be taxed as a long- or short-term capital gain or loss, depending on whether the shares have been held for more than one year since they were acquired by the participant. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code (including, without limitation, Section 162(m)).

Dividends and Dividend Equivalents

Because Restricted Stock Units and performance unit awards are not actual, issued shares of our Common Stock, recipients do not have the rights of a stockholder, but these awards may provide for the payment of dividend equivalents. Recipients of stock-based awards that earn dividends or dividend equivalents will recognize taxable ordinary income on any dividend payments received with respect to such awards. If the participant is an employee, such income is subject to withholding of federal income and employment taxes. The Company is entitled to an income tax deduction in the amount of the income recognized by a participant, except to the extent such deduction is limited by applicable provisions of the Code (including, without limitation, Section 162(m)). No dividends or dividend equivalents have been paid to recipients of unvested performance stock-based awards.

New 2003 Plan Benefits

Please see the "*Grants of Plan-Based Awards Table*" for details on the awards made under the 2003 Plan to our named executive officers during fiscal year 2014.

Because it is within the Compensation Committee's discretion to determine which directors, employees and consultants receive awards under the 2003 Plan, and the types and amounts of those awards, it is not possible at present to specify the persons to whom awards will be granted in the future or the amounts and types of individual grants. However, it is anticipated that, among others, all of our current executive officers, including our named executive officers, will receive stock options and/or Restricted Stock Units under the 2003 Plan.

Options Granted to Certain Persons

The following table shows the number of shares subject to options issued under the 2003 Plan since its inception to our named executive officers, all current executive officers as a group, all current directors who are not executive officers and all employees as a group (excluding executive officers).

2003 Equity Incentive Plan

Name and Position	Number of Shares[4]
Thomas Waechter Chief Executive Officer and President	1,270,000
Rex Jackson Executive Vice President and Chief Financial Officer	112,500
Alan Lowe Executive Vice President and President, Communications and Commercial Optical Products	191,250
David Heard Executive Vice President and President, Network Enablement and Service Enablement	141,000
Luke Scrivanich Senior Vice President, and General Manager, Optical Security and Performance Products	94,003
All current executive officers as a group (6 persons)	1,951,844
All current directors who are not executive officers, as a group (7 persons)	61,875
All employees as a group (excluding current executive officers)	9,141,121

[4] As of August 31, 2014

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE AMENDMENTS TO THE 2003 PLAN

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company with respect to the beneficial ownership as of August 31, 2014, by (i) all persons who are beneficial owners of five percent (5%) or more of the Company's Common Stock, (ii) each director and nominee, (iii) the Company's executive officers, and (iv) all current directors and executive officers as a group.

As of August 31, 2014, there were 231,540,824 shares of the Company's Common Stock outstanding. The amounts and percentages of Common Stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission ("SEC") governing the determination of beneficial ownership of securities. Under the SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of securities as to which such person has no economic interest.

	Number of Shares Beneficially Owned	
Name	**Number**	**Percentage**
5% or more Stockholders (1)		
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	27,355,741	11.8%
Capital Research Global Investor 333 South Hope Street Los Angeles, CA 90071	23,623,074	10.2%
The Bank of New York Mellon Corporation One Wall Street, 31st Floor New York, NY 10022	21,671,624	9.4%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	15,512,310	6.7%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355-2331	13,628,835	5.9%
Directors and Executive Officers		
Thomas Waechter (2)	524,962	*
Richard E. Belluzzo (3)	53,961	*
Keith Barnes (4)	19,560	*
Timothy Campos	0	*
Harold L. Covert (5)	65,870	*
Penny Herscher	39,904	*
Masood A. Jabbar (6)	64,608	*
Martin A. Kaplan	49,158	*
David W. Heard (7)	177,886	*
Rex S. Jackson (8)	201,413	*
Alan Lowe (9)	409,786	*
Andrew Pollack (10)	94,607	*
Luke Scrivanich (11)	105,941	*
All directors and executive officers as a group (13 persons) (12)	1,807,656	*

* Less than 1%.

(1) Based on information set forth in various Schedule 13 filings with the SEC current as of August 31, 2014 and the Company's outstanding common stock data as of August 31, 2014.

(2) Includes (i) 300,000 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2013 and (ii) 152,948 market stock units ("MSUs"). MSUs are reported at 100% of the target number of shares scheduled to vest within 60 days of August 31, 2014. The actual number of shares that vest will range from 0% to 150% of the target amount. Details of the conditions and terms under which the MSUs will vest begin on page 42 of this Proxy Statement.

(3) Includes 3,250 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014.

(4) Includes 5,990 RSUs which vest within 60 days of August 31, 2014.

(5) Includes 3,250 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014.

(6) Includes 2,500 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014.

(7) Includes (i) 112,812 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014 and (ii) 51,927 MSUs which vest within 60 days of August 31, 2014.

(8) Includes (i) 105,468 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014 and (ii) 42,373 MSUs which vest within 60 days of August 31, 2014.

(9) Includes (i) 163,751 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014 and (ii) 60,899 MSUs which vest within 60 days of August 31, 2014.

(10) Includes (i) 72,941 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014 and (ii) 21,666 MSUs which vest within 60 days of August 31, 2014.

(11) Includes (i) 64,287 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014 and (ii) 21,333 MSUs which vest within 60 days of August 31, 2014.

(12) Includes (i) 828,259 shares subject to stock options currently exercisable or exercisable within 60 days of August 31, 2014, (ii) 5,990 RSUs which vest within 60 days of August 31, 2014 and (iii) 351,146 MSUs which vest within 60 days of August 31, 2014.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

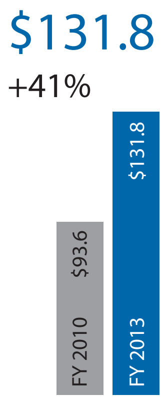
Executive Summary

Performance Overview

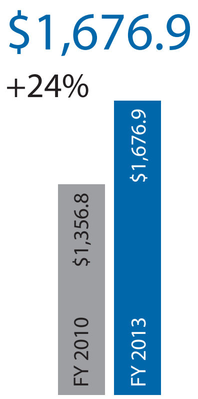
When setting executive compensation for fiscal year 2014, the Compensation Committee of the Board (the "Committee") considered a comprehensive set of factors, including the Company's prior fiscal year performance and the prior three-year period, in keeping with the Company's focus on long-term growth and performance.

Highlights of the Company's fiscal year 2013 performance include the following (all numbers except stock performance and segment information are non-GAAP – see Appendix B for a reconciliation to the most comparable GAAP numbers):

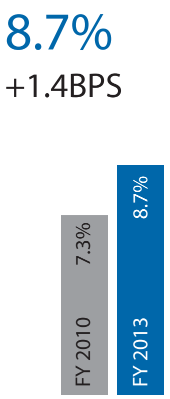
Net Income (M)



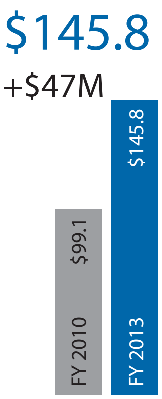
Net Revenue (M)



Operating Margin



Operating Income (M)



- TSR relative to peers ranked in the 100th and 55th percentile for the one- and three-year periods ending June 28, 2013.
- Earnings per share increased from $0.42 in fiscal year 2010 to $0.55 in fiscal year 2013, or 31%.
- The Company generated $187.8M of cash from operations, nearly $70M more than the $119.1M generated in fiscal year 2012 on comparable revenue, was cash flow positive in all four fiscal quarters and extended the Company's track record of positive quarterly cash flows to 27 consecutive fiscal quarters.

Our Executive Compensation Philosophy

Our compensation philosophy includes the following key principles:

- Total compensation should attract, motivate and retain the talent necessary to achieve our business objectives – to increase long-term value and drive stockholder returns.
- Superior executive talent is retained through a strong pay-for-performance compensation system that provides the opportunity to earn above-average compensation in return for achieving business and financial success.
- We continue to evolve to align compensation with recognized best practices and to address current market realities.

Compensation Best Practices

We continually re-evaluate our compensation philosophy to remain competitive in the market for executive talent, while at the same time reflecting what we believe to be market best practices:

- Executives participate in the same cash incentive program that is available to the majority of our employees globally, under which incentive bonuses are determined based on a quarterly performance metric.
- Half of the equity incentive grants awarded to our executive officers are in the form of market stock units, with vesting tied to the Company's relative total stockholder return compared against the NASDAQ Telecom Index.
- We do not generally provide perquisites to any of our executive officers.
- We have a clawback policy that applies to both cash incentives and equity awards.
- We prohibit our executive officers from engaging in hedging or other speculative transactions involving Company stock.

Compensation Philosophy and Elements

Our Philosophy

We believe that the quality, experience, skills, engagement and dedication of our executive officers are critical factors affecting the Company's performance and our ability to drive long-term growth of stockholder value. These factors guide our executive compensation philosophy: that total compensation should be established at a competitive level to attract, motivate and retain the talent necessary to achieve our business objectives. We believe this philosophy should, in turn, increase long-term value and drive stockholder returns.

Our compensation philosophy recognizes that retention of superior executive talent is enabled through reinforcement of a strong pay-for-performance compensation system which provides the opportunity to earn above-average compensation in return for achieving business and financial success. Additionally, we continue to re-evaluate our compensation philosophy to align compensation with recognized best practices and to address current market realities.

Elements of Executive Compensation

In support of this compensation philosophy, the Committee utilizes three primary compensation elements.

Pay Element	Objective/Purpose
Base salary	To attract and retain highly-qualified executive talent
Cash incentive bonuses	To incentivize and reward achievement of near-term financial and business results
Equity grants, including: • **Time-based restricted stock units ("RSUs"); and** • **Performance-based RSUs**	To align our executives' interests with those of our stockholders, drive long-term value, and reinforce longer-term retention

Fiscal Year 2014 Named Executive Officers

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") during fiscal year 2014, as well as the other individuals included in the Summary Compensation Table, are referred to as the "named executive officers" (or "NEOs"). Our NEOs for fiscal year 2014 were:

Named Executive Officer	Position
Thomas Waechter	CEO and President
Rex Jackson	Executive Vice President and CFO
Alan Lowe	Executive Vice President and President, Communications and Commercial Optical Products ("CCOP")
David Heard	Executive Vice President and President, Network and Service Enablement ("NSE")[5]
Luke Scrivanich	Senior Vice President and General Manager, Optical Security and Performance Products ("OSP")

Results of 2013 Advisory Vote on Executive Compensation

We conducted an advisory vote on executive compensation at our 2013 Annual Meeting of stockholders. The Board and the Committee value the opinions of our stockholders and, to the extent that there is any significant vote against the compensation of the NEOs, will work to identify the specific concerns driving negative votes and evaluate whether any actions are necessary to address those concerns.

At the 2013 Annual Meeting of stockholders, approximately 96% of the votes cast were in favor of the NEOs' compensation as disclosed in the 2013 Proxy Statement. The Committee reviewed the final vote results and, in part based on this level of support as well as the Company's performance over the past year, determined that no significant changes to our executive compensation policies were necessary at this time.

Implementing Our Philosophy – Determining Executive Compensation

When setting NEO compensation, the Committee considers both the Company's overall performance and each NEO's performance against their individual objectives. The Committee also engages an independent third-party consultant, as described below, to compare proposed NEO compensation against a group of the Company's peers. This comparative data helps ensure that each element of executive compensation, as well as total compensation, is competitive and meets the Company's goal of attracting, motivating and retaining the talent required to achieve the Company's business objectives and drive stockholder value.

Considerations in Determining NEO Compensation

The Committee considers a comprehensive set of factors when determining NEO Compensation. Some of the key considerations include:

- The individual executive's performance, based on objective and subjective assessments of his or her contributions to the Company's overall performance, ability to lead his or her business unit or function, to work as part of a team and to reflect the Company's core values;
- Internal parity between executives based on their duties, responsibilities and contributions to the Company;
- Each individual executive's skills, experience, qualifications and marketability (including the extent to which the executive is considered a candidate for succession-planning purposes);
- The Company's performance against financial goals and objectives established by the Committee and the Board;
- The Company's performance relative to industry competitors and its peer group;
- The positioning of each executive's compensation in a ranking of market compensation survey data; and
- The compensation practices of the Company's peer group and the wider technology industry.

[5] Beginning in the first quarter of fiscal 2015, the Company split NSE into two reporting segments: Network Enablement ("NE") and Service Enablement ("SE").

Assessing an Executive's Performance

The CEO periodically updates the Committee of his assessment of each executive officer's performance to ensure that compensation decisions are aligned with individual performance. In assessing each executive officer, the CEO reviews and documents each executive officer's accomplishments, areas of strength, areas for development and long-term potential. The CEO bases this evaluation on his personal knowledge of each executive officer's performance, actual results against specific objectives and feedback provided by others within and outside of the Company. In addition, the members of the Committee have periodic interactions with each NEO during the year that allow them to make independent assessments of the NEO's performance. NEOs are not present for, nor do they participate in, Committee or Board discussions or approvals regarding their own compensation. The Committee ultimately is responsible for the final determination of all compensation for NEOs other than the CEO.

The CEO's performance is reviewed periodically by the Committee and the independent members of the full Board using performance criteria developed by the Committee and approved by the full Board's independent directors. In assessing CEO performance, the Committee and independent members of the Board review Company business, operational and financial performance against specific objectives and take into account other factors that may be included in the CEO's individual objectives as well as any feedback received from the CEO's direct reports and other employees. The Committee also engages in discussions with the CEO regarding his performance against objectives set by the Board. The Committee recommends all elements of compensation for the CEO to the independent members of the Board for review, consideration and approval.

The Role of Compensation Consultants and Peer Group Data

To assist the Committee in its review of executive compensation, the Company's Human Resources Department and the Committee's primary external compensation consultant, Compensia, Inc. ("Compensia"), provide compensation data from companies that the Committee selects as a "peer group" of technology companies for executive compensation analysis purposes. The Committee also periodically sought input from Compensia on a range of external market factors, including evolving compensation trends, the selection of appropriate peer group companies and market survey data. In fiscal year 2014, the Committee assessed the independence of Compensia as required by SEC and Nasdaq rules and concluded that no conflict of interest exists that would prevent Compensia from serving as an independent consultant to the Committee.

The peer group used by the Committee when considering executive compensation for fiscal year 2014 was determined based upon annual revenue (with peer companies ranging from approximately 56% to 189% of the Company's annual revenue) market capitalization (with peer companies ranging from approximately 46% to 416%), and other financial metrics. The peer group includes technology companies, such as customers, competitors or other similar companies with which the Company may compete in recruiting and retaining executive talent and that have one or more attributes significantly similar to JDSU, including markets, manufacturing profile, level of integration and enterprises with global operations.

The list of peer group companies (the "Peer Group") the Committee considered when setting executive compensation for fiscal year 2014 is:

> Altera Corp., ARRIS Group, Inc., Avago Technologies Limited, AVX Corporation, Bio-Rad Laboratories, Inc., Brocade Communications Systems, Inc., Ciena Corporation, Compuware, F5 Networks, Inc., Finisar Corp., KLA-Tencor Corporation, LSI Corporation, National Instruments, NetGear, PerkinElmer, Inc., Polycom, Inc., Tellabs, Inc., Teradyne, Inc., Trimble Navigation Limited and Xilinx Inc.[6]

The Committee uses the Peer Group market data provided by Compensia, along with other market data, to ensure that the compensation provided to the Company's NEOs remains competitive. For fiscal year 2014, the Committee did not set targets for any individual element of executive compensation relative to the market data, but did review proposed compensation levels against the market data to ensure that compensation was competitive.

[6] The Company's current peer group, which was considered when setting executive compensation for fiscal year 2015, was amended to add FLIR Systems and Riverbed Technology.

Considerations in Setting Fiscal Year 2014 Compensation

In determining appropriate levels of executive compensation for fiscal year 2014, the Committee considered the Company's financial performance relative to the Peer Group, as well as performance against the Company's competition and strategic and operational objectives in all three operating segments. In looking at the Company's financial performance, the Committee considered both the prior fiscal year (fiscal year 2013) and the prior three-year period (fiscal years 2010-2013), in keeping with the Company's focus on long-term growth and performance. The Committee also recognized that the Company had executed well against several key objectives despite continued macroeconomic challenges and had taken important steps to improve its position for future growth and stock price appreciation.

Financial and other performance metrics considered by the Committee included (all numbers except stock performance and segment information are non-GAAP – see Appendix B for a reconciliation to the most comparable GAAP numbers):

Company-Wide Achievements:

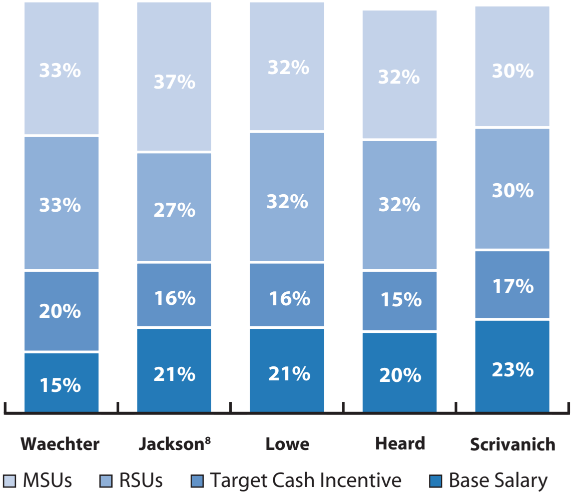
- The Company's total stockholder return ("TSR") relative to its Peer Group ranked in the 100th and 55th percentile for the one- and three-year periods ended June 28, 2013;
- Net revenue increased 24% from fiscal year 2010 to fiscal year 2013 from $13,356.8M to $1,676.9M;
- Net income increased 41% from fiscal year 2010 to fiscal year 2013 from $93.6M to $131.8M;
- Operating margin increased from 7.3% in fiscal year 2010 to 8.7% in fiscal year 2013;
- Earnings per share increased from $0.42 in fiscal year 2010 to $0.55 in fiscal year 2013, or 31%;
- The Company generated $187.8M of cash from operations, nearly $70M more than the $119.1M generated in fiscal year 2012 on comparable revenue, and extended the Company's track record of positive quarterly cash flows to 27 consecutive fiscal quarters;
- A record 65% of fiscal year 2013 revenue in our network-focused businesses was from products less than 2 years old, exceeding the Company-wide goal of greater than 50%.

NSE Achievements:	CCOP Achievements:	OSP Achievements:
• Net revenue for the NSE segment increased 12% from $652.2M in fiscal year 2010 to $728.9M in fiscal year 2013. • Substantial steps to drive operational efficiency by continuing to consolidate contract manufacturing and outsourcing repair services. • Completion of the acquisitions of GenComm and Arieso enhanced the NSE segment's position in the fast-growing wireless areas of RF test and location intelligence.	• Net revenue for the CCOP segment increased 49% from $499.3M in fiscal year 2010 to $742.2M in fiscal year 2013. • Operating income for the CCOP segment increased from $33.4M in fiscal year 2010 to $82.4M in fiscal year 2013.	• Substantial progress towards planning and execution of OSP's long-term strategic objectives, including decision to exit lower-margin product lines and focus on higher-growth areas.

Fiscal Year 2014 Executive Compensation

The fundamental policy of the Committee is to provide NEOs with competitive compensation opportunities based upon the Company's overall financial and operational performance and that of the Company's individual operating segments, each NEO's specific current and anticipated future contributions to the financial and operational success of the Company and their personal performance relative to business performance objectives. It is the Committee's objective to have a significant portion of each NEO's compensation contingent upon the Company's performance, and as applicable, individual operating segment performance, as well as upon his or her own individual contributions to the achievement of business objectives. As an executive officer's level of responsibility increases, a greater proportion of such executive's total target compensation is comprised of cash incentive bonuses and equity compensation vehicles in order to align total target compensation with the actual achievement of Company and operating segment business and financial performance objectives. As illustrated in the chart below, approximately 50% of the target total direct compensation to our NEOs was performance-based.[7]

[7] Percentages may not equal 100% due to rounding.



The individual components of each NEO's compensation package for fiscal year 2014 are summarized below.

Base Salary. The Company provides NEOs and other executives with a fixed base salary set at a level to allow the Company to attract, motivate and retain qualified executives. The base salary for each NEO is determined on the basis of the following factors: scope of responsibilities, experience, skill level, personal performance, and salary levels in effect for comparable positions within and outside the industry against which the Company competes for executive talent. The Committee also compares the compensation of its NEOs with the compensation of other executive officers for internal pay equity purposes. The weight given to each of these factors differs from individual to individual as the Committee deems appropriate and necessary to support the Company's business objectives. Salary levels generally are considered annually as part of the Company's performance review process as well as upon a promotion or other change of position or level of responsibility. Merit based increases to salaries of the Company's NEOs other than the CEO are recommended by the CEO to the Committee, and all increases are based on the Committee's (and in the case of the CEO, the independent directors of the full Board) review and assessment of the individual's performance, skill set and competitive market factors.

The Committee reviewed the base salaries of the NEOs (except for Mr. Waechter) in August and October 2013 and approved a merit increase in their base salaries for the remainder of fiscal year 2014, which were effective October 2013. These merit increases were primarily driven by their individual contributions to the Company's business objectives.

Mr. Waechter's base salary remained unchanged, because the Committee and the Board believed it was competitive against the market data and an increase was not required to further the Company's business objectives.

Named Executive Officer	FY 2013 Base Salary	FY 2014 Base Salary	Percentage Increase
Thomas Waechter	$800,000	$800,000	—
Rex Jackson	$420,000	$440,000	4.8%
Alan Lowe	$540,000	$562,000	4.1%
David Heard	$450,000	$475,000	5.6%
Luke Scrivanich	$300,000	$320,000	6.7%

[8] In connection with Mr. Jackson's promotion to Executive Vice President and Chief Financial Officer in January 2013 he was granted additional time-based RSUs and performance-based market stock units ("MSUs"). The RSUs, which were granted in fiscal year 2013, were disclosed in the Company's 2013 proxy statement and are not included in the chart below. Because the MSUs were not granted until fiscal year 2014, they are reflected in the chart below in addition to the regular grant of both RSUs and MSUs granted to Mr. Jackson as part of the annual equity grant process. Had the MSUs been granted during fiscal year 2013, the percentage of Mr. Jackson's total target compensation allocated to RSUs and MSUs in fiscal 2014 would have been equal.

Cash Incentive Compensation. The Company utilizes a single cash incentive program for the majority of its employees globally, including all NEOs, known as the Variable Pay Plan ("VPP"). Under the VPP, incentive bonuses are determined based on a quarterly performance metric, and are paid semi-annually. These awards are designed to incentivize and reward short-term performance and achievement of the Company's operating income targets. The Committee believes that having NEOs participate in the same incentive program as all other eligible employees promotes a common sense of purpose, alignment, and fairness.

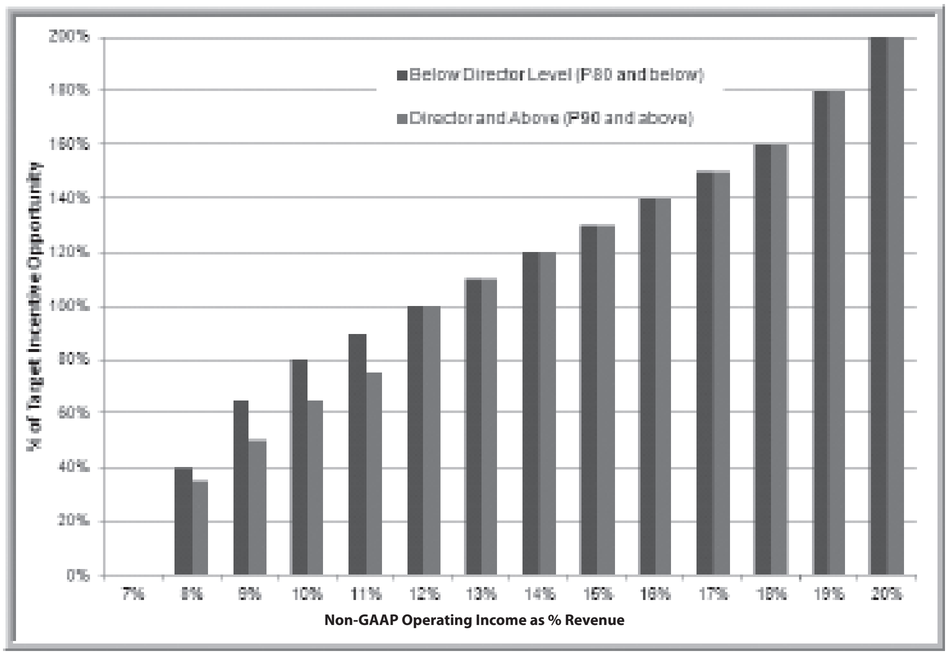
Each participant in the VPP is assigned a target incentive opportunity ("TIO") equal to a percentage of his or her base salary, based upon the individual's grade level within the Company. Each NEO's TIO is annually reviewed by the Committee and compared against the market data, including the Peer Group and survey data provided by Compensia. In August 2013, the Committee increased Mr. Scrivanich's TIO from 60% to 75% in connection with his appointment to the position of Senior Vice President and General Manager of the OSP Business Segment. For fiscal year 2014 the assigned TIOs for each of Mr. Lowe, Mr. Heard and Mr. Jackson remained at 75%. Mr. Waechter's TIO was increased from 120% to 135% to further incentivize operational performance.

The actual cash incentive payments awarded to each employee annually under the VPP may range from 0% to 200% of each employee's assigned TIO depending on the Company's achievement of its operating income target. Additionally, the actual incentive payment awarded to all employees within any individual operating segment participating in the VPP may be adjusted lower or higher by up to 15% based upon the discretion of the CEO, although any adjustment that would affect the CEO must be approved by the independent members of the Board and any adjustment that would affect the other NEOs must be approved by the Committee. In the first quarter of fiscal year 2014, Mr. Waechter exercised this discretion to increase the VPP awards paid to employees in the Company's CCOP and OSP segments by 15% and decrease the awards paid to employees in the Company's NSE segment by 15% in recognition of the fact that CCOP and OSP exceeded their annual operating plan ("AOP") targets for the first quarter of fiscal year 2014, while NSE did not. Mr. Lowe and Mr. Scrivanich participated in the increased VPP award along with all employees in the CCOP and OSP segments and Mr. Heard's VPP award was reduced along with all employees in the NSE segment. There was no discretion applied to the award paid to the Shared Services segment, in which Mr. Jackson participates. Actual incentive payments awarded to our NEOs in fiscal year 2014 are indicated in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

Actual payments under the VPP are subject to achievement of the Company's operating income target. Participation is separated into two tiers based upon employee grade level. Employees at the director level and above received VPP compensation at a reduced rate relative to achievement of operating income objectives than was required for VPP compensation received by those employees below the director level for all operating income levels below 12% of revenue. This performance metric is designed to align executives', other employees' and stockholders' interests by making payments under the VPP contingent on business performance objectives consistent with growing profitability and sustainable, long-term appreciation in stockholder value.

Although the operating income percentage target was unchanged from the previous fiscal year, the absolute dollar value of the target for most employees increased in fiscal year 2014 due to an increase in the absolute dollar value of the Company's overall AOP target. As reflected in the chart below, in order for NEOs to receive their target cash incentives for the full fiscal year, and subject to the application of CEO's and independent members of the Board's discretion as discussed above, the Company was required to improve operating income as a percentage of revenue by at least 3.3 percentage points over the operating income actually achieved by the Company in fiscal year 2013. The Committee anticipated that the incentive compensation which would be received by NEOs for achieving the fiscal year 2014 AOP operating income objective would result in incentive payments of approximately 85% of target incentive payments due to the fact that the AOP set a Company-wide operating income target of $206 million, approximately 41% higher than that actually achieved in fiscal year 2013. The Committee determined that this structure would provide employees with incentives for growth while recognizing the continuing macroeconomic challenges facing the markets in which the Company operates.

The fiscal year 2014 scale is as follows:



The actual semi-annual VPP payment to each participant thus was calculated based upon the following formula (excluding CEO and Board discretion):

Quarterly Eligible Base Pay Earnings (for the employee) X TIO % X Achievement % (based upon Company operating income)

Actual achievement for the Company for each fiscal quarter 2014 was as follows:

	H1 FY14 VPP Achievement				H2 FY14 VPP Achievement	
	Q1'14			Q2'14	Q3'14	Q4'14
CEO Discretion Applied	+15%	-15%	None	None	None	None
Participating Segments	CCOP/OSP	NSE	Shared Services	All Employees	All	All
Senior Manager & below	62.5%	32.5%	47.5%	90.0%	0.0%	57.5%
Director & above	54.5%	24.5%	39.5%	75.0%	0.0%	45.5%

Long-Term Incentive Compensation. Long-term incentives are provided through RSUs and market stock units ("MSUs"), which are described in detail below. The Committee believes that stock-based compensation aligns the interests of employees with long-term stockholder value creation, providing each NEO with an incentive to manage the Company from the perspective of an owner. The Committee also believes stock-based compensation provides the Company with an important long-term retention tool in a highly competitive market for executive talent. The Committee sets equity grant levels to executive officers based on a variety of factors, including the individual performance of the executive officer, an assessment of the value of the individual's current and anticipated future services to the Company, relative business criticality of the position held, the awards given to other executives, and the desire to keep the Company's overall compensation competitive.

The number of shares of Common Stock subject to each grant is set at a level intended to create a meaningful opportunity for stock ownership and resulting compensation opportunity based on the executive officer's current position with the Company, the average size and potential returns of comparable awards made to executive officers in similar positions within the industry and the Peer Group, the executive officer's potential for increased responsibility and promotion over the grant term, and the executive officer's personal performance in recent periods. The Committee also takes into account the value of vested and unvested equity incentives held by the executive officer in order to maintain an appropriate level of equity incentives for that executive officer. Additionally, the Committee generally grants equity awards to executive officers upon commencement of their employment with the Company or their promotion, with the level of award based on factors similar to those considered in connection with awards to existing executive officers. Finally, the Committee considers the number of shares of Common Stock which would be subject to proposed equity incentive awards to individual NEOs for consistency with the Committee's objective to limit actual net dilution attributable to equity awards to all Company employees to at or below a long-term average of less than 3% per annum.

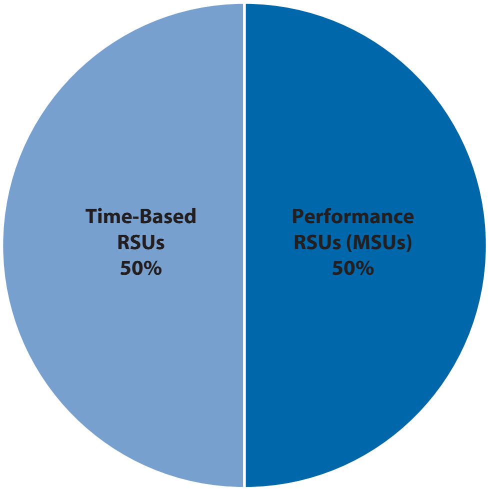
Equity awards are granted with vesting requirements related to (a) continued service to encourage retention, or (b) the satisfaction of performance or financial goals or other conditions that are aligned with the Company's business and financial objectives and designed to support growth in long-term stockholder value. In all cases, vesting of equity awards is contingent upon the executive officer's continued service with the Company.

In order to ensure equity compensation awards are aligned with the Committee's commitment to pay-for-performance, it is the Committee's practice that:

- at least 50% of the target number of shares of all such equity awards to the Company's NEOs are performance-based and are earned or otherwise vest based on the achievement of performance targets; and
- performance criteria applicable to such performance-based equity awards and the difficulty of achievement of such criteria are disclosed in the proxy statement for each applicable fiscal year.

All equity compensation awards issued to the Company's NEOs in fiscal year 2014 complied with this practice which is illustrated below.

Equity Compensation*



* Based on target number of shares granted.

In August 2011, upon the recommendation of the Committee, the Board approved the use of performance-based RSUs, also known as market stock units ("MSUs") for executive officers in place of performance-based stock options. The Board believed that MSUs provide a more accurate measurement of the Company's relative performance and support the Company's pay-for-performance philosophy. When granting MSUs, the Committee assigns a target award for each grant. MSUs vest over three years, and the number of shares actually earned on each vesting date is determined by comparing the Company's total stockholder return ("TSR") for the relevant period against the TSR of the component companies of the NASDAQ Telecom Index (the "Index") on a straight-line scale from 0% to 150% as described in the following table.

Relative Performance	Percent of Target Award Vesting
Company TSR below 25th percentile	0%
Company TSR at 25th percentile	50%
Company TSR at 50th percentile	100%
Company TSR at or above 75th percentile	150%

TSR is initially calculated for a baseline period, which for grants made in fiscal year 2014, was July 15, 2013 through September 15, 2013 (the "Initial Measurement Period"). Vesting is then determined by comparing the TSR during each subsequent July 15 through September 15 of each year during the vesting period (the "Measurement Period") against the Initial Measurement Period.[9]

All of the Company's NEOs were awarded RSUs and MSUs in August 2013 as an element of the Company's fiscal year 2014 equity award and review process. Consistent with the Company's commitment to ensure that at least 50% of the target number of shares subject to equity awards to NEOs are performance-based, each NEO was then awarded 50% of the target award level shares in the form of MSUs.[10] The remaining 50% of the shares subject to award were time-based RSUs (the "2014 Time-Based Awards"). The 2014 Time-Based Awards were subject to a vesting schedule providing that one-third of the award will vest on the first anniversary of the grant date, with the remaining two-thirds of the award vesting in eight equal quarterly installments thereafter, subject to continued employment with the Company. Actual awards to NEOs are shown in the Grants of Plan-Based Awards Table.

Perquisites and Other Personal Benefits

We believe that it is critical that the Company maintain an egalitarian culture, and that our executive officers should not operate under different standards than other employees. Accordingly, the Company's healthcare, insurance, and other welfare and employee benefit programs are the same for all eligible employees, including executive officers. The Company generally does not have programs for providing personal benefit perquisites to NEOs, such as defraying the cost of financial or legal advice, personal entertainment, recreational club memberships or family travel. The Company has no outstanding loans of any kind to any of its executive officers, and it expects its officers to be role models under its Code of Business Conduct, which applies equally to all employees.

Compensation Recovery Policy

The Committee adopted the "JDSU Compensation Clawback Policy" (the "Policy") in February 2010. The Policy applies to cash incentive payments and equity compensation awards provided to Section 16 officers and directors under any applicable Company incentive plan. In the event of fraud or intentional misconduct of Section 16 officers or directors, the Committee may seek:

- repayment of any cash incentive payment,
- cancellation of unvested or unexercised equity incentive awards, and
- repayment of any compensation earned on previously exercised equity incentive awards,

where such payments, equity incentive awards and/or compensation earned on previously exercised equity incentive awards was predicated on results that were augmented by such fraud or intentional misconduct ("Excess Compensation"), whether or not such activity resulted in a financial restatement. The Committee will have sole discretion under the Policy, consistent with any applicable statutory requirements, to seek reimbursement of Excess Compensation.

Further, following a restatement of the Company's financial statements, the Company will recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

For purposes of the Policy, Excess Compensation will be measured as the positive difference, if any, between the compensation earned by an Executive Officer and the compensation that would have been earned by the Executive Officer had the fraud or misconduct not occurred.

[9] For purposes of calculating TSR, (a) dividends are assumed to have been reinvested, (b) share prices are rounded to the nearest $0.01 and dividends are rounded to the nearest $0.001, and (c) companies without a stock price history for the entire performance or averaging period are excluded.

[10] When evaluating each NEO's performance-based target in comparison to the relevant market data, the Committee assumes for comparison purposes that MSUs will vest at 100% of the MSU target. Actual MSU grant awards are made at the 150% achievement level to ensure a sufficient number of shares will have been granted if the maximum TSR is achieved. However, actual vesting of the individual MSU award will range anywhere from 0% to 150%, as described above.

Executive Stock Ownership Policy

The Committee recommended and the full Board approved formal stock ownership requirements for non-employee directors and executive officers of the Company in fiscal year 2005 and amended this policy in August 2010. Under the policy in effect during fiscal year 2014, each non-employee director of the Company was required to have a minimum equity interest in the Company's stock at least equal to three times that non-employee director's annual cash retainer by the later to occur of the fifth anniversary of his or her first election to the Board or June 30, 2012. Likewise, each executive officer of the Company (except for the CEO) was required to have a minimum equity interest in the Company's stock at least equal to that executive officer's annual base salary by the later to occur of the fifth anniversary of his or her hire date (or, if later, promotion to executive officer) or June 30, 2010, and the CEO was required to have a minimum equity interest in the Company's stock at least equal to three times the CEO's then current annual base salary by the later to occur of the fifth anniversary of his or her promotion date or January 1, 2014. The shares that count towards this Company policy include stock owned outright, unvested and vested restricted stock and RSUs, and any stock options exercisable within 60 days of the valuation date. The equity incentive awards granted in fiscal year 2014 to each of the current named executive officers are listed in the Outstanding Equity At Fiscal Year End Table. Each of the non-employee directors and executive officers of the Company were in compliance with this policy during fiscal year 2014.

	Ownership Requirement	Deadline for Compliance (the later of)	
Non-Employee Directors	3x annual cash retainer	5th anniversary of election to the Board	June 30, 2012
Chief Executive Officer	3x annual base salary	5th anniversary of hire or promotion date	January 1, 2014
Executive Officers (excluding CEO)	1x annual base salary	5th anniversary of hire or promotion date	June 30, 2010

Both hedging and pledging of Company securities are prohibited by the Company's Insider Trading Policy.

Equity Grant Practices

In fiscal year 2012, the Committee transitioned from a policy of granting both RSUs and stock options to granting only RSUs. Although we do not current grant stock options, it is our policy that any stock option awards made to our NEOs, as well as all other Company employees, have an exercise price equal to the fair market value of our common stock on the date of grant (though as noted above the MSUs only vest upon the achievement of certain conditions related to the performance of the Company's common stock). Fair market value is defined under our equity compensation plans as the closing market price of one share of our common stock on the NASDAQ Stock Market on the date of grant.

The Committee generally makes grants, which currently include a mix of RSUs and MSUs as described above, to our NEOs and other senior management on a once-a-fiscal year basis, but the Committee retains the discretion to make additional awards to NEOs at other times in connection with the initial hiring of a new officer, for retention purposes, or otherwise. New hire equity incentive awards are generally granted on the 15th day of the month immediately following the first day of employment of such new employee.

The Company does not have any program, plan or practice to time equity compensation grants to its executives in coordination with the release of material nonpublic information. The Company has not timed, nor does it plan to time, the release of material nonpublic information for the purpose of affecting the value of executive compensation, nor are equity compensation grants timed with regard to current share price or factors which may affect future share price.

Tax Considerations

The Committee endeavors to maximize deductibility of compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent practicable while maintaining a competitive, performance-based compensation program. Based on the amount of deductions the Company can take each year, the actual impact of the loss of deduction for compensation paid to any NEO over the $1 million limitation is extremely small and has a de minimus impact on the Company's overall tax position. For the foregoing reasons, the Committee, while considering tax deductibility as one of the factors in determining compensation, will not limit compensation to those levels or types of compensation that will be deductible. The Committee will, of course, consider alternative forms of compensation that, consistent with its compensation goals, preserve deductibility.

The Company's 2003 Equity Incentive Plan (the "2003 Plan") is structured such that compensation deemed paid to an executive officer when he or she exercises an outstanding option under the 2003 Plan, with an exercise price equal to the fair market value of the option shares on the grant date, will qualify as performance-based compensation which will not be subject to the $1 million limitation. In addition, other stock based awards issued under the 2003 Plan may be exempt from the $1 million limitation if such awards are subject to performance criteria and administered in accordance with Section 162(m) of the Code. The Company has discretion to issue other stock based awards which are intended to be exempt from the $1 million limitation as well as other stock based awards that are not intended to be exempt from the $1 million limitation.

Payments Upon a Termination or Change of Control

In August 2008, the Committee adopted a Change of Control Benefits Plan, which was amended in March 2013. Pursuant to the plan, eligible executives, including the NEOs (except for the CEO), will receive cash payments and accelerated vesting of options and other securities in the event of a qualifying termination within 12 months after a change of control of the Company. If the eligible executive has received an MSU award, the vesting will accelerate at 100% of the target amount of the award. In addition, pursuant to the employment agreement between the Company and Mr. Waechter, Mr. Waechter will receive payments and, in certain circumstances, acceleration of options and other securities, in the event he is terminated without Cause or resigns for Good Reason in connection with a change of control of the Company.

The Committee believes these agreements are beneficial to our stockholders because they minimize the uncertainty presented to our valuable workforce in the case of a change of control.

See "Potential Payments Made Upon Termination or Change of Control" below for a more complete summary of the terms of the Change of Control Benefits Plan and the employment agreement with Mr. Waechter, including estimates of the compensation that would have been payable to the NEOs had they been triggered on June 28, 2014, the final day of fiscal year 2014.

COMPENSATION COMMITTEE REPORT

The information contained in the following report shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, except to the extent that the Company specifically requests that the information be treated as soliciting material or incorporates it by reference into a document filed under the Securities Act or the Exchange Act. The information will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Penelope A. Herscher, *Chair*
Richard E. Belluzzo
Martin A. Kaplan

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation of our chief executive officer, chief financial officer, and the three other most highly-paid executive officers (collectively, the "NEOs") in fiscal years 2014, 2013 and 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)[3]	Total ($)
Thomas Waechter Chief Executive Officer and President	2014	800,000	0	3,594,168		415,177	4,000	4,813,345
	2013	800,000	0	4,794,600	0	408,923	4,000	6,007,523
	2012	784,615	0	4,614,052	0	373,281	4,000	5,775,948
Rex Jackson Executive Vice President and Chief Financial Officer	2014	433,846	0	1,380,434	0	124,399	4,000	1,942,679
	2013	412,308	0	1,532,234	0	131,553	4,000	2,080,095
Alan Lowe Executive Vice President and President, Communications and Commercial Optical Products	2014	555,231	0	1,725,200	0	175,683	4,000	2,460,114
	2013	533,077	0	1,731,384	0	181,206	4,000	2,449,667
	2012	506,154	0	1,730,352	0	111,926	4,000	2,352,432
David Heard Executive Vice President and President, Communications Test & Measurement	2014	467,308	0	1,725,200	0	120,245	4,000	2,316,753
	2013	441,346	0	1,731,384	0	140,203	4,000	2,316,933
	2012	417,308	0	923,075	0	93,238	4,000	1,437,621
Luke Scrivanich Senior Vice President and General Manager, Optical Security & Performance Products	2014	313,846	0	862,600	0	98,888	4,000	1,279,334

(1) Amounts shown do not reflect compensation actually received by the NEO. Instead, the amounts shown are the grant date fair value in the period presented as determined pursuant to stock-based compensation accounting rule FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used to calculate these amounts are set forth under Note 14 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year 2014 filed with the SEC on August 26, 2014.

(2) All non-equity incentive plan compensation for fiscal year 2014 was paid pursuant to the Variable Pay Plan.

(3) All amounts represent 401(k) matching or 401(k) contributions by the Company.

Employment Contracts, Termination of Employment and Change in Control Arrangements

On December 17, 2008, the Company and Mr. Waechter entered into an employment agreement (the "Waechter Agreement"), pursuant to which Mr. Waechter became the Chief Executive Officer and President of the Company, effective January 1, 2009. Pursuant to the Waechter Agreement, Mr. Waechter's base salary was initially set at $700,000 and he was initially eligible to earn a cash incentive under the Company's VPP with a target bonus of 100% of his annual base salary. Mr. Waechter's base salary was increased by the Board in October 2010 and October 2011. Effective as of October 2011, Mr. Waechter's base salary was $800,000. In addition, in August 2011 and August 2013, the Board approved increases in Mr. Waechter's target bonus. Mr. Waechter's target bonus for fiscal year 2013 was 120% and for fiscal year 2014 is 135%. The Waechter Agreement was not amended in connection with these increases. However, provisions of the Waechter Agreement related to payments to be made in connection with a change of control were amended on March 21, 2013.

For a complete summary of the termination and change of control provisions of the above agreement, please see the section "Potential Payments Made Upon Termination or Change of Control" below. A complete summary of the 2008 Change of Control Benefits Plan that the Company adopted on August 29, 2008, as amended on August 9, 2011 and March 21, 2013, which explains the termination benefits available to the NEOs other than Mr. Waechter, can also be found under that section heading below.

GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information about equity and non-equity awards granted to the NEOs in fiscal year 2014:

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards					
Name	**Grant Date**	**Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**Exercise or Base Price Of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($)[2]**
Thomas Waechter	8/20/2013	8/20/2013				62,500[3]	125,000[3]	187,500[3]			1,919,168
	8/20/2013	8/20/2013							125,000[4]		1,675,000
	N/A	N/A	37,800	1,080,000	2,160,000						N/A
Rex Jackson	8/20/2013	8/19/2013				20,000[3]	40,000[3]	60,000[3]			614,134
	8/20/2013	8/19/2013				7,500[3]	15,000[3]	22,500[3]			230,300
	8/20/2013	8/19/2013							40,000[4]		536,000
	N/A	N/A	11,550	330,000	660,000						N/A
Alan Lowe	8/20/2013	8/19/2013				30,000[3]	60,000[3]	90,000[3]			921,200
	8/20/2013	8/19/2013							60,000[4]		804,000
	N/A	N/A	14,753	421,500	843,000						N/A
David Heard	8/20/2013	8/19/2013				30,000[3]	60,000[3]	90,000[3]			921,200
	8/20/2013	8/19/2013							60,000[4]		804,000
	N/A	N/A	12,469	356,250	712,500						N/A
Luke Scrivanich	8/20/2013	8/19/2013				15,000[3]	30,000[3]	45,000[3]			460,600
	8/20/2013	8/19/2013							30,000[4]		402,000
	N/A	N/A	8,400	240,000	480,000						N/A

[1] These columns show the potential cash value of the payout for each NEO under the Company's Variable Pay Plan ("VPP"), as described in the Compensation Discussion and Analysis above. The potential payouts are performance-driven and therefore completely at risk. The amounts actually earned by each NEO in fiscal year 2014 are summarized in the Summary Compensation Table above.

[2] The amounts shown in this column are the grant date fair value in the period presented as determined pursuant to stock-based compensation accounting rule FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used to calculate these amounts are set forth under Note 14 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year 2014 filed with the SEC on August 26, 2014. The NASDAQ closing price of our Common Stock was $13.40 on August 20, 2013.

[3] These grants are restricted stock unit awards with market conditions, which we refer to as market stock units ("MSUs"). The MSUs are performance-based stock units which will vest in three annual tranches based upon the Company's total stockholder return ("TSR") relative to the performance of the component companies of the NASDAQ Telecommunications Index over the three-year period. Details of the conditions and terms under which the MSUs will vest begin on page 42 of this Proxy Statement.

[4] These grants are time-based RSUs that vest 1/3 of the shares on the first anniversary of the grant date and the remainder of the shares in equal quarterly installments for two years thereafter.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following table provides information regarding outstanding equity awards and applicable market values at the end of fiscal year 2014.

	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)						
Name	Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) [1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) [1]
Thomas Waechter	100,000 [2]	0	10.27	8/15/2018				
	200,000 [2]	0	10.27	8/15/2018				
					12,885 [4]	159,130		
					75.375 [4]	930,881		
					125.000 [4]	1,543,750		
							51,282 [5]	633,333
							120,000 [5]	1,482,000
							125,000 [5]	1,543,750
Rex Jackson	0 [7]	75,000	17.77	1/15/2019				
	30,468 [6]	7,032	17.77	1/15/2019				
					9,375 [8]	115,781		
					1,853 [4]	22,885		
					20,938 [4]	258,584		
					10,000 [3]	123,500		
					40,000 [4]	494,000		
							7,373 [5]	91,057
							33,334 [5]	411,675
							40,000 [5]	494,000
							15,000 [5]	185,250
Alan Lowe	36,667 [2]	0	5.87	8/15/2017				
	18,334 [2]	0	5.87	8/15/2017				
	36,250 [2]	0	10.27	8/15/2018				
	72,500 [2]	0	10.27	8/15/2018				
					4,832 [4]	59,675		
					27,219 [4]	336,155		
					60,000 [4]	741,000		
							19,232 [5]	237,515
							43,334 [5]	535,175
							60,000 [5]	741,000

	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price	Option Expiration	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Name	Exercisable	Unexercisable	($)	Date	(#)	($) [1]	(#)	($) [1]
David Heard	69,325 [7]	11,750	11.66	11/15/2018				
	34,675 [6]	5,875	11.66	11/15/2018				
					11,750 [8]	145,113		
					2,578 [4]	31,838		
					27,219 [4]	336,155		
					60,000 [4]	741,000		
							10,260 [5]	126,711
							43,334 [5]	535,175
							60,000 [5]	741,000
Luke Scrivanich	14,834 [2]	0	3.56	2/15/2017				
	22,100 [2]	0	5.87	8/15/2017				
	27,353 [2]	0	10.27	8/15/2018				
					1,960 [4]	24,206		
					16,667 [3]	205,837		
					3,769 [4]	46,547		
					30,000 [4]	370,500		
							6,000 [5]	74,100
							16,667 [5]	205,837
							30,000 [5]	370,500

[1] Amounts reflecting market value of RSUs are based on the price of $12.35 per share, which was the closing price of our common stock as reported on NASDAQ on June 27, 2014.

[2] Fully vested stock option.

[3] Time-based RSUs with 1/3 of the units vesting on each of the first three anniversaries of the grant date.

[4] Time-based RSUs that vest 1/3 of the awarded units on the first anniversary of the grant date and the remainder of the units in equal quarterly installments for two years thereafter.

[5] MSUs that vest in three annual tranches based upon the Company's total stockholder return ("TSR") relative to the performance of the component companies of the NASDAQ Telecommunications Index over the three-year period. The actual number of shares that vest range from 0% to 150% of the target amount for each vesting tranche. The number of MSUs disclosed in the table above reflects vesting at 100% of the target amount. Details of the conditions and terms under which the MSUs will vest begin on page 42 of this Proxy Statement.

[6] Time-based stock options that vest 1/4 of the awarded options on the first anniversary of the grant date and the remainder of the awarded options in equal quarterly installments for three years thereafter.

[7] Performance-based stock options which vest 1/4 of the awarded options on the first anniversary of the grant date and the remainder of the awarded options in equal quarterly installments for three years thereafter. The options become exercisable upon the latter to occur of (i) the vesting schedule noted in the previous sentence and (ii) the appreciation of the price of the Company's common stock such that it will have traded at a minimum of a 25% premium to the exercise price of the options for at least 30 consecutive trading days.

[8] Time-based RSUs with 1/4 of the units vesting on each of the first four anniversaries of the grant date.

OPTION EXERCISES AND STOCK VESTED TABLE

The following Option Exercises and Stock Vested Table provides additional information about the value realized by the NEOs due to the exercise of option awards and vesting of restricted stock units during fiscal year 2014.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)** [1]	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)** [2]
Thomas Waechter	90,000	801,396	291,338	3,956,711
Rex Jackson	0	0	78,562	1,044,441
Alan Lowe	0	0	106,711	1,449,359
David Heard	19,375	84,088	96,609	1,297,361
Luke Scrivanich	7,500	93,300	35,081	490,270

(1) Represents the amounts realized based on the difference between the market price of our Common Stock on the date of exercise and the exercise price.

(2) Represents the amounts realized based on the product of the number of units vested and the closing price of our Common Stock on NASDAQ on the vesting day (or, if the vesting day falls on a day on which our stock is not traded, the prior trading day).

Potential Payments Made Upon Termination or Change of Control

The descriptions and table below reflect the amount of compensation to each of the NEOs of the Company in the event of termination of such executive's employment. The amounts of compensation shown below are payable to each NEO upon termination without cause or for good reason, following a change of control, for non-renewal of an employment contract and in the event of death or disability of the executive. The figures shown below assume that such termination was effective as of June 28, 2014 (and therefore use the closing price of our Common Stock on NASDAQ as of June 27, 2014 for all equity-based calculations), and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts that would be paid can only be determined at the time of such executive's separation from the Company.

For a complete summary of the salary and bonus provisions of the employment agreement between the Company and Thomas Waechter, our Chief Executive Officer and President, please see the section "Employment Contracts, Termination of Employment and Change in Control Arrangements" following the Summary Compensation Table above. What follows below summarizes only the termination and change of control provisions of the Waechter Agreement.

The Waechter Agreement provides that in the event that Mr. Waechter's employment is terminated by the Company for reasons other than for Cause prior to any Change of Control (as both terms are defined in the Waechter Agreement) of the Company, subject to execution of a separation agreement and release of claims reasonably acceptable to the Company, Mr. Waechter will be entitled to receive: (i) a cash payment equivalent to two and one-half times his annual base salary as of the date of termination of employment; and (ii) Company paid COBRA benefits continuation for a period of the lesser of the maximum allowable COBRA period or 24 months.

The Waechter Agreement further provides that in the event that Mr. Waechter's employment is terminated by the Company for reasons other than for Cause or by Mr. Waechter for Good Reason upon or following any Change of Control (as these terms are defined in the Waechter Agreement) of the Company, subject to execution of a separation agreement and release of claims reasonably acceptable to the Company, Mr. Waechter will be entitled to receive: (i) a cash payment equivalent to the sum of (A) three times his annual base salary as of the date of termination of employment, and (B) one year of his annual target bonus opportunity; (ii) right, title and entitlement to any unvested options, restricted stock units, or any other securities or similar incentives which have been granted or issued as of the date of termination of his employment, shall immediately vest; and (iii) Company paid COBRA benefits continuation for a period of the lesser of the maximum allowable COBRA period or 24 months.

The other NEOs are subject to the 2008 Change of Control Benefits Plan, as amended (the "Change of Control Plan"). The Change of Control Plan provides that in the event of a qualifying termination, and conditioned upon execution and delivery of an effective release of claims against the Company and related parties, each of the eligible executives will be entitled to receive (i) accelerated vesting of any unvested stock options and other securities or similar incentives held at the time of termination (including accelerated vesting of any performance-based awards at 100% of the target achievement level), (ii) a lump sum payment equal to two years' base salary (less applicable tax and other withholdings), and (iii) reimbursement of COBRA premiums for a period of the lesser of the maximum allowable COBRA period or 12 months. A qualifying termination under the Change of Control Plan is any involuntary termination without Cause, any voluntary termination for Good Reason, or any termination due to disability or death, in each case occurring upon or within 12 months following a Change of Control of the Company, as such terms are defined in the Change of Control Plan.

Potential Payments Upon Termination or Change in Control Table

		Before Change in Control	Within Twelve Months After Change in Control		
Name	**Benefit**	**Termination w/o Cause ($) [1]**	**Termination w/o Cause or for Good Reason ($) [2]**	**Non-Renewal of Employment Contract ($)**	**Death or Disability ($) [3]**
Thomas Waechter	Salary	2,000,000	3,480,000	0	0
	Securities	0	6,292,844	0	0
	COBRA	29,644	29,644	0	0
Rex Jackson	Salary	0	880,000	0	880,000
	Securities	0	2,196,732	0	2,196,732
	COBRA	0	21,501	0	21,501
Alan Lowe	Salary	0	1,124,000	0	1,124,000
	Securities	0	2,650,520	0	2,650,520
	COBRA	0	21,501	0	21,501
David Heard	Salary	0	950,000	0	950,000
	Securities	0	2,669,153	0	2,669,153
	COBRA	0	21,501	0	21,501
Luke Scrivanich	Salary	0	640,000	0	640,000
	Securities	0	1,297,528	0	1,297,528
	COBRA	0	21,501	0	21,501

(1) Mr. Waechter's benefits in the column represent (a) a cash payment equivalent to 2.5 times his annual base salary as of the date of termination of employment; and (b) Company-paid COBRA benefits continuation for a period of the lesser of the maximum allowable COBRA period or 24 months. The other NEOs do not receive any potential payments in the event of their termination without cause before a change of control.

(2) All benefits in this column except for Mr. Waechter's represent (a) accelerated vesting of any unvested stock options and other securities or similar incentives held at the time of termination (including accelerated vesting of any performance-based awards at 100% of the target achievement level), (b) a lump sum payment equal to two years' base salary (less applicable tax and other withholdings), and (c) reimbursement of COBRA premiums for up to one year. Mr. Waechter's benefits in this column represent (x) a cash payment equivalent to three times his annual base salary as of the date of termination of employment plus his annual target bonus opportunity; (y) right, title and entitlement to any unvested options, restricted stock units, or any other securities or similar incentives which have been granted or issued as of the date of termination of his employment, shall immediately vest; and (z) Company paid COBRA benefits continuation for a period of the lesser of the maximum allowable COBRA period or 24 months.

(3) The 2008 Change of Control Benefits Plan, which covers all the NEOs other than Mr. Waechter, only provides benefits if a termination due to death or disability occurs within twelve months following a change of control. All benefits in this column therefore presume that the termination due to death or disability occurs within twelve months following a change of control and represent (a) accelerated vesting of any unvested stock options and other securities or similar incentives held at the time of termination, (including accelerated vesting of any performance-based awards at 100% of the target achievement level), (b) a lump sum payment equal to two years' base salary (less applicable tax and other withholdings), and (c) reimbursement of COBRA premiums for up to one year.

EQUITY COMPENSATION PLANS

The following table sets forth information about shares of the Company's Common Stock that may be issued under the Company's equity compensation plans, including compensation plans that were approved by the Company's stockholders as well as compensation plans that were not approved by the Company's stockholders. Information in the table is as of June 28, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans Approved by security holders	12,334,943 [(1)]	$2.90	12,152,291 [(2)]
Equity compensation plans Not approved by security holders [(3)]	600,715	0	440,928
Total / Weighted Ave./ Total [(4)(5)]	12,945,658	$2.76	12,593,219

(1) Represents shares of the Company's Common Stock issuable upon exercise of options and restricted stock units outstanding under the Company's 2003 Equity Incentive Plan. Excluding outstanding RSUs, which have no exercise price, as of June 28, 2014 there were options to purchase 3,531,716 shares outstanding at a weighted average exercise price of $10.13.

(2) Represents shares of the Company's Common Stock authorized for future issuance under the following equity compensation plans: 2003 Equity Incentive Plan (under which 7,716,900 shares remain available for grant); Amended and Restated 1998 Employee Stock Purchase Plan (under which 4,435,391 shares remain available for grant).

(3) Represents shares of the Company's Common Stock issuable upon exercise of options outstanding or authorized for future issuance under the following equity compensation plans: Amended and Restated 1993 Flexible Stock Incentive Plan and the 2005 Acquisition Equity Incentive Plan. Excluding outstanding RSUs, which have no exercise price, as of June 28, 2014 there were options to purchase 29 shares outstanding at a weighted average exercise price of $66.89.

(4) Excluding outstanding RSUs, which have no exercise price, as of June 28, 2014 there were options to purchase 3,531,745 shares outstanding at a weighted average exercise price of $10.13.

(5) As of June 28, 2014, options and rights to purchase an aggregate of 1,783 shares of the Company's Common Stock at a weighted average exercise price of $2.02 were outstanding under the following equity compensation plans, which options and rights were assumed in connection with the following merger and acquisition transactions: SDL, Inc. 1995 Stock Option Plan and Photonic Power System 2002 Stock Option Plan. No further grants or awards will be made under the assumed equity compensation plans, and the options outstanding under the assumed plans are not reflected in the table above.

The following are descriptions of the material features of the Company's equity compensation plan that was not approved by the Company's stockholders:

2005 Acquisition Equity Incentive Plan

The Board of Directors adopted the 2005 Acquisition Equity Incentive Plan (the "2005 Plan") in August 2005. The 2005 Plan is administered by the Compensation Committee. Pursuant to the 2005 Plan, the Compensation Committee may grant stock options, SARs, Dividend Equivalent Rights, Restricted Stock, Restricted Stock Units and Performance Units to employees (including directors and officers) of the Company or any parent or subsidiary corporation of the Company, or any other such entity in which the Company holds a substantial ownership interest. Pursuant to NASDAQ listing rules regarding equity compensation plans not approved by security holders, the Company can and will only issue awards under the 2005 Plan to individuals joining the Company as a result of acquisitions or related strategic transactions or certain new hires to the extent permitted by NASDAQ rules, and not for new grants to continuing employees of the Company, nor to regular new hires. The 2005 Plan will continue in effect until terminated by the Board of Directors.

An aggregate of 2,800,000 shares has been reserved for the grant of awards under the 2005 Plan. As of June 28, 2014, there were 440,928 shares remaining available for future grants under the 2005 Plan. Shares underlying awards that are forfeited, canceled or expired are not counted as having been issued under the 2005 Plan. Stock options and any awards intended to qualify as performance-based compensation issued under the 2005 Plan must have an exercise price of not less than 100% of the fair market value of the Company's Common Stock on the date of grant of the award. Awards are generally non-transferable. The term of all awards granted under the Plan shall not exceed eight years from the date of grant.

AUDIT COMMITTEE REPORT

The information contained in the following report shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, except to the extent that the Company specifically requests that the information be treated as soliciting material or incorporates it by reference into a document filed under the Securities Act or the Exchange Act. The information will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

The Audit Committee of the Board of Directors is responsible for assisting the full Board in fulfilling its oversight responsibilities relative to the Company's financial statements, financial reporting practices, systems of internal accounting and financial control, the internal audit function, annual independent audits of the Company's financial statements, and such legal and ethics programs as may be established from time to time by the Board. The Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and may retain external consultants at its sole discretion. The Audit Committee is composed solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, all of whom satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002, rules applicable to NASDAQ-listed issuers, and any other regulatory requirements. All members of the Committee are required to have a working knowledge of basic finance and accounting, and at all times at least one member of the Committee qualifies as a "financial expert" as defined by the Sarbanes-Oxley Act of 2002.

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee has the general oversight responsibility with respect to the Company's financial reporting and reviews the scope of the independent audits, the results of the audits and other non-audit services provided by the Company's independent registered public accounting firm.

The following is the Report of the Audit Committee with respect to the Company's audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended June 28, 2014, which includes the consolidated balance sheets of the Company as of June 28, 2014 and June 29, 2013, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended June 28, 2014, and the notes thereto.

Review with Management

The Audit Committee has reviewed and discussed the Company's audited financial statements with management.

Review and Discussions with Independent Registered Public Accounting Firm

The Audit Committee has discussed with PricewaterhouseCoopers LLP ("PricewaterhouseCoopers"), the Company's independent registered public accounting firm, the matters required to be discussed by Statement on Accounting Standards No. 61, "Communications with Audit Committees" which as amended (AICPA, Professional Standards, Vol. 1. section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, which includes, among other items, matters related to the conduct of the audit of the Company's financial statements, and both with and without management present, discussed and reviewed the results of PricewaterhouseCoopers' examination of the financial statements.

The Audit Committee has received the written disclosures letter from PricewaterhouseCoopers required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accountant's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers the independent public accountant's independence.

During the course of fiscal year 2014 management engaged in documentation, testing and evaluation of the Company's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations.

The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and PricewaterhouseCoopers at Audit Committee meetings. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee continues to oversee the Company's efforts related to its internal control over financial reporting and management's preparations for the evaluation for fiscal year 2015.

Conclusion

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 28, 2014.

Audit Committee

Harold L. Covert, *Chair*
Keith Barnes
Masood A. Jabbar

BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and any persons who directly or indirectly hold more than 10 percent of the Company's Common Stock ("Reporting Persons") to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received and written representations from certain Reporting Persons that no such forms were required, the Company believes that during fiscal year 2014 all Reporting Persons complied with the applicable filing requirements on a timely basis with the exception of one late Form 4 filing by Rex Jackson disclosing a sale pursuant to a 10b5-1 trading plan, which was subsequently made on March 4, 2014.

OTHER MATTERS

An eligible stockholder has notified the Company of its intent to propose an advisory resolution at the Annual Meeting. The non-binding resolution, if proposed, would ask the Board to "engage its existing financial advisors to evaluate further strategic alternatives, in addition to the previously announced corporate separation, that would maximize the value of the Corporation's various business segments as well as its substantial tax assets in a timely manner." This stockholder proposal is referred to as the "Floor Proposal." The Company knows of no other matters to be submitted to the stockholders at the Annual Meeting, other than the proposals referred to in this Proxy Statement and the possible submission of the Floor Proposal.

The Floor Proposal was not submitted under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, the Floor Proposal may be presented at the meeting but is not included in this Proxy Statement. If the Floor Proposal is presented at the Annual Meeting, then to the extent permitted by applicable rules, the proxy holders will have, and intend to exercise, discretionary voting authority under Rule 14a-4(c) under the Exchange Act to vote AGAINST the Floor Proposal. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor by any of the methods listed below:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005

Call Collect: (212) 269-5550
Call Toll-Free: (866) 796-7179
Email: jdsu@dfking.com

ANNUAL REPORT ON FORM 10-K AND ANNUAL REPORT TO STOCKHOLDERS

THE COMPANY WILL PROVIDE, WITHOUT CHARGE, TO EACH PERSON SOLICITED A COPY OF THE FISCAL YEAR 2014 ANNUAL REPORT, INCLUDING FINANCIAL STATEMENTS AND SCHEDULES FILED THEREWITH UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, SENT TO:

**JDS UNIPHASE CORPORATION
430 NORTH MCCARTHY BOULEVARD
MILPITAS, CALIFORNIA 95035.**

By Order of the Board of Directors,

Thomas Waechter
Chief Executive Officer and President

Milpitas, California
October 24, 2014

APPENDIX A

JDS UNIPHASE CORPORATION
AMENDED AND RESTATED 2003 EQUITY INCENTIVE PLAN

(As Amended on December 5, 2014)

1. Purpose of the Plan. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(e) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit, Performance Unit, Performance Share, or other right or benefit under the Plan.

(f) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(g) "Board" means the Board of Directors of the Company.

(h) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Active Service, that such termination is for "Cause" as such term is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct, material violation of any applicable Company or Related Entity policy, or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

(i) "Change in Control" means a change in ownership or control of the Company effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such stockholders accept, or

(ii) a change in the composition of the Board over a period of thirty-six (36) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

(j) "Code" means the Internal Revenue Code of 1986, as amended.

(k) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(l) "Common Stock" means the common stock of the Company.

(m) "Company" means JDS Uniphase Corporation, a Delaware corporation.

(n) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(o) "Continuing Directors" means members of the Board who either (i) have been Board members continuously for a period of at least thirty-six (36) months or (ii) have been Board members for less than thirty-six (36) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(p) "Continuous Active Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Active Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. Continuous Active Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds ninety (90) days, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such ninety (90) day period.

(q) "Corporate Transaction" means any of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but in which securities possessing more than forty percent (40%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(r) "Covered Employee" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code.

(s) "Director" means a member of the Board or the board of directors of any Related Entity.

(t) "Disability" means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(u) "Dividend Equivalent Right" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(v) "Employee" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(w) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(x) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

(y) "Full Value Award" means the grant of Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares under the Plan with a per share or unit purchase price lower than 100% of Fair Market Value on the date of grant.

(z) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(aa) "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

(bb) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(cc) "Non-Qualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(dd) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(ee) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ff) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(gg) "Performance-Based Compensation" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

(hh) "Performance Shares" means Shares or an Award denominated in Shares which may be earned in whole or in part upon attainment of performance criteria established by the Administrator.

(ii) "Performance Units" means an Award which may be earned in whole or in part based upon attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(jj) "Plan" means this 2003 Equity Incentive Plan.

(kk) "Related Entity" means any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly.

(ll) "Replaced" means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(mm) "Restricted Stock" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(nn) "Restricted Stock Unit" means a grant of a right to receive in cash or stock, as established by the Administrator, the market value of one Share.

(oo) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(pp) "SAR" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(qq) "Share" means a share of the Common Stock.

(rr) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is 73,200,000 Shares. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares that are not subject to Full Value Awards will be counted against the numerical limits of this Section 3 as one Share for every Share subject thereto. Any Shares subject to Full Value Awards will be counted against the numerical limits of this Section 3 as 1.5 Shares for every one Share subject thereto. To the extent that a Share that was subject to an Award that counted as 1.5 Shares against the Plan reserve pursuant to the preceding sentence is recycled back into the Plan under the next paragraph of this Section 3, the Plan will be credited with 1.5 Shares.

(c) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at the lower of their original purchase price or their Fair Market Value at the time of repurchase, such Shares shall become available for future grant under the Plan. With respect to Options and SARs, the gross number of Shares subject to the Award will cease to be available under the Plan (whether or not the Award is net settled for a lesser number of Shares, or if Shares are utilized to exercise such an Award). In addition, if Shares are withheld to pay any withholding taxes applicable to an Award, then the gross number of Shares subject to such Award will cease to be available under the Plan.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more Officers to grant such Awards and may limit such authority as the Board determines from time to time.

(iii) Administration With Respect to Covered Employees. Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the "Administrator" or to a "Committee" shall be deemed to be references to such Committee or subcommittee.

(iv) Administration Errors. In the event an Award is granted in a manner inconsistent with the provisions of this subsection (a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that (A) any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, (B) the reduction of the exercise price of any Option or SAR awarded under the Plan shall be subject to stockholder approval and (C) canceling or "buying-out" an Option or SAR at a time when its exercise price exceeds the Fair Market Value of the underlying Shares, in exchange for cash, another Option, SAR, Restricted Stock, Restricted Stock Unit, or other Award shall be subject to stockholder approval, unless the cancellation and exchange occurs in connection with a Corporate Transaction;

(vii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;

(viii) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan; and

(ix) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(c) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to handle and defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Type of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, Restricted Stock, Restricted Stock Units, Dividend Equivalent Rights, Performance Units or Performance Shares, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added, (xvii) market share, (xviii) personal management objectives, and (xix) other measures of performance selected by the Administrator. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Individual Limitations on Awards. The maximum number of Shares with respect to which Awards may be granted to any Grantee in any fiscal year of the Company shall be one million (1,000,000) Shares. In connection with a Grantee's (i) commencement of Continuous Active Service or (ii) first promotion in any fiscal year of the Company, a Grantee may be granted Awards for up to an additional one million (1,000,000) Shares which shall not count against the limit set forth in the preceding sentence. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to a Grantee, if any Awards are canceled, the canceled Awards shall continue to count against the maximum number of Shares with respect to which Awards may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR. If the vesting or receipt of Shares under the Award is deferred to a later date, any amount (whether denominated in Shares or cash) paid in addition to the original number of Shares subject to the Award will not be treated as an increase in the number of Shares subject to the Award if the additional amount is based either on a reasonable rate of interest or on one or more predetermined actual investments such that the amount payable by the Company at the later date will be based on the actual rate of return of a specific investment (including any decrease as well as any increase in the value of an investment).

(h) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Award shall be no more than eight (8) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(j) Transferability of Awards. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable by will and by the laws of descent and distribution, and during the lifetime of the Grantee, by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate a beneficiary of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(k) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such later date as is determined by the Administrator.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of a SAR, the base amount on which the stock appreciation is calculated shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(v) In the case of other Awards, such price as is determined by the Administrator.

(vi) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d) above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following, provided that the portion of the consideration equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(i) cash;

(ii) check;

(iii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised, provided, however, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Grantee for a period of more than six (6) months;

(iv) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(v) any combination of the foregoing methods of payment.

(c) Taxes. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of an Award the Company shall withhold or collect from Grantee an amount sufficient to satisfy such tax obligations.

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(iv).

(b) Exercise of Award Following Termination of Continuous Active Service.

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Active Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Active Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Active Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

9. Conditions Upon Issuance of Shares.

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in any fiscal year of the Company, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and the Administrator's determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. Corporate Transactions.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction. Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) Acceleration of Award Upon Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction, for the portion of each Award that is neither Assumed nor Replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at fair market value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction.

(c) Effect of Acceleration on Incentive Stock Options. Any Incentive Stock Option accelerated under this Section 11 in connection with a Corporate Transaction shall remain exercisable as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. To the extent such dollar limitation is exceeded, the excess Options shall be treated as Non-Qualified Stock Options.

12. Effective Date and Term of Plan. The Plan originally became effective upon its approval by the stockholders of the Company. The Plan, as amended and restated, shall become effective upon its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years from the date of such approval unless sooner terminated. Subject to Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by Applicable Laws, or if such amendment would change any of the provisions of Section 4(b)(vi) or this Section 13(a). Notwithstanding any other provision of the Plan to the contrary, the Board may, in its sole and absolute discretion and without the consent of any participant, amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan or such Award Agreement to any present or future law, regulation or rule applicable to the Plan, including, but not limited to, Section 409A of the Code.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Active Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Active Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Active Service has been terminated for Cause for the purposes of this Plan.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

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APPENDIX B

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO MOST DIRECTLY COMPARABLE GAAP MEASURES

The Compensation Discussion and Analysis ("CD&A") beginning on page 34 of this Proxy Statement contains non-GAAP financial measures. The tables below reconcile the non-GAAP financial measures in the CD&A to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles ("GAAP").

JDS UNIPHASE CORPORATION
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME

(in millions, except per share data)
(unaudited)

	Twelve Months Ended	
	June 29, 2013	July 3, 2010
	Net income (loss)	Net income (loss)
GAAP net income (loss)	$ 57.0	$ (61.8)
Items reconciling GAAP net income (loss) & EPS to Non-GAAP net income & EPS:		
Deferral of revenues related to purchase accounting adjustment	—	9.5
Cost of sales	21.4	5.3
Amortization of acquired technologies	63.3	50.6
Impairment of acquired developed technologies	—	—
Total related to gross profit	84.7	65.4
Research and development	13.6	8.5
Selling, general and administrative	37.1	33.5
Amortization of intangibles	12.7	21.7
Impairment of goodwill	—	—
Loss on disposal and impairment of long-lived assets	3.6	(2.0)
Restructuring and related charges	19.0	17.7
In-process research and development	—	—
Total related to operating expenses	86.0	79.2
Non-operating expenses	15.7	(0.0)
Benefit from income taxes	(111.6)	—
Discontinued operations	—	10.6
Total related to net income & EPS	74.8	155.4
Non-GAAP net income	$ 131.8	$ 93.6

	Diluted EPS	Diluted EPS
Fully diluted Non-GAAP EPS	$ 0.55	$ 0.42
Diluted shares used in per share calculation	239.3	223.2

JDS UNIPHASE CORPORATION
RECONCILIATION OF GAAP NET REVENUE TO NON-GAAP NET REVENUE
(in millions, unaudited)

	Twelve Months Ended	
	June 29, 2013	July 3, 2010
GAAP net revenue	$1,676.9	$1,347.3
Deferral of revenues related to purchase accounting adjustment	—	9.5
Non-GAAP net revenue	$1,676.9	$1,356.8

JDS UNIPHASE CORPORATION
RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME
(in millions, unaudited)

	Twelve Months Ended	
	June 29, 2013	July 3, 2010
GAAP operating income from continuing operations	$ (24.9)	$(45.7)
Deferral of revenues related to purchase accounting adjustment	—	9.5
Cost of sales	21.4	5.3
Amortization of acquired technologies	63.3	50.6
Impairment of acquired developed technologies	—	—
Research and development	13.6	8.5
Selling, general and administrative	37.1	33.5
Amortization of intangibles	12.7	21.7
Impairment of goodwill	—	—
Loss on disposal and impairment of long-lived assets	3.6	(2.0)
Restructuring and related charges	19.0	17.7
In-process research and development	—	—
Non-GAAP operating income from continuing operations	$145.8	$ 99.1

APPENDIX C

2014 Annual Report

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 28, 2014

OR

□ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 0-22874

JDS UNIPHASE CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**94-2579683**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*

430 North McCarthy Boulevard, Milpitas, California 95035
(Address of principal executive offices including Zip code)

(408) 546-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, par value of $0.001 per share	*The NASDAQ Stock Market LLC*

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No □

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes □ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No □

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No □

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer □	Non-accelerated filer □ (Do not check if a smaller reporting company)	Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes □ No ☒

As of **December 28, 2013** the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $3.0 billion, based upon the closing sale prices of the common stock as reported on the NASDAQ Stock Market LLC. Shares of common stock held by executive officers and directors have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of **July 26, 2014**, the Registrant had 230,029,189 shares of common stock outstanding.

Documents Incorporated by Reference: Portions of the Registrant's Notice of Annual Meeting of Stockholders and Proxy Statement to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of June 28, 2014 are incorporated by reference into Part III of this Report.

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FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report on Form 10-K which are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. A forward-looking statement may contain words such as "anticipates," "believes," "can," "can impact," "could," "continue," "estimates," "expects," "intends," "may," "ongoing," "plans," "potential," "projects," "should," "will," "will continue to be," "would," or the negative thereof or other comparable terminology regarding beliefs, plans, expectations or intentions regarding the future. Forward-looking statements include statements such as:

- *our expectations regarding demand for our products, including continued trends in end-user behavior and technological advancements that may drive such demand;*
- *our belief that the Company is well positioned to benefit from certain industry trends and advancements, and our expectations of the role we will play in those advancements;*
- *our plans for growth and innovation opportunities;*
- *our plans to continue to operate as a company comprised of a portfolio of businesses and our plans with respect to the appropriate number and composition of our reportable segments;*
- *financial projections and expectations, including profitability of certain business units, plans to reduce costs and improve efficiencies, the effects of seasonality on certain business units, continued reliance on key customers for a significant portion of our revenue, future sources of revenue, competition and pricing pressures, the future impact of certain accounting pronouncements and our estimation of the potential impact and materiality of litigation;*
- *our plans for continued development, use and protection of our intellectual property;*
- *our strategies for achieving our current business objectives, including related risks and uncertainties;*
- *our plans or expectations relating to investments, acquisitions, partnerships and other strategic opportunities;*
- *our strategies for reducing our dependence on sole suppliers or otherwise mitigating the risk of supply chain interruptions;*
- *our research and development plans and the expected impact of such plans on our financial performance; and*
- *our expectations related to our products, including costs associated with the development of new products, product yields, quality and other issues.*

Management cautions that forward-looking statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in such forward-looking statements. These forward-looking statements are only predictions and are subject to risks and uncertainties including those set forth in Part I, Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10-K and in other documents we file with the Securities and Exchange Commission. Moreover, neither we assume nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Forward-looking statements are made only as of the date of this Report and subsequent facts or circumstances may contradict, obviate, undermine or otherwise fail to support or substantiate such statements. We are under no duty to update any of the forward-looking statements after the date of this Form 10-K to conform such statements to actual results or to changes in our expectations.

PART I

ITEM 1. BUSINESS

GENERAL

Overview

JDS Uniphase Corporation ("JDSU," also referred to as "the Company," "we," "our," and "us") is a leading provider of network and service enablement solutions and optical products for telecommunications service providers, wireless operators, cable operators, network-equipment manufacturers ("NEMs") and enterprises. JDSU is also an established leader in providing anti-counterfeiting technologies for currencies and other high-value documents and products. In addition, we leverage our core networking and optical technology expertise to deliver high-powered commercial lasers for manufacturing applications and expand into emerging markets, including 3D sensing solutions for consumer electronics.

To serve our markets, JDSU operates the following business segments: Network and Service Enablement ("NSE"), Communications and Commercial Optical Products ("CCOP"), and Optical Security and Performance Products ("OSP"). In the first quarter of fiscal 2014, we changed the name of our Communication Test and Measurement segment to Network and Service Enablement. The name NSE more accurately reflects the value we bring to customers and the evolution of our product portfolio, one that includes communications test instruments as well as microprobes, software and services that provide the necessary visibility throughout the network to improve service and application performance.

In July 2014, we reorganized our NSE reportable segment into two separate reportable segments, Network Enablement ("NE") and Service Enablement ("SE"), beginning with the first quarter of fiscal 2015. Splitting NSE into two reportable segments is intended to provide greater clarity and transparency regarding the markets, financial performance and business models of these two businesses within NSE. NE is a hardware-centric and more mature business consisting primarily of NSE's traditional communications test instrument products. SE is a more software-centric business consisting primarily of software solutions that are embedded within the network and enterprise performance management solutions.

Industry Trends

The trends that drive the communications networking industry influence our NSE and CCOP businesses, including the need for increased network capacity and faster transmission speeds. This need is driven by the growing number of connected smart mobile devices and demand for high-speed broadband access to support video and other high-bandwidth applications, which are straining networks and creating new challenges for JDSU's customers. The growing use of social networking and cloud computing also make network traffic more unpredictable, generating sudden spikes in volume, and making it increasingly more challenging to deliver a quality end-user experience. Meeting these challenges requires greater network agility and more cost-effective means to build, deploy and maintain profitable, high-performance networks. JDSU's optical and network and service enablement solutions are well positioned to benefit from these requirements as well as the deployment of next generation network technologies such as 4G/Long Term Evolution ("LTE"), higher-capacity transport solutions to support video ("40G/100G") and fiber-to-the-X ("FTTx").

Trends related to the increasing threat of counterfeiting impact our OSP business. Counterfeiting for currency and other goods is on the rise because penalties for counterfeiters can be relatively light while technological advances in imaging and printing tools have made counterfeiting easier than ever. JDSU has decades of anti-counterfeiting expertise leveraging our Optically Variable Pigment ("OVP®") and Optically Variable Magnetic Pigment ("OVMP®") technologies to protect the integrity of currency and other high-value products and documents. We also provide optical solutions for government, healthcare, consumer and industrial markets.

In addition to network and anti-counterfeiting solutions, JDSU extends its technology expertise to solve complex problems and deliver unique solutions in other industries. For example, our high-precision lasers are used for a range of manufacturing applications, addressing the need for lower power consumption, reduced manufacturing footprint, increased productivity and more cost-effective processes. In addition, JDSU's laser diodes and optical coatings are used for emerging 3D sensing applications which allow people to control technology with natural body gestures instead of using a remote, mouse or other device. 3D sensing systems, also referred to as gesture-recognition systems, simplify the way people interact with technology, and are first being used in applications for gaming platforms.

Sales and Marketing

JDSU markets its products to telecommunications and cable service providers, NEMs, original equipment manufacturers ("OEM"), enterprises, governmental organizations, distributors and strategic partners worldwide. Each business segment has a dedicated sales force that works directly with customers' executive, technical, manufacturing and purchasing personnel to determine design, performance, and cost requirements.

A high level of support is necessary to develop and maintain long-term collaborative relationships with our customers. JDSU develops innovative products by engaging the customer at the initial design phase and continues to build the relationship as customer needs change and develop. Service and support are provided through JDSU offices and those of its partners worldwide.

Additional Information

JDSU was incorporated in California in 1979 and reincorporated in Delaware in 1993. JDSU is the product of several significant mergers and acquisitions including, among others, the combination of Uniphase Corporation and JDS FITEL in 1999, and the acquisition of Acterna, Inc. in 2005. Our strategy is to operate as a company comprised of a portfolio of businesses with a focus on optical innovation, communications network and service enablement, commercial lasers and anti-counterfeiting solutions.

We are subject to the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, pursuant to which we file annual, quarterly and periodic reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We also make available free of charge all of our SEC filings on our website at www.jdsu.com/investors as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. The information on our web site is not part of this Annual Report on Form 10-K.

CORPORATE STRATEGY

Our objective is to continue to be a leading provider for all markets and industries we serve. In support of our business segments, we are pursuing a corporate strategy that we believe will best position us for future opportunities. The key elements of our corporate strategy include:

- *Enable our customers through collaborative innovation*

  We are committed to working closely with our customers from initial product design and manufacturing through solution deployment and training. We strive to engage with our customers at the early stages of development to provide them with the most innovative and timely products and services and ensure that our focus remains aligned with their evolving requirements. Our sales, customer support, product marketing, and development efforts are organized to maximize effectiveness in our customer interactions.

- *Maintain and improve our financial flexibility*

  We continue to take actions to maintain and improve our financial flexibility in order to support our global business operations and to enable additional investments in growth and innovation. Key elements of this strategy include maintaining a healthy balance sheet with a strong liquidity position, continuing to generate positive cash flow, diligently managing our cash conversion cycle, managing our capital structure to minimize cost of capital and preserve access to additional financing, managing capital market risk and refinancing risk with periodic debt issuance and/or maintenance of revolving credit facilities, and maintaining healthy bank relationships.

- *Build a lean and scalable business*

  We continue to streamline our manufacturing operations and reduce costs by using contract manufacturers where appropriate and consolidating to reduce our footprint and total fixed costs. We utilize a corporate shared services model to provide our business segments with the centralized strength and depth of a larger company, while allowing each segment to remain focused and responsive to its own market needs.

- *Invest in profitable, market-based innovation*

  Based on current and anticipated demand, we continue to invest in research and development ("R&D") and pursue acquisitions and partnerships to develop new technologies, products and services that offer our customers increased value and strengthen our leadership position in our core markets. In fiscal 2014, we continued to invest in the development of our product portfolio through R&D and acquisitions consistent with our profitability and growth objectives. The acquisitions of Network Instruments, LLC ("Network Instruments") and certain technology and other assets of Trendium Inc. ("Trendium") expanded our enterprise offerings and mobile networks and service enablement solutions. The acquisition of Time-Bandwidth Products AG ("Time-Bandwidth") strengthened our position as a leading provider of lasers for micromachining applications.

- *Expand our global market presence*

  Long term, we expect growth in Asia-Pacific, Eastern Europe and Latin America. Therefore, we are developing products, sales, marketing and customer support to meet the specific customer requirements in these regions to serve these customers.

Although we expect to successfully implement our strategy, internal and/or external factors could impact our ability to meet any, or all, of our objectives. These factors are discussed under Item 1A—Risk Factors.

BUSINESS SEGMENTS

JDSU operates in the following business segments: NSE, CCOP and OSP. Each segment has its own engineering, manufacturing, sales and marketing groups to better serve customers and respond quickly to market needs. In addition, our business segments share common corporate services that provide capital, infrastructure, resources and functional support, allowing them to focus on core technological strengths to compete and innovate in their markets.

The table below discloses the percentage of our total net revenue attributable to each of our three reportable segments. In addition, it discloses the percentage of our total net revenue attributable to our Optical Communications ("OpComms") products within our CCOP segment, which accounted for more than 10% of our consolidated net revenue in each of the last three fiscal years, and our Laser products, which represent the remainder of our CCOP segment:

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Network and Service Enablement	42.9%	43.4%	45.4%
Communications and Commercial Optical Products:			
Optical Communications	38.5	37.3	35.3
Laser	7.1	7.0	6.9
Communications and Commercial Optical Products	45.6	44.3	42.2
Optical Security and Performance Products	11.5	12.3	12.4

Network Service and Enablement

The NSE business provides network and service enablement solutions which enable the design, development, deployment and maintenance of communication equipment and networks, and ensure the quality of services delivered to the end user. These solutions help accelerate the deployment of new services and lower operating expenses while improving performance and reliability. Included in the product portfolio are instruments, platforms, software and services for wireless and wireline networks. These solutions provide visibility and intelligence across and at all layers of the network and are used in all phases of the network lifecycle, from R&D in the lab and production line validation to field deployment and service assurance. JDSU also provides network and service enablement solutions for private enterprise networks, including storage and storage-network technologies.

Markets

JDSU provides instruments, software, and services for communications network operators and equipment manufacturers that deliver and/or operate broadband/IP networks (fixed and mobile) supporting voice, video and data services as well as a wide range of applications. These solutions support the development and production of network equipment, the deployment of next generation network technologies and services, and ensure a higher-quality customer experience.

Customers

NSE customers include wireless and fixed services providers, NEMs, government organizations, and large corporate customers. These include major telecom, mobility and cable operators such as AT&T, Bell Canada, Bharti Airtel Limited, British Telecom, China Mobile, China Telecom, Chunghwa Telecom, Comcast, CSL, Deutsche Telecom, France Telecom, Reliance Communications, Softbank, Telefónica, Telmex, TimeWarner Cable, Verizon and Vodafone. NSE customers also include many of the NEMs served by our CCOP segment, including Alcatel-Lucent, Ciena, Cisco Systems, Fujitsu and Huawei. NSE customers also include chip and infrastructure vendors, storage-device manufacturers, storage-network and switch vendors, and deployed private enterprise customers. Storage-segment customers include Brocade, Cisco Systems and EMC.

Trends

As content and application developer providers are developing new business models to expand their distribution capabilities, they are increasingly adopting on-line channels for rich broadband content such as music, gaming, video programming and movies. Network operators, in turn, seek to increase profitability and average revenue per user ("ARPU") by expanding the capabilities of their packet-based networks to increase their network capacity and to deliver sophisticated, more reliable levels of service needed to meet the requirements of content providers, application developers and end users. To implement this strategy, network operators require improved network visibility and intelligence in order to ensure reliable network and service performance and to understand new opportunities to monetize their networks.

The proliferation of connected mobile devices, including smart phones and tablets, has driven network use and dependency to all-time highs. Communications service providers are competing with each other to offer content providers and consumers the ability to carry virtually any type of voice, data and video content to any device. With more applications and content available, potential benefits for service providers include increased ARPU and lower customer turnover due to better service quality, thus increasing profitability and long-term competitive advantage. Network operators also have opportunities to introduce new classes of service to content and application providers and end users if they can gain more insight into network use.

Additionally, growing bandwidth demand combined with the rapid pace at which technology continues to evolve means that NEMs and operators require more cost-effective ways to design, build and deploy new network systems and technologies. Integrating legacy and next generation network technology and services create new challenges for communications service providers and impact service quality and reliability.

These trends are driving shifts in capital spending in network technologies related to next-generation wireless, including 4G/LTE and Ethernet-based backhaul of mobile traffic from cell towers, higher-capacity transport solutions to support video communications, and software-defined network and service enablement solutions.

Increasing deployments of higher speed networks, the expansion of IP-based services, the need to reduce deployment time and cost, and the importance of increasing ARPU create opportunities for JDSU's network and service enablement solutions. These solutions support the rapid deployment of new services and sources of revenue, increase customer satisfaction by helping technicians complete installation and repair work quickly and correctly, and lower operating expenses by automating and improving network installation, maintenance, and management processes. Our broad portfolio of network and service enablement solutions positions us well to benefit from these developments.

Like communications service providers, enterprises that operate private networks face new challenges and complexity addressed by JDSU's network and service enablement solutions. Employees using a wide range of connected devices and business applications create an increased need for solutions that increase visibility into network and applications performance to ensure operational efficiency and productivity.

Strategy

The NSE business segment plans to continue evolving its test instrument portfolio and supporting software to maintain its current leadership position in field test instrumentation, and to improve profitability and increase revenue in service enablement by continuing to develop and offer higher-margin, software-based solutions that can remotely and more cost-effectively gather the network intelligence our customers need to deliver a quality end user experience, increase ARPU, reduce customer churn and lower operating expenses.

Competition

JDSU competes against various companies, including Agilent, Anritsu, Danaher (i.e. Fluke and Tektronix), Exfo, Ixia and Spirent. While JDSU faces multiple competitors for each of its product families, it continues to have one of the broadest portfolios of wireline and wireless products and monitoring solutions available in the network and service enablement industry.

Offerings

JDSU's NSE business provides network and service enablement solutions that deliver end-to-end visibility and intelligence necessary for consistent, high-quality network, service, and application performance.

Network Enablement: JDSU's network enablement solutions include instruments and software that support the development and production of network systems in the lab and that activate, certify, troubleshoot and optimize networks that are differentiated through superior efficiency, higher profitability, reliable performance and greater customer satisfaction. Designed to be mobile, these products include instruments and software that access the network to perform installation and maintenance tasks. They help service provider technicians assess the performance of network elements and segments and verify the integrity of the information being transmitted across the network. These instruments are highly intelligent and have user interfaces that are designed to simplify operations and minimize the training required to operate them. JDSU network enablement solutions are also used by NEMs in the design and production of next-generation network equipment. Thorough testing by NEMs plays a critical role in producing the components and equipment that are the building blocks of network infrastructure.

JDSU's network enablement products and services are largely organized between seven product groups that target specific network testing solutions: Cloud and Data Center, Ethernet, Fiber, Media Access and Content ("MAC"), Mobility, Services, and Waveready.

Service Enablement: JDSU's service enablement solutions are embedded network systems—including microprobes and software—that collect and analyze network data to reveal the actual customer experience and opportunities for new revenue streams. These solutions provide enhanced network management, control, optimization and differentiation for our customers. Using these solutions, JDSU customers are able to access and analyze the growing amount of network data from a single console, simplifying the process of deploying, provisioning and managing network equipment and services. These capabilities allow network operators to initiate service to new customers faster, decrease the need for technicians to make on-site service calls, help to make necessary repairs faster and, as a result, lower costs while providing higher quality and more reliable services.

JDSU also offers a range of product support and professional services designed to comprehensively address our customers' requirements. These services include repair, calibration, software support and technical assistance for our products. JDSU offers product and technology training as well as consulting services. JDSU professional services, provided in conjunction with system integration projects, include project management, installation and implementation.

JDSU's service enablement products and services are largely organized between five product groups that target specific network intelligence, visibility and control solutions: Location Intelligence, Mobile Assurance and Analytics ("MAA"), Network Instruments, Packet Portal, and RAN Solutions.

Communications and Commercial Optical Products

The CCOP business segment provides optical communications products used by NEMs for telecommunications and enterprise data center communications. These products enable the transmission and transport of video, audio and text data over high-capacity fiber optic cables. Transmission products primarily consist of optical transceivers, optical transponders, and their supporting components such as modulators and source lasers, including innovative products such as the tunable small form-factor pluggable ("SFP+"). Transport products primarily consist of amplifiers and reconfigurable optical add/drop multiplexers ("ROADMs") and their supporting components such as pump lasers, passive devices, and arrayed waveguides ("AWGs"). In fact, many of today's most advanced optical networks are built on JDSU's transport and transmission components, modules and subsystems.

JDSU's 3D sensing solutions, formerly referred to as our gesture recognition solutions, include a light source product from the CCOP business segment. These solutions let a person control technology with natural body gestures instead of using a remote, mouse or other device. Emerging 3D sensing systems simplify the way people interact with technology, and are first being used in applications for gaming platforms.

CCOP also provides lasers employed in a variety of OEM applications. JDSU laser products serve customers in markets and applications such as manufacturing, biotechnology, graphics and imaging, remote sensing, and precision machining such as drilling in printed circuit boards, wafer singulation and solar cell scribing. These products include diode, direct-diode, diode-pumped solid-state, fiber, and gas lasers.

In addition, our photonic power products include fiber optic-based systems for delivering and measuring electrical power.

Markets

The CCOP business segment provides products for the optical communications and commercial laser markets.

JDSU optical communications products include a wide range of components, modules and subsystems to support and maintain customers in our two primary markets: telecommunications ("Telecom"), including carrier networks for access (local), metro (intracity), long-haul (city-to-city and worldwide) and submarine (undersea) networks, and datacom ("Datacom") for enterprise, cloud and data center applications, including storage-access networks ("SANs"), local-area networks ("LANs") and Ethernet wide-area networks ("WANs").

Additionally, our optical communications products include our light source product which is integrated into 3D sensing platforms, along with OSP's optical filers, to detect and extract external information from a person's movements. The information is then mapped into a 3D image, and incorporated into the system so that a person can easily manipulate an application.

JDSU's portfolio of laser products includes components and subsystems used in a variety of OEM applications that range in output power from milliwatts to kilowatts and include ultraviolet ("UV"), visible and infrared ("IR") wavelengths. JDSU supports customer applications in the biotechnology, graphics and imaging, remote sensing, materials processing and other precision machining areas.

Customers

CCOP's optical communications products customers include Adva, Alcatel-Lucent, Ciena, Cisco Systems, Ericsson, Fujitsu, Huawei, Infinera, Microsoft, Nokia Networks, and Tellabs. CCOP's lasers customers include Amada, ASML, Beckman Coulter, Becton Dickinson, Disco, Electro Scientific Industries, and KLA-Tencor.

Trends

Trends for CCOP are discussed, by market, below:

Optical Communications: To remain competitive, network operators worldwide must offer broader suites of digital services. To do this, they are migrating to Internet-protocol ("IP") networks and expanding long-haul, metro and FTTx networks, which effectively deliver broadband services while lowering capital and operating costs of dense-wavelength-division multiplexing networks.

Demand for capacity in the Datacom market is driven by the growing needs of intra-company LAN and inter-company WAN networks. Datacom is also driven by web and cloud services companies that are expanding data center infrastructure, increasing the need for network capacity within and between these centers. The growing demand for capacity encourages the adoption of optical communications products across the Datacom and Telecom markets.

Demand in the Telecom market is driven by new bandwidth-intensive applications that can result in sudden and severe changes in demand almost anywhere on the network. Increasing agility in optical networks by employing ROADMs, tunable transponders, and other agile optical products provides an effective way to respond to unpredictable bandwidth demands and to manage expenses. With more agile optical networks, a service provider can add capacity by using remote management applications rather than dispatching technicians to perform manual operations in the field.

In addition, the high-end routers, switches and cross-connect equipment that must handle legacy and IP traffic are becoming increasingly complex in order to meet higher bandwidth, scalability, speed and reliability needs. Products must provide higher levels of functionality and performance in compact designs that must also meet requirements for emissions, cost and reduced power consumption.

Deployment of fiber closer to the end user increases the availability of high-bandwidth services and should result in increased demand on the metro and long-haul networks into which these services feed. The dynamically reconfigurable nature of today's agile networks enables lower operating costs and other competitive advantages, allowing service providers to use and scale network capacity more flexibly, streamline service provisioning, accelerate rerouting around points of failure, and modify network topology through simple point-and-click network management systems.

JDSU is a leading provider of optical products which are well positioned to meet these demands. JDSU innovation is resulting in products that have more functionality, are smaller, require less power and are more cost-effective, particularly in the area of photonic integrated circuits, which can replace many discrete components with a single photonic chip. For example, the tunable 10-gigabit small form-factor pluggable ("XFP") transceiver is 85% smaller than previous tunable models. JDSU also developed the industry's first tunable SFP+ transceiver for enterprise and metro networks. Higher levels of integration have also led to development of the Super Transport Blade ("STB"), which delivers all transport functions (wavelength switching, preamplification, postamplification, and monitoring) in a single, integrated platform, essentially replacing three blades with one.

Lasers: As technology advances, high-tech and other vital industries increasingly turn to lasers when they need more precision, higher productivity, and energy efficient or "green" alternatives for problems that cannot be solved by mechanical, electronic or other means. Industries are using lasers to develop products that are smaller and lighter to increase productivity and yield, and to lower their energy consumption. For example, lasers have been used for years to help achieve the scale and precision needed in semiconductor processing. In biotech applications, lasers have been instrumental for advances (and new standard procedures) in cytology, hematology, genome sequencing and crime scene investigations, among others. The long term trends in these industries should lead to increased demand for lasers.

In addition, demand continues for electronic products, as well as products and components in other industries, to offer greater functionality while becoming smaller, lighter and less expensive. Product designs that achieve this are requiring precise micromachining and materials processing, such as micro bending, soldering and welding. At the scale and processing speed needed, lasers are replacing mature mechanical tools such as drills for minute holes, or "vias," in printed circuit boards and saws and scribes for singulating silicon wafers, resulting in greater precision and productivity. As these trends continue, we believe that manufacturers and industries will increase their reliance on lasers in order to maintain or increase their competitiveness.

JDSU is well-positioned with key OEM providers of laser solutions to these industries. We continue to develop our laser portfolio to offer smaller and more cost-effective products designed specifically for the performance, integration, reliability and support needs of our OEM customers.

Strategy

In optical communications, we are focused on technology leadership through collaborative innovation with our customers, cost leadership and functional integration. We will continue to align the latest technologies with best-in-class, scalable manufacturing and operations to drive the next phase of optical communications for Telecom and Datacom applications that are faster, more agile and more reliable, making us a valuable business and technology partner for NEMs, cloud service providers and data center operators.

JDSU leverages its long-term relationships with OEM customers to drive commercial laser innovation. Leveraging established manufacturing, engineering, telecommunications and photonics expertise, JDSU delivers products that meet cost-of-ownership and reliability needs while delivering on volume production demands.

Competition

JDSU competes against various public and private companies in markets served by CCOP. Public company competitors providing optical communications include Finisar, Fujitsu, Furukawa Electric, Oclaro, Oplink Communications, and Sumitomo Electric. JDSU competitors in the laser market include Coherent, IPG Photonics, Rofin-Sinar, CVI-Melles, and the Spectra-Physics division of Newport Corporation.

In addition to these established companies, JDSU faces significant and focused competition from other companies and emerging startups. While each of its product families has multiple competitors, JDSU has a broad range of products and leading technologies that are aligned with industry trends and the needs of its customers.

Offerings

JDSU's CCOP businesses serve the optical communications and commercial laser markets.

Optical Communications: JDSU optical communications offerings address the following markets: Telecom, Datacom and consumer and industrial ("Consumer and Industrial"). In addition to a full selection of active and passive components, JDSU offers increasing levels of functionality and integration in modules, circuit packs, and subsystems for transmission, amplification, wavelength management and more.

In the Telecom market, we offer transmission and transport solutions for the synchronous optical network, synchronous-digital-hierarchy and wavelength-division multiplexer ("WDM") applications. Transmission products, such as our tunable transponder, transceiver and transmitter modules, transmit and receive signals. JDSU also offers transmission components for the previously mentioned products, which include active components such as tunable lasers, detectors/receivers, and modulators.

JDSU transport products, such as ROADMs and other amplifiers, provide switching, routing and conditioning of signals. JDSU also provides components for transport, including passive components such as our attenuators, circulators, couplers/splitters/WDMs, gain flattening filters, hybrid interleavers, multiplexer/demultiplexers polarization components, switches and wavelength lockers.

Industry-leading innovation led to the STB, which integrates all major optical transport functions into a single-slot blade. This all-in-one solution reduces the size, cost and power requirements of optical components, incorporates nano wavelength selective switch technology, and enables greater chassis density and a smaller footprint.

In the Datacom market, which relies on storing and moving vast amounts of data, JDSU offers transmission products, such as our optical transceivers for Fibre Channel and Gigabit Ethernet applications. JDSU transceivers are also used in Ethernet connections for servers, routers, hubs, and switches for Internet and e-mail services.

JDSU integrated fiber optic transceivers provide a high-speed, serial electrical interface for connecting processors, switches and peripherals. They are available in hot-pluggable or pin-through-hole versions with a small footprint for use in compact system designs. This allows manufacturers to double the density of transceivers on a board compared to conventional designs.

For higher data transfer rates of 40G and 100G, JDSU offers vertical-cavity surface-emitting lasers ("VCSELs"). VCSELs reduce power consumption, heat, EMI and cost while increasing speed, reliability and link distance. Our compact arrays offer an innovative solution for the LANs, SANs, broadband Internet and metro-area network applications that currently depend on high-end routers, switches and cross-connect equipment to handle legacy and IP traffic.

In the Consumer and Industrial markets, JDSU provides optical technology for 3D sensing systems being used in applications for gaming, computing and home entertainment. JDSU is a supplier of two core elements that make up 3D sensing systems. The CCOP business provides illumination sources, or laser diodes, used to generate infrared or near-infrared light.

Lasers: Our broad range of products includes diode-pumped solid-state, fiber, diode, direct-diode and gas lasers such as argon-ion and helium-neon lasers. Diode-pumped solid-state and fiber lasers that provide excellent beam quality, low noise and exceptional reliability are used in biotechnology, graphics and imaging, remote sensing, materials processing and precision machining applications. Diode and direct-diode lasers address a wide variety of applications, including laser pumping, thermal exposure, illumination, ophthalmology, image recording, printing, plastic welding and selective soldering. Gas lasers such as argon-ion and helium-neon lasers provide a stable, low-cost and reliable solution over a wide range of operating conditions, making them well suited for complex, high-resolution OEM applications such as flow cytometry, DNA sequencing, graphics and imaging, and semiconductor inspection.

Optical Security and Performance Products

The OSP business segment leverages its core technology strengths of optics and materials science to manage light and color effects. With decades of experience in optical coating technology, OSP provides optical security and performance products targeted to customers in the anti-counterfeiting, consumer electronics, government, healthcare and other markets.

Markets

Our OSP segment delivers overt and covert features to protect governments and brand owners against counterfeiting, with a primary focus on the currency market. OSP also produces precise, high-performance, optical thin-film coatings for a variety of applications in consumer electronics, government, healthcare and other markets. For example, OSP's optical filters are used in many of the same 3D sensing products for gaming platforms and other applications that utilize CCOP's light source product.

In addition, we offer custom color solutions that include innovative optically-based color-shifting and other features that provide product enhancement for brands in the automotive and sports apparel industries.

Customers

OSP serves customers such as 3M, Barco, Kingston, Lockheed Martin, Microsoft, Northrup Grumman, Pan Pacific, Seiko Epson, and SICPA.

Trends

Counterfeiting for currency and other goods is on the rise because penalties for counterfeiters can be relatively light while technological advances in imaging and printing tools have made counterfeiting easier than ever. As a result of these trends, demand is increasing for sophisticated overt anti-counterfeiting features, such as JDSU's OVP® and OVMP® technologies, which are easy for consumers to validate without the use of special tools but are difficult to create or simulate using conventional printing technology.

The aerospace, defense, consumer electronics and medical/environmental instrumentation markets require customized, high-precision coated products and optical components that selectively absorb, transmit or reflect light to meet the performance requirements of sophisticated systems. Our custom optics products offer an array of advanced technologies and precision optics—from the UV to the far IR portion of the light spectrum to meet the specific requirements of our customers.

Strategy

Our strategy is to expand our position as a leading global supplier of anti-counterfeiting technologies to our customers by providing new optical features that deliver innovative visual effects and new applications which extend the range of delivery mechanisms for our technologies. We also plan to continue investing in select optical coating technologies to advance our growth strategy in 3D sensing and other consumer electronic applications. In addition, JDSU plans to continue leveraging its intellectual property and leading expertise in optics, light management and material technology to develop new solutions in the government and healthcare markets.

Competition

OSP's competitors include providers of anti-counterfeiting features such as Giesecke & Devrient; special-effect pigments like Merck KGA; coating companies such as Nidek, Toppan, and Toray; display-component companies such as Asahi, Fuji Photo-Optical, Nikon, and Nitto Optical; and optics companies such as Materion and Deposition Sciences.

Offerings

JDSU's OSP business provides innovative optical security and performance products which serve a variety of applications for customers in the anti-counterfeiting, consumer and industrial, government, healthcare and other markets.

Anti-counterfeiting: JDSU's OVP® technology has become a standard used by many governments worldwide for currency protection. This technology provides a color-shifting effect that enables intuitive visual verification of banknotes. JDSU also provides other technologies to the banknote market including OVMP®, a technology that delivers depth and other visual effects for intuitive overt verification. In addition, our proprietary printing processes deliver anti-counterfeiting solutions for labels, hang tags and flexible packaging used by the pharmaceutical and consumer electronics industries for brand protection.

For product differentiation and brand enhancement, JDSU provides custom color solutions for a variety of applications using our ChromaFlair® and SpectraFlair® pigments to create color effects that emphasize body contours, create dynamic environments, or enhance products in motion. These pigments are added to paints, plastics or textiles for products and packaging.

Consumer and Industrial: JDSU provides optical technology for 3D sensing systems being used in applications for gaming, computing and home entertainment. The OSP business manufactures and sells the second element of JDSU's 3D sensing solution—optical filters—which separate out ambient light from incoming data such as a person's movements or gestures.

Government: JDSU products are used in a variety of aerospace and defense applications, including optics for guidance systems, laser eye protection and night vision systems. These products, including coatings and optical filters, are optimized for each specific application.

Healthcare and Other Markets: JDSU provides multicavity and linear variable optical filters on a variety of substrates for applications including gas monitoring and analysis, thermal imaging, smart munitions, fire detection, spectroscopy and pollution monitoring. These filters are also used in biomedical applications, semiconductor test systems, and test and measurement equipment.

ACQUISITIONS

As part of our strategy, we are committed to the ongoing evaluation of strategic opportunities and, where appropriate, the acquisition of additional products, technologies or businesses that are complementary to, or broaden the markets for, our products. We believe we have strengthened our business model by expanding our addressable markets, customer base and expertise, diversifying our product portfolio, and fortifying our core businesses through acquisition as well as through organic initiatives.

In January 2014, we completed the acquisition of Network Instruments, a privately-held U.S. company and leading developer of enterprise network and application-performance management solutions for global 2000 companies. The acquisition further strengthens our position as a key solutions provider to the enterprise, data center and cloud networking markets. In order to improve application performance, reduce costs and address increasing network complexity, enterprise network administrators are rapidly transforming their IT networks while embracing today's most critical technology initiatives such as unified communications, cloud, and data center consolidation. Network Instruments helps enterprises simplify the management and optimization of their networks with high-performance solutions that provide actionable intelligence and deep network visibility. We acquired all outstanding shares of Network Instruments for a total purchase price of approximately $208.5 million in cash, including holdback payments of approximately $20.0 million.

Also in January 2014, we completed the acquisition of Time-Bandwidth, a privately-held provider of high powered and ultrafast lasers for industrial and scientific markets. Use of ultrafast lasers for micromachining applications is being driven primarily by increasing use of consumer electronics and connected devices globally. Manufacturers are taking advantage of high-power and ultrafast lasers to create quality micro parts for consumer electronics and to process semiconductor chips for consumer devices. Time-Bandwidth's technology complements our current laser portfolio, while enabling Time-Bandwidth to leverage our high volume and low-cost manufacturing model, global sales team and channel relationships. We acquired all outstanding shares of Time-Bandwidth for a total purchase price of $15.0 million in cash, including a holdback payment of approximately $2.3 million.

In December 2013, we acquired certain technology and other assets from Trendium, a privately-held provider of real-time intelligence software solutions for customer experience assurance ("CEA"), asset optimization and monetization of big data for 4G/LTE mobile network operators. The addition of Trendium employees and technology enables the Company to introduce a new paradigm of CEA, enabling operators of 4G/LTE networks to achieve a real and relevant improvement in customer satisfaction while maximizing productivity and profitability for dynamic converged 4G/LTE networks and beyond. We acquired certain technology and other assets from Trendium for a total purchase price of approximately $26.1 million in cash, including a holdback payment of approximately $2.5 million.

In March 2013, we completed the acquisition of Arieso Ltd. ("Arieso") based in the United Kingdom. Arieso is a provider of location-aware software solutions that enable mobile network operators to boost 2G, 3G and 4G/LTE network performance and enrich the mobile subscriber experience. Arieso brings high-caliber mobile software engineering expertise to address the rapidly growing deployment of small cells and challenges associated with limited spectrum capacity. Utilized by leading wireless network operators and NEMs, Arieso's solutions locate, store and analyze data from billions of mobile connection events that translate into rich intelligence, which help enable mobile operators to optimize network performance, improve customer experience and create new revenue-generating services. We acquired tangible and intangible assets and assumed liabilities of Arieso for a total purchase price of approximately $89.7 million in cash, including holdback payments of approximately $12.8 million.

In August 2012, we completed the acquisition of GenComm Co., Ltd. ("GenComm") based in Seoul, South Korea. GenComm is a provider of test and measurement solutions for troubleshooting, installation and maintenance of wireless base stations and repeaters. We acquired tangible and intangible assets and assumed liabilities of GenComm for a total purchase price of approximately $15.2 million in cash, including holdback payments of approximately $3.8 million.

In January 2012, we completed the acquisition of Dyaptive Systems, Inc. ("Dyaptive") based in Vancouver, Canada. Dyaptive is a provider of wireless laboratory test tools for base station and network load simulators. We acquired tangible and intangible assets and assumed liabilities of Dyaptive for a total purchase price of approximately CAD 14.9 million (USD 14.8 million) in cash, including a holdback payment of approximately CAD 2.0 million (USD 2.0 million).

Please refer to "Note 5. Mergers and Acquisitions" of the Notes to Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K for further discussion of the acquisitions completed during fiscal 2014, 2013 and 2012.

RESTRUCTURING PROGRAMS

We continue to consolidate product manufacturing, taking into consideration our current investment strategy, product offerings, core competencies, opportunities to enhance cost efficiency and the availability of alternative manufacturers, as appropriate. Among other things, we continue to strengthen our partnerships with contract manufacturers. In the last three fiscal years, we restructured and reorganized our segments to improve the efficiency of our manufacturing operations by consolidating or transferring operations to contract manufacturers. We improved efficiency by consolidating the number of contract manufacturing locations worldwide and moving them to lower cost regions, and consolidating and centralizing similar functions to fewer sites to improve leverage. Additionally, we shifted resources in our R&D and sales organizations to focus on strategic growth areas. In fiscal 2014, we approved plans to realign operations with current investments and consolidated facilities in the NSE and CCOP segments. Additionally, we continue to centralize many administrative functions such as information technology, human resources and finance to take advantage of common processes and controls, and economies of scale.

Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 and the Notes to Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K for further discussion on these charges.

RESEARCH AND DEVELOPMENT

During fiscal 2014, 2013 and 2012, we incurred R&D expenses of $296.0 million, $258.5 million, and $244.0 million, respectively. The number of employees engaged in R&D was approximately 1,600 as of June 28, 2014, 1,450 as of June 29, 2013 and 1,400 as of June 30, 2012.

We devote substantial resources to R&D to develop new and enhanced products to serve our markets. Once the design of a product is complete, our engineering efforts shift to enhancing both product performance and our ability to manufacture it in greater volume and at lower cost.

In our NSE segment, we develop portable test instruments for field service technicians, systems and software used in Network Operations Centers, and instruments used in the development, testing and production of communications network components, modules and equipment. We are increasing our focus on IP-based service assurance and customer experience management, and test instruments for wireless networks and services, while continuing to develop tools for fiber optic, optical transport, Ethernet, broadband access, video test and storage network testing. We have centers of excellence for product marketing and development in Asia, Europe and North America.

In our CCOP segment, we are increasing our focus on the most promising markets while maintaining our capability to provide products throughout the network. We are increasing our emphasis on Datacom products, such as 40G and 100G transceivers while we continue to maintain strong investments in Telecom components and modules such as ROADMs and tunable devices needed for long-haul and metro market segments. We are also responding to our customers' requests for higher levels of integration, including the integration of optics, electronics and software in our modules, subsystems and circuit packs. We are providing optical technology for 3D sensing systems that enable the control of technology by natural body gestures instead of using a remote, mouse or other device. Emerging 3D sensing systems simplify the way that people interact with technology, and are initially being used in applications for gaming platforms, computing and home entertainment. We continue to develop new product offerings in both solid-state and fiber lasers that take advantage of technologies and components developed within our CCOP segment. All these developments are targeted at serving customers engaging in biotechnology, graphics and imaging, remote sensing, and materials processing and precision micromachining markets.

In our OSP segment, our R&D efforts concentrate on developing more innovative solutions for our core business areas of anti-counterfeiting, consumer electronics and bio-medical devices. Our strong participation in the currency security market is being augmented with new advances in optically variable pigment technologies, including our OVMP® technology. We are also developing anti-counterfeiting solutions for the consumer electronic markets. OSP leverages its optical coating technology expertise to develop applications for the government and defense markets. OSP has also developed new products for 3D sensing and smart phone sensors. OSP has also introduced an innovative handheld spectrometer solution with applications in the law enforcement, food and agriculture, and defense and security markets.

MANUFACTURING

As of June 28, 2014 our significant manufacturing facilities were located in China, France, Germany, Switzerland and the United States. Additionally, our significant contract manufacturing partners were located in China, Mexico, Taiwan and Thailand.

SOURCES AND AVAILABILITY OF RAW MATERIALS

JDSU uses various suppliers and contract manufacturers to supply parts and components for the manufacture and support of multiple product lines. Although our intention is to establish at least two sources of supply for materials whenever possible, for certain components we have sole or limited source supply arrangements. We may not be able to procure these components from alternative sources at acceptable prices within a reasonable time, or at all; therefore, the loss or interruption of such arrangements could impact our ability to deliver certain products on a timely basis.

PATENTS AND PROPRIETARY RIGHTS

Intellectual property rights that apply to our various products include patents, trade secrets and trademarks. We do not intend to broadly license our intellectual property rights unless we can obtain adequate consideration or enter into acceptable patent cross-license agreements. As of June 28, 2014, we owned approximately 1,490 U.S. patents and approximately 1,100 foreign patents, and had approximately 620 patent applications pending throughout the world.

BACKLOG

Backlog consists of purchase orders for services and products for which we have assigned shipment dates. As of June 28, 2014 our backlog was approximately $415 million as compared to $416 million at June 29, 2013. Due to possible changes in product delivery schedules and cancellation of product orders, and because our sales often reflect orders shipped in the same quarter in which they are received, our backlog at any particular date is not necessarily indicative of actual revenue or the level of orders for any succeeding period.

EMPLOYEES

We employed approximately 5,100 employees as of June 28, 2014, compared to approximately 4,900 and 4,950 as of June 29, 2013 and June 30, 2012, respectively. Our workforce as of June 28, 2014 included approximately 1,800 employees in manufacturing, 1,600 employees in R&D, 1,050 employees in sales and marketing, and 650 employees in general and administration.

Similar to other technology companies, we rely upon our ability to use “Full Value Awards” (as defined below) and other forms of stock-based compensation as key components of our executive and employee compensation structure. Full Value Awards refer to Restricted Stock Units (“RSUs”) and Performance Units that are granted with the exercise price equal to zero and are converted to shares immediately upon vesting. Performance shares are granted based on the achievement of performance targets. Historically, these components have been critical to our ability to retain important personnel and offer competitive compensation packages. Without these components, we would be required to significantly increase cash compensation levels or develop alternative compensation structures to retain our key employees.

Outside of the United States, our businesses are subject to labor laws that differ from those in the United States. The Company follows statutory requirements, and in certain European countries it is common for a works council, consisting of elected employees, to represent the sites when discussing matters such as compensation, benefits or terminations of employment. We consider our employee relations to be very good.

ITEM 1A. RISK FACTORS

We have a history of net losses, and our future profitability is not assured.

Although we had net income of $57.0 million in fiscal 2013, we incurred net losses of $17.8 million and $55.6 million in fiscal 2014 and fiscal 2012, respectively. JDSU operates as a portfolio company comprised of many product lines, with diverse operating metrics and markets. As a result, our profitability in a particular period is impacted by both revenue and product mix due to the fact that gross margin varies significantly across our product portfolio and business segments. Additionally, for the last several years, we have undergone multiple manufacturing, facility, organizational and product line transitions. We expect some of these activities to continue for the foreseeable future. These activities are costly and can impair our profitability objectives while ongoing. Specific factors that may undermine our financial objectives include, among others:

- uncertain future telecom carrier and cable operator capital and R&D spending levels, which particularly affects our CCOP and NSE segments;
- adverse changes to our product mix, both fundamentally (resulting from new product transitions, the declining profitability of certain legacy products and the termination of certain products with declining margins, among other things) and due to quarterly demand fluctuations;
- intense pricing pressure across our product lines due to competitive forces, increasingly from Asia, and to a highly concentrated customer base for many of our product lines, which continues to offset many of the cost improvements we are realizing quarter over quarter;
- limited availability of components for our products which leads to higher component prices, particularly in our CCOP segment;
- increasing commoditization of previously differentiated products, and the attendant negative effect on average selling prices and profit margins, particularly in our CCOP segment;
- execution challenges, which limit revenue opportunities and harm profitability, market opportunities and customer relations;
- decreased revenue associated with terminated or divested product lines;
- redundant costs related to periodic transitioning of manufacturing and other functions to lower-cost locations;
- ongoing costs associated with organizational transitions, consolidations and restructurings, which are expected to continue in the nearer term;
- continuing high levels of selling, general and administrative, ("SG&A") expenses; and
- seasonal fluctuations in revenue from our NSE segment.

Taken together, these factors limit our ability to predict future profitability levels and to achieve our long-term profitability objectives. While some of these factors may diminish over time as we improve our cost structure and focus on enhancing our product mix, several factors, such as continuous pricing pressure, increasing Asia-based competition, increasing commoditization of previously-differentiated products, a highly concentrated customer base for many of our product lines and seasonal NSE segment revenue fluctuations, are likely to remain. If we fail to achieve profitability expectations, the price of our debt and equity securities, as well as our business and financial condition, may be materially adversely impacted.

Our operating results may be adversely affected by unfavorable economic and market conditions.

Economic conditions worldwide have from time to time contributed to slowdowns in the technology industry at large, as well as to the specific segments and markets in which we operate. The global economic downturn that began in 2008, and the slow pace of economic recovery, including but not limited to the effects on global credit markets, has led to increased uncertainty in the timing and overall demand from our customers. Continuing concerns about global economic conditions could decrease or delay customer spending, increase price competition for our products, increase our risk of excess and obsolete inventories and higher overhead costs as a percentage of revenue. Continued economic challenges could further negatively impact our operations by affecting the solvency of our customers, the solvency of our key suppliers or the ability of our customers to obtain credit to finance purchases of our products. If the global economy and credit markets deteriorate and our future sales decline, our financial condition and results of operations would likely be materially adversely impacted.

In particular, economic uncertainty in Europe has led to reduced demand in our optical communications product portfolios. If economic conditions in Europe do not recover or continue to deteriorate this may further adversely affect our operations. Actual or perceived currency or budget crises could increase economic uncertainty in Europe, and globally, which could have an adverse effect on our customers' operations and could further reduce demand for our products.

In addition, we have significant long-lived assets recorded on our balance sheet. We will continue to evaluate the recoverability of the carrying amount of our goodwill and long-lived assets on an ongoing basis, and we may incur substantial impairment charges, which would adversely affect our financial results. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result. If, in any period, our stock price decreases to the point where the fair value of the Company, as determined by our market capitalization, is less than our book value, this too could indicate a potential impairment and we may be required to record an impairment charge in that period.

The manufacture, quality and distribution of our products, as well as our customer relations, may be affected by several factors, including the rapidly changing market for our products, supply issues and internal restructuring efforts. We expect the impact of these issues will become more pronounced as we continue to introduce new product offerings and when overall demand increases.

Our success depends upon our ability to deliver both our current product offerings and new products and technologies on time and at acceptable cost to our customers. The markets for our products are characterized by rapid technological change, frequent new product introductions, substantial capital investment, changes in customer requirements and a constantly evolving industry. Our future performance will depend on the successful development, introduction and market acceptance of new and enhanced products that address these issues and provide solutions that meet our customers' current and future needs. As a technology company, we also constantly encounter quality, volume and cost concerns such as:

- Our continuing cost reduction programs, which include site and organization consolidations, asset divestitures, outsourcing the manufacture of certain products to contract manufacturers, other outsourcing initiatives, and reductions in employee headcount, require the re-establishment and re-qualification by our customers of complex manufacturing lines, as well as modifications to systems, planning and operational infrastructure. During this process, we have experienced, and may continue to experience, additional costs, delays in re-establishing volume production levels, planning difficulties, inventory issues, factory absorption concerns and systems integration problems.
- We have experienced increases in demand for certain of our products in the midst of our cost reduction programs, which have strained our execution abilities as well as those of our suppliers. Because of this, we at times experience periodic and varying capacity, workforce and materials constraints, enhanced by the impact of our ongoing product and operational transfers.
- We have experienced variability of manufacturing yields caused by difficulties in the manufacturing process, the effects from a shift in product mix, changes in product specifications and the introduction of new product lines. These difficulties can reduce yields or disrupt production and thereby increase our manufacturing costs and adversely affect our margin.
- We may incur significant costs to correct defective products (despite rigorous testing for quality both by our customers and by us), which could include lost future sales of the affected product and other products, and potentially severe customer relations problems, litigation and damage to our reputation.

- We are dependent on a limited number of vendors, who are often small and specialized, for raw materials, packages and standard components. We also rely on contract manufacturers around the world to manufacture certain of our products. Our business and results of operations have been, and could continue to be adversely affected by this dependency. Specific concerns we periodically encounter with our suppliers include stoppages or delays of supply, insufficient vendor resources to supply our requirements, substitution of more expensive or less reliable products, receipt of defective parts or contaminated materials, increases in the price of supplies, and an inability to obtain reduced pricing from our suppliers in response to competitive pressures. Additionally, the ability of our contract manufacturers to fulfill their obligations may be affected by economic, political or other forces that are beyond our control. Any such failure could have a material impact on our ability to meet customers' expectations and may materially impact our operating results.
- New product programs and introductions involve changing product specifications and customer requirements, unanticipated engineering complexities, difficulties in reallocating resources and overcoming resource limitations and with their increased complexity, which expose us to yield and product risk internally and with our suppliers.

These factors have caused considerable strain on our execution capabilities and customer relations. We have and could continue to see (a) periodic difficulty responding to customer delivery expectations for some of our products, (b) yield and quality problems, particularly with some of our new products and higher volume products, and (c) additional funds and other resources required to respond to these execution challenges. From time to time, we have had to divert resources from new product R&D and other functions to assist with resolving these matters. If we do not improve our performance in all of these areas, our operating results will be harmed, the commercial viability of new products may be challenged and our customers may choose to reduce or terminate their purchases of our products and purchase additional products from our competitors.

We rely on a limited number of customers for a significant portion of our sales.

We believe that we will continue to rely upon a limited number of customers for a significant portion of our revenues for the foreseeable future. Any failure by us to continue capturing a significant share of these customers could materially harm our business. Dependence on a limited number of customers exposes us to the risk that order reductions from any one customer can have a material adverse effect on periodic revenue. Further, to the extent that there is consolidation among communications equipment manufacturers and service providers, we will have increased dependence on fewer customers who may be able to exert increased pressure on our prices and other contract terms. Customer consolidation activity and periodic manufacturing and inventory initiatives could also create the potential for disruptions in demand for our products as a consequence of such customers streamlining, reducing or delaying purchasing decisions.

We have a strategic alliance with SICPA, our principal customer for our light interference microflakes that are used to, among other things, provide security features in currency. Under a license and supply agreement, we rely exclusively on SICPA to market and sell one of these product lines, optically variable pigment, for document authentication applications worldwide. The agreement requires SICPA to purchase minimum quantities of these pigments over the term of the agreement. If SICPA fails to purchase these quantities, as and when required by the agreement, our business and operating results (including, among other things, our revenue and gross margin) will be harmed as we may be unable to find a substitute marketing and sales partner or develop these capabilities ourselves.

We face a number of risks related to our strategic transactions.

Our strategy continues to include periodic acquisitions and divestitures of businesses and technologies. Strategic transactions of this nature involve numerous risks, including the following:

- difficulties and costs in integrating or disintegrating the operations, technologies, products, IT and other systems, facilities, and personnel of the affected businesses;
- inadequate internal control procedures and disclosure controls to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or poor integration of a target company's or business's procedures and controls;

- diversion of management’s attention from normal daily operations of the business;
- potential difficulties in completing projects associated with in-process R&D;
- difficulties in entering markets in which we have no or limited prior experience and where competitors have stronger market positions;
- difficulties in obtaining or providing sufficient transition services and accurately projecting the time and cost associated with providing these services;
- an acquisition may not further our business strategy as we expected or we may overpay for, or otherwise not realize the expected return on, our investments;
- insufficient net revenue to offset increased expenses associated with acquisitions;
- potential loss of key employees of the acquired companies; and
- difficulty in forecasting revenues and margins.

Acquisitions may also cause us to:

- issue common stock that would dilute our current shareholders’ percentage ownership and may decrease earnings per share;
- assume liabilities, some of which may be unknown at the time of the acquisitions;
- record goodwill and non-amortizable intangible assets that will be subject to impairment testing and potential periodic impairment charges;
- incur additional debt to finance such acquisitions;
- incur amortization expenses related to certain intangible assets; or
- acquire, assume, or become subject to litigation related to the acquired businesses or assets.

Certain of our products are subject to governmental and industry regulations, certifications and approvals.

The commercialization of certain of the products we design, manufacture and distribute through our CCOP and OSP segments may be more costly due to required government approval and industry acceptance processes. Development of applications for our light interference and diffractive microflakes may require significant testing that could delay our sales. For example, certain uses in cosmetics may be regulated by the U.S. Food and Drug Administration, which has extensive and lengthy approval processes. Durability testing by the automobile industry of our decorative microflakes used with automotive paints can take up to three years. If we change a product for any reason, including technological changes or changes in the manufacturing process, prior approvals or certifications may be invalid and we may need to go through the approval process again. If we are unable to obtain these or other government or industry certifications in a timely manner, or at all, our operating results could be adversely affected.

We face risks related to our international operations and revenue.

Our customers are located throughout the world. In addition, we have significant operations outside North America, including product development, manufacturing, sales and customer support operations.

In particular, as a result of our efforts to reduce costs, we have expanded our use of contract manufacturers in Shenzhen, China, and have expanded our R&D activities there. Our ability to operate in China may be adversely affected by changes in Chinese laws and regulations, such as those relating to taxation, import and export tariffs, environmental regulations, land use rights, intellectual property and other matters, which laws and regulations remain highly underdeveloped and subject to change, with little or no prior notice, for political or other reasons.

Our international presence exposes us to certain risks, including the following:

- currency fluctuations;
- our ability to comply with a wide variety of laws and regulations of the countries in which we do business, including, among other things, customs, import/export, anti-bribery, anti-competition, tax and data privacy laws, which may be subject to sudden and unexpected changes;

- difficulties in establishing and enforcing our intellectual property rights;
- tariffs and other trade barriers;
- political, legal and economic instability in foreign markets, particularly in those markets in which we maintain manufacturing and product development facilities;
- difficulties in staffing and management;
- language and cultural barriers;
- seasonal reductions in business activities in the countries where our international customers are located;
- integration of foreign operations;
- longer payment cycles;
- difficulties in management of foreign distributors; and
- potential adverse tax consequences.

Net revenue from customers outside the Americas accounted for 52.6%, 50.9% and 49.9% of our total net revenue for fiscal 2014, 2013 and 2012, respectively. We expect that net revenue from customers outside North America will continue to account for a significant portion of our total net revenue. Lower sales levels that typically occur during the summer months in Europe and some other overseas markets may materially and adversely affect our business. In addition, the revenues we derive from many of our customers depend on international sales and further expose us to the risks associated with such international sales.

Our business and operations would be adversely impacted in the event of a failure of our information technology infrastructure.

We rely upon the capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure in response to our changing needs. In some cases, we rely upon third party hosting and support services to meet these needs. Any failure to manage, expand and update our information technology infrastructure, any failure in the extension or operation of this infrastructure, or any failure by our hosting and support partners in the performance of their services could materially and adversely harm our business.

Despite our implementation of security measures, our systems are vulnerable to damages from computer viruses, natural disasters, unauthorized access and other similar disruptions. Any system failure, accident or security breach could result in disruptions to our operations. To the extent that any disruptions or security breach results in a loss or damage to our data, or in inappropriate disclosure of confidential information, it could cause significant damage to our reputation and affect our relationships with our customers and ultimately harm our business. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Failure to maintain effective internal controls may adversely affect our stock price.

Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. The SEC adopted rules requiring public companies to include a report by management on the effectiveness of the Company's internal control over financial reporting in their annual reports on Form 10-K. In addition, our independent registered public accounting firm must report on the effectiveness of our internal control over financial reporting. Although we review our internal control over financial reporting in order to ensure compliance with these requirements, if we or our independent registered public accounting firm is not satisfied with our internal control over financial reporting or the level at which these controls are documented, designed, operated or reviewed, or if our independent registered public accounting firm interprets the requirements, rules and/or regulations differently from our interpretation, then they may issue a qualified report. Furthermore, we may discover that the internal controls of businesses we acquire are inadequate or changes to our existing businesses may impact the effectiveness of our internal controls. These situations could require us to make changes to our internal controls and could cause our independent registered public accounting firm to issue a qualified report, which could result in a loss of investor confidence in the reliability of our financial statements, and could negatively impact our stock price.

In August 2013, we issued $650.0 million of 0.625% Senior Convertible Notes due 2033, which could dilute our existing stockholders and lower our reported earnings per share.

We issued $650.0 million of indebtedness in August 2013 in the form of 0.625% Senior Convertible Notes due 2033 (the "2033 Notes"). The issuance of the 2033 Notes substantially increased our principal payment obligations. The degree to which we are leveraged could materially and adversely affect our ability to successfully obtain financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures. In addition, the holders of the 2033 Notes are entitled to convert the 2033 Notes into shares of our common stock or a combination of cash and shares of common stock under certain circumstances which would dilute our existing stockholders and lower our reported per share earnings.

If we have insufficient proprietary rights or if we fail to protect those we have, our business would be materially harmed.

Our intellectual property rights may not be adequate to protect our products or product roadmaps.

We seek to protect our products and our product roadmaps in part by developing and/or securing proprietary rights relating to those products, including patents, trade secrets, know-how and continuing technological innovation. The steps taken by us to protect our intellectual property may not adequately prevent misappropriation or ensure that others will not develop competitive technologies or products. Other companies may be investigating or developing other technologies that are similar to our own. It is possible that patents may not be issued from any of our pending applications or those we may file in the future and, if patents are issued, the claims allowed may not be sufficiently broad to deter or prohibit others from making, using or selling products that are similar to ours. We do not own patents in every country in which we sell or distribute our products, and thus others may be able to offer identical products in countries where we do not have intellectual property protection. In addition, the laws of some territories in which our products are or may be developed, manufactured or sold, including Europe, Asia-Pacific or Latin America, may not protect our products and intellectual property rights to the same extent as the laws of the United States.

Any patents issued to us may be challenged, invalidated or circumvented. Additionally, we are currently a licensee in all of our operating segments for a number of third-party technologies, software and intellectual property rights from academic institutions, our competitors and others, and are required to pay royalties to these licensors for the use thereof. Unless we are able to obtain such licenses on commercially reasonable terms, patents or other intellectual property held by others could inhibit our development of new products, impede the sale of some of our current products, substantially increase the cost to provide these products to our customers, and could have a significant adverse impact on our operating results. In the past, licenses generally have been available to us where third-party technology was necessary or useful for the development or production of our products. In the future licenses to third-party technology may not be available on commercially reasonable terms, if at all.

Our products may be subject to claims that they infringe the intellectual property rights of others.

Lawsuits and allegations of patent infringement and violation of other intellectual property rights occur in our industry on a regular basis. We have received in the past, and anticipate that we will receive in the future, notices from third parties claiming that our products infringe their proprietary rights. Over the past several years there has been a marked increase in the number and potential severity of third-party patent infringement claims, primarily from two distinct sources. First, large technology companies, including some of our customers and competitors, are seeking to monetize their patent portfolios and have developed large internal organizations that have approached us with demands to enter into license agreements. Second, patent-holding companies, entities that do not make or sell products (often referred to as "patent trolls"), have claimed that our products infringe upon their proprietary rights. We will continue to respond to these claims in the course of our business operations. In the past, the resolution of these disputes has not had a material adverse impact on our business or financial condition, however this may not be the case in the future. Further, the litigation or settlement of these matters, regardless of the merit of the claims, could result in significant expense to us and divert the efforts of our technical and management personnel, whether or not we are successful. If we are unsuccessful, we could be required to expend significant resources to develop non-infringing technology or to obtain licenses to the technology that is the subject of the litigation. We may not be successful in such development, or such licenses may not be available on terms acceptable to us, if at all. Without such a license, we could be enjoined from future sales of the infringing product or products, which could adversely affect our revenues and operating results.

The use of open source software in our products, as well as those of our suppliers, manufacturers and customers, may expose us to additional risks and harm our intellectual property position.

Certain of the software and/or firmware that we use and distribute (as well as that of our suppliers, manufacturers and customers) may be, be derived from, or contain, "open source" software, which is software that is generally made available to the public by its authors and/or other third parties. Such open source software is often made available under licenses which impose obligations in the event the software or derivative works thereof are distributed or re-distributed. These obligations may require us to make source code for the derivative works available to the public, and/or license such derivative works under a particular type of license, rather than the forms of license customarily used to protect our own software products. While we believe we have complied with our obligations under the various applicable licenses for open source software, in the event that a court rules that these licenses are unenforceable, or in the event the copyright holder of any open source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public and/or stop distribution of that work. Additionally, open source licenses are subject to occasional revision. In the event future iterations of open source software are made available under a revised license, such license revisions may adversely affect our ability to use such future iterations.

We face certain litigation risks that could harm our business.

We are and may become subject to various legal proceedings and claims that arise in or outside the ordinary course of business. The results of complex legal proceedings are difficult to predict. Moreover, many of the complaints filed against us do not specify the amount of damages that plaintiffs seek, and we therefore are unable to estimate the possible range of damages that might be incurred should these lawsuits be resolved against us. While we are unable to estimate the potential damages arising from such lawsuits, certain of them assert types of claims that, if resolved against us, could give rise to substantial damages. Thus, an unfavorable outcome or settlement of one or more of these lawsuits could have a material adverse effect on our financial condition, liquidity and results of operations. Even if these lawsuits are not resolved against us, the uncertainty and expense associated with unresolved lawsuits could seriously harm our business, financial condition and reputation. Litigation is costly, time-consuming and disruptive to normal business operations. The costs of defending these lawsuits have been significant, will continue to be costly and may not be covered by our insurance policies. The defense of these lawsuits could also result in continued diversion of our management's time and attention away from business operations, which could harm our business. For additional discussion regarding litigation, see the "Legal Proceedings" portion of this Annual Report.

We may be subject to environmental liabilities which could increase our expenses and harm our operating results.

We are subject to various federal, state and foreign laws and regulations governing the environment, including those governing pollution and protection of human health and the environment and, recently, those restricting the presence of certain substances in electronic products and holding producers of those products financially responsible for the collection, treatment, recycling and disposal of certain products. Such laws and regulations have been passed in several jurisdictions in which we operate, are often complex and are subject to frequent changes. We will need to ensure that we comply with such laws and regulations as they are enacted, as well as all environmental laws and regulations, and as appropriate or required, that our component suppliers also comply with such laws and regulations. If we fail to comply with such laws, we could face sanctions for such noncompliance, and our customers may refuse to purchase our products, which would have a materially adverse effect on our business, financial condition and results of operations.

With respect to compliance with environmental laws and regulations in general, we have incurred and in the future could incur substantial costs for the cleanup of contaminated properties, either those we own or operate or to which we have sent wastes in the past, or to comply with such environmental laws and regulations. Additionally, we could be subject to disruptions to our operations and logistics as a result of such clean-up or compliance obligations. If we were found to be in violation of these laws, we could be subject to governmental fines and liability for damages resulting from such violations. If we have to make significant capital expenditures to comply with environmental laws, or if we are subject to significant expenditures in connection with a violation of these laws, our financial condition or operating results could be materially adversely impacted.

We are subject to provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that could subject us to additional costs and liabilities.

We are subject to the SEC rules implementing the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act which establish disclosure and reporting requirements for companies who use "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries in their products. Complying with the disclosure requirements requires substantial diligence efforts to determine the source of any conflict minerals used in our products and may require third-party auditing of our diligence process. These efforts may require internal resources that would otherwise be directed towards operational activities.

Since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of the conflict minerals used in our products. Additionally, if we are unable to satisfy those customers who require that all of the components of our products are certified as conflict free, they may choose a competitor's products which could materially impact our financial condition and operating results.

Certain provisions in our charter and under Delaware laws could hinder a takeover attempt.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law prohibiting, under some circumstances, publicly-held Delaware corporations from engaging in business combinations with some stockholders for a specified period of time without the approval of the holders of substantially all of our outstanding voting stock. Such provisions could delay or impede the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, even if such events could be beneficial, in the short-term, to the interests of the stockholders. In addition, such provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock. Our certificate of incorporation and bylaws contain provisions providing for the limitations of liability and indemnification of our directors and officers, allowing vacancies on our board of directors to be filled by the vote of a majority of the remaining directors, granting our board of directors the authority to establish additional series of preferred stock and to designate the rights, preferences and privileges of such shares (commonly known as "blank check preferred") and providing that our stockholders can take action only at a duly called annual or special meeting of stockholders, which may only be called by the Chairman of the board, the Chief Executive Officer or the board of directors. These provisions may also have the effect of deterring hostile takeovers or delaying changes in control or change in our management.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own and lease various properties in the United States and in 25 other countries around the world. We use the properties for executive and administrative offices, data centers, product development offices, customer service offices, and manufacturing facilities. Our corporate headquarters of approximately 163,000 square feet is located in Milpitas, California. As of June 28, 2014, our leased and owned properties in total were approximately 2.0 million square feet, of which approximately 99,000 square feet is owned. Larger leased sites include properties located in Canada, China, France, Germany, Singapore and the United States. We believe our existing properties, including both owned and leased sites, are in good condition and suitable for the conduct of our business.

From time to time we consider various alternatives related to our long-term facilities needs. While we believe our existing facilities are adequate to meet our immediate needs, it may become necessary to lease, acquire, or sell additional or alternative space to accommodate future business needs.

ITEM 3. LEGAL PROCEEDINGS

We are subject to a variety of claims and suits that arise from time to time in the ordinary course of our business. While management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact on its financial position, results of operations or statement of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Were an unfavorable final outcome to occur, there exists the possibility of a material adverse impact on our financial position, results of operations or cash flows for the period in which the effect becomes reasonably estimable.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select Market under the symbol "JDSU." As of July 26, 2014 we had 230,029,189 shares of common stock outstanding. The closing price on July 25, 2014 was $11.85. The following table summarizes the high and low intraday sales prices for our common stock as reported on the NASDAQ Global Select Market during fiscal 2014 and 2013.

	High	Low
Fiscal 2014:		
Fourth Quarter	$14.54	$10.29
Third Quarter	14.99	11.68
Second Quarter	16.61	11.70
First Quarter	15.45	12.76
Fiscal 2013:		
Fourth Quarter	$14.90	$12.36
Third Quarter	15.63	12.38
Second Quarter	13.66	9.42
First Quarter	13.60	8.47

As of July 26, 2014, we had 3,999 holders of record of our common stock. We have not paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future.

During the fourth quarter of the fiscal 2014 we made the following repurchases of our common stock *(in millions, except shares and per share amounts):*

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
March 30, 2014 - April 26, 2014	—	$ —	—	$ —
April 27, 2014 - May 24, 2014	—	—	—	—
May 25, 2014 - June 28, 2014(1)	4,853,961	11.37	4,853,961	44.7

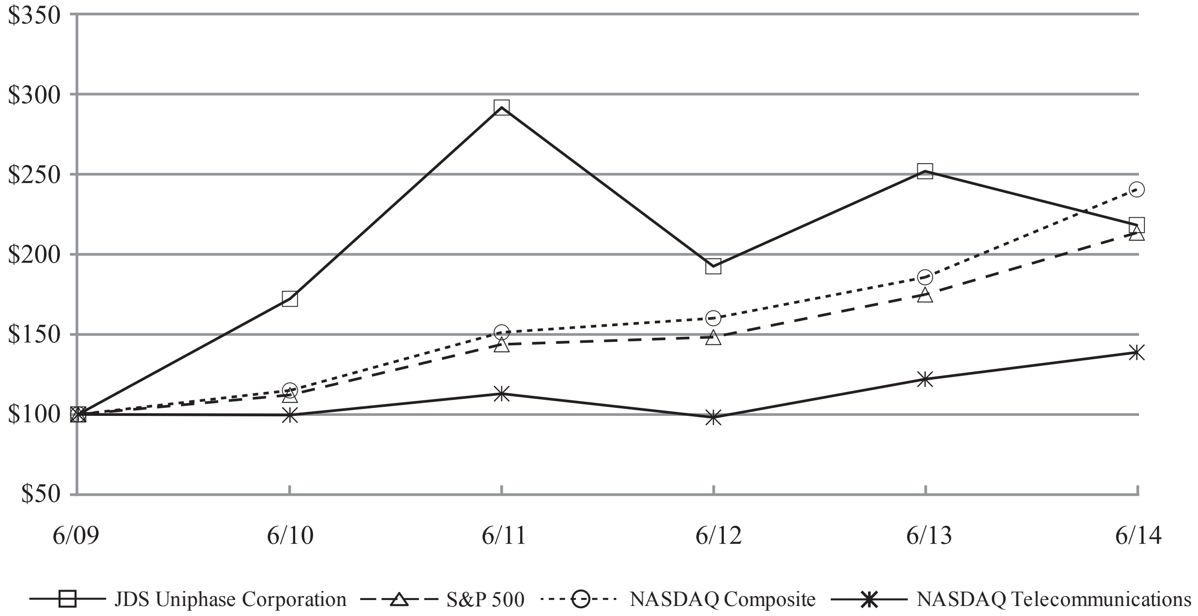
(1) Repurchases were made in open market transactions pursuant to the program announced on May 27, 2014. On May 21, 2014 our Board of Directors authorized a program to repurchase up to $100.0 million of the Company's common stock through open market or private transactions between May 27, 2014 and June 27, 2015.

STOCK PERFORMANCE GRAPH

The information contained in the following graph shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The following graph and table set forth the total cumulative return, assuming reinvestment of dividends, on an investment of $100 in June 2009 and ending June 2014 in: (i) the Company's Common Stock, (ii) the S&P 500 Index, (iii) the NASDAQ Stock Market (U.S.) Index, and (iv) the NASDAQ Telecommunications Index. Historical stock price performance is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*



* $100 invested on 6/30/09 in stock or index.

	6/09	6/10	6/11	6/12	6/13	6/14
JDS Uniphase Corporation	100.00	172.03	291.26	192.31	251.57	218.01
S&P 500	100.00	112.12	143.65	148.17	174.72	213.23
NASDAQ Composite	100.00	114.94	151.14	159.94	185.46	240.22
NASDAQ Telecommunications	100.00	99.61	112.92	98.15	121.98	138.68

ITEM 6. SELECTED FINANCIAL DATA

This table sets forth selected financial data of JDSU (*in millions*, except share and per share amounts) for the periods indicated. This data should be read in conjunction with and is qualified by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements, including the notes thereto and the other financial information included in Item 8 of this Form 10-K. The selected data in this section are not intended to replace the consolidated financial statements included in this report.

	Years Ended				
	June 28, 2014(9)(10)	June 29, 2013(5)(6)(7)(8)	June 30, 2012(5)	July 2, 2011(3)(4)(5)	July 3, 2010(1)(2)(5)
Consolidated Statement of Operations Data:					
Net revenue	$1,743.2	$1,676.9	$1,662.4	$1,781.9	$1,347.3
Gross profit	784.3	694.6	705.5	785.7	543.1
Amortization of other intangibles	15.8	12.7	21.7	25.9	21.7
Restructuring and related charges	23.8	19.0	12.4	14.8	17.7
Total operating expense	786.0	719.5	705.1	713.2	588.8
(Loss) income from operations	(1.7)	(24.9)	0.4	72.5	(45.7)
(Loss) income from continuing operations, net of tax	(17.8)	57.0	(26.1)	78.7	(51.2)
Loss from discontinued operations, net of tax	—	—	(29.5)	(7.1)	(10.6)
Net (loss) income	$ (17.8)	$ 57.0	$ (55.6)	$ 71.6	$ (61.8)
(Loss) income from continuing operations per share—basic	$ (0.08)	$ 0.24	$ (0.11)	$ 0.35	$ (0.23)
Loss from discontinued operations per share—basic	—	—	(0.13)	(0.03)	(0.05)
Net (loss) income per share—basic	$ (0.08)	$ 0.24	$ (0.24)	$ 0.32	$ (0.28)
(Loss) income from continuing operations per share—diluted	$ (0.08)	$ 0.24	$ (0.11)	$ 0.34	$ (0.23)
Loss from discontinued operations per share—diluted	—	—	(0.13)	(0.03)	(0.05)
Net (loss) income per share—diluted	$ (0.08)	$ 0.24	$ (0.24)	$ 0.31	$ (0.28)

	Years Ended				
	June 28, 2014(10)	June 29, 2013(5)(6)(7)	June 30, 2012	July 2, 2011	July 3, 2010(1)(2)
Consolidated Balance Sheet Data:					
Cash, cash equivalents, short-term investments, and restricted cash	$ 881.3	$ 515.9	$ 752.7	$ 728.7	$ 600.1
Working capital	1,001.1	682.6	656.1	885.5	723.7
Total assets	2,351.9	1,715.2	1,869.5	1,950.7	1,703.6
Long-term obligations	755.8	206.2	176.6	466.7	444.0
Total stockholders' equity	1,187.7	1,161.3	1,038.8	1,065.4	908.7

(1) During the first quarter of fiscal 2010, we sold certain non-core assets related to our wholly owned subsidiary da Vinci Systems LLC ("da Vinci"). As a result, the operations of da Vinci have been presented as discontinued operations.

(2) During the fourth quarter of fiscal 2010, we acquired the Network Solutions Division ("NSD") of Agilent Technologies, Inc. ("Agilent") in a transaction accounted for in accordance with the authoritative guidance on business combinations. The Consolidated Statement of Operations for fiscal 2010 included the results of operations from NSD subsequent to May 1, 2010 and the Consolidated Balance Sheet as of July 3, 2010 included NSD's financial position.

(3) Effective July 4, 2010, the first day of fiscal 2011, we adopted authoritative guidance which applies to revenue arrangements with multiple deliverables and to certain software arrangements. We adopted both sets of guidance on a prospective basis for applicable transactions originating or materially modified on or after July 4, 2010.

(4) During the third quarter of fiscal 2011, we determined that it is more likely than not that a portion of the deferred tax assets of a foreign jurisdiction will be realized after considering all positive and negative evidence. Accordingly, a deferred tax valuation allowance release of $34.9 million was recorded as an income tax benefit during the quarter.

(5) During the first quarter of fiscal 2013, we entered into a definitive agreement to sell the hologram business ("Hologram Business") within our OSP segment, which subsequently closed on October 12, 2012. As a result, the operations of the Hologram Business have been presented as discontinued operations for all periods presented.

(6) During the third quarter of fiscal 2013, we acquired Arieso in a transaction accounted for in accordance with the authoritative guidance on business combinations. The Consolidated Statements of Operations for fiscal 2013 included the results of Arieso subsequent to March 7, 2013 and the Consolidated Balance Sheet as of June 29, 2013 included Arieso's financial position.

(7) During the third quarter of fiscal 2013, we approved a strategic plan to exit NSE's legacy low-speed wireline product line, which resulted in a $2.2 million charge for accelerated amortization of related intangibles, of which $1.8 million and $0.4 million are included in Amortization of acquired technologies and Amortization of other intangibles in the Consolidated Statement of Operations, respectively. In addition, we incurred $11.3 million of inventory related charges included in Cost of sales in the Consolidated Statement of Operations, primarily related to the write-off of inventory no longer being sold due to the legacy low-speed wireline product line exit.

(8) During the fourth quarter of fiscal 2013, we determined that it is more likely than not that a portion of the deferred tax assets of a non-U.S. jurisdiction will be realized after considering all positive and negative evidence. Accordingly, a deferred tax valuation allowance release of $107.9 million was recorded as an income tax benefit during the quarter.

(9) During the third quarter of fiscal 2014, we recognized $21.7 million of uncertain tax benefits related to deferred tax assets due to the expiration of the statute of limitations in a non-U.S. jurisdiction.

(10) During the third quarter of fiscal 2014, we acquired Network Instruments in a transaction accounted for in accordance with the authoritative guidance on business combinations. The Consolidated Statement of Operations for fiscal 2014 included the results of operations from Network Instruments subsequent to January 6, 2014 and the Consolidated Balance Sheet as of June 28, 2014 included Network Instruments' financial position.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUR INDUSTRIES AND DEVELOPMENTS

JDSU is a leading provider of network and service enablement solutions and optical products for telecommunications service providers, wireless operators, cable operators, NEMs and enterprises. JDSU is also an established leader in providing anti-counterfeiting technologies for currencies and other high-value documents and products. In addition, we leverage our core networking and optical technology expertise to deliver high-powered commercial lasers for manufacturing applications and expand into emerging markets, including 3D sensing solutions for consumer electronics.

In the first quarter of fiscal 2014, we changed the name of our Communication Test and Measurement segment to Network and Service Enablement. The name NSE more accurately reflects the value the Company brings to customers and the evolution of the Company's product portfolio, one that includes communications test instruments as well as microprobes, software and services that provide the necessary visibility throughout the network to improve service and application performance.

To serve its markets, JDSU operates the following business segments:

- Network and Service Enablement
- Communications and Commercial Optical Products
- Optical Security and Performance Products

In July 2014, we reorganized our NSE reportable segment into two separate reportable segments, Network Enablement and Service Enablement, beginning with the first quarter of fiscal 2015. Splitting NSE into two reportable segments is intended to provide greater clarity and transparency regarding the markets, financial performance and business models of these two businesses within NSE. NE is a hardware-centric and more mature business consisting primarily of NSE's traditional communications test instrument products. SE is a more software-centric business consisting primarily of software solutions that are embedded within the network and enterprise performance management solutions.

Network and Service Enablement

NSE provides an integrated portfolio of network and service enablement solutions that provide end-to-end visibility and intelligence necessary for consistent, high-quality network, service and application performance.

These solutions are made up of lab and field test instruments and customer experience management solutions ("CEM") supported by microprobes, monitoring software and optimization applications. This portfolio helps network operators and service providers effectively manage the continued growth of network traffic, devices and applications. As a result of this continued growth, operators and providers are looking for new ways to drive business agility and generate revenue with innovative services, while continuing to focus on reducing operating costs and improving performance. To this end, NSE is focused on providing world-class network and service enablement solutions, focusing investments on software and solutions offerings in high-growth markets while leveraging its instruments portfolio. These strategic investments are being placed globally to meet end-customer demand.

JDSU's network enablement solutions include instruments and software to build, activate, certify, troubleshoot, monitor and optimize networks that are differentiated through superior efficiency, higher profitability, reliable performance and greater customer satisfaction. These products include instruments and software that access the network to perform installation and maintenance tasks. Our service enablement solutions collect and analyze complete network data to reveal the actual customer experience and opportunities for new revenue streams with enhanced management, control, optimization and differentiation.

NSE solutions address lab and production environments, field deployment and service assurance for wireless and fixed communications networks, including storage networks. NSE's solutions include one of the largest test instrument portfolios in the industry, with hundreds of thousands of units in active use by major NEMs, operators and services providers worldwide. NSE is leveraging this installed base and knowledge of network management methods and procedures to develop advanced customer experience solutions. These solutions enable carriers to remotely monitor performance and quality of service and applications performance throughout the entire network. Remote monitoring decreases operating expenses, while early detection increases uptime, preserves revenue and enables operators to better monetize their networks.

NSE customers include wireless and fixed services providers, NEMs, government organizations and large corporate customers. These include major telecom, mobility and cable operators such as AT&T, Bell Canada, Bharti Airtel Limited, British Telecom, China Mobile, China Telecom, Chunghwa Telecom, Comcast, CSL, Deutsche Telecom, France Telecom, Reliance Communications, Softbank, Telefónica, Telmex, TimeWarner Cable, Verizon and Vodafone. NSE customers also include many of the NEMs served by our CCOP segment, including Alcatel-Lucent, Ciena, Cisco Systems, Fujitsu and Huawei. NSE customers also include chip and infrastructure vendors, storage-device manufacturers, storage-network and switch vendors, and deployed private enterprise customers. Storage-segment customers include Brocade, Cisco Systems and EMC.

During the second quarter of fiscal 2014, we acquired certain technology and other assets from Trendium, a provider of real-time intelligence solutions for customer experience assurance, asset optimization, and monetization of big data for 4G/Long term evolution mobile network operators.

During the third quarter of fiscal 2014, we acquired Network Instruments, a leading developer of enterprise network and application-performance management solutions for global 2000 companies. Network Instruments extended JDSU's service enablement solutions to the enterprise, data center and cloud networking markets.

Communications and Commercial Optical Products

CCOP is a leading provider of optical communications and commercial laser products and technologies and commercial laser components.

Serving telecommunications and enterprise data communications markets, CCOP products include components, modules, subsystems and solutions for access (local), metro (intracity), long-haul (city-to-city and worldwide) and submarine (undersea) networks, as well as SANs, LANs and WANs. These products enable the transmission and transport of video, audio and text data over high-capacity fiber-optic cables. CCOP maintains leading positions in the fastest-growing optical communications segments, including ROADMs and tunable XFPs and SFP+s. CCOP's growing portfolio of pluggable transceivers supports LAN/SAN needs and the cloud for customers building proprietary data center networks.

OEMs use CCOP lasers—fiber, diode, direct-diode, diode-pumped solid-state and gas—that offer low- to high-power output with UV, visible and IR wavelengths. This broad product portfolio addresses the needs of laser clients in applications such as micromachining, materials processing, bio-instrumentation, consumer electronics, graphics, and medical/dental. Core laser technologies include continuous-wave, q-switched and mode-locked lasers addressing application needs from continuous-wave to megahertz repetition rates. Photonic power products transport energy over optical fiber, enabling electromagnetic- and radio-interference-free power and data transmission for remote sensors such as high-voltage line current monitors.

3D sensing systems use both CCOP's light source and OSP's optical filters. These systems simplify the way people interact with technology by enabling the use of natural body gestures, like the wave of a hand, instead of using a device like a mouse or remote control. Emerging markets for 3D sensing include gaming platforms, home entertainment, mobile devices and personal computing.

CCOP's optical communications products customers include Adva, Alcatel-Lucent, Ciena, Cisco Systems, Ericsson, Fujitsu, Huawei, Infinera, Microsoft, Nokia Networks, and Tellabs. CCOP's lasers customers include Amada, ASML, Beckman Coulter, Becton Dickinson, Disco, Electro Scientific Industries and KLA-Tencor.

During the third quarter of fiscal 2014, we acquired Time-Bandwidth Products, a provider of high powered and ultrafast lasers for the industrial and scientific markets. Manufacturers use high-power, ultrafast lasers to create micro parts for consumer electronics and to process semiconductor chips. Use of ultrafast lasers for micromachining applications is being driven primarily by increasing use of consumer electronics and connected devices globally.

Optical Security and Performance Products

OSP designs, manufactures, and sells products targeting anti-counterfeiting, consumer electronics, government, healthcare and other markets.

OSP's security offerings for the currency market include OVP®, OVMP® and banknote thread substrates. OVP® enables a color-shifting effect used by banknote issuers and security printers worldwide for anti-counterfeiting applications on currency and other high-value documents and products. OVP® protects the currencies of more than 100 countries today. OSP also develops and delivers overt and covert anti-counterfeiting products that utilize its proprietary printing platform and are targeted primarily at the pharmaceutical and consumer-electronics markets.

Leveraging its expertise in spectral management and its unique high-precision coating capabilities, OSP provides a range of products and technologies for the consumer-electronics market, including, for example, optical filters for 3D sensing devices designed for gaming and other platforms.

OSP value-added solutions meet the stringent requirements of commercial and government customers in aerospace and defense. JDSU products are used in a variety of aerospace and defense applications, including optics for guidance systems, laser eye protection and night vision systems. These products, including coatings and optical filters, are optimized for each specific application.

OSP serves customers such as 3M, Barco, Kingston, Lockheed Martin, Microsoft, Northrup Grumman, Pan Pacific, Seiko Epson and SICPA.

During the second quarter of fiscal 2013, we completed the sale of our hologram business ("Hologram Business"), which primarily addressed the transaction card market. We have presented our Consolidated Statements of Operations and segment results to reflect the sale of this business. The historical results of this business are reflected as discontinued operations in accordance with the authoritative guidance under U.S. GAAP and are excluded from our annual and quarterly results from continuing operations for all periods presented.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued new authoritative guidance related to revenue recognition. This guidance will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for us in the first quarter of fiscal 2018. This guidance allows for two methods of adoption: (a) full retrospective adoption, meaning the guidance is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying this guidance is recognized as an adjustment to the fiscal 2018 opening Accumulated deficit balance. We are evaluating the two adoption methods as well as the impact this new guidance will have on our consolidated financial statements and related disclosures.

In April 2014, the FASB issued authoritative guidance, which specifies that only disposals, such as a disposal of a major line of business, representing a strategic shift in operations should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. This guidance is effective for us in the first quarter of fiscal 2016. We do not anticipate the adoption of this guidance will have a material impact on our consolidated financial statements, absent any disposition representing a strategic shift in our operations.

In July 2013, the FASB issued authoritative guidance that requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance is effective for us in the first quarter of fiscal 2015. We do not anticipate the adoption of this guidance will have a material impact on our consolidated financial statements.

In March 2013, FASB issued authoritative guidance that resolves the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This guidance will be effective for us beginning in the first quarter of fiscal 2015. We do not anticipate the adoption of this guidance will have a material impact on our consolidated financial statements, absent any material transactions involving the derecognition of subsidiaries or groups of assets within a foreign entity.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, net revenue and expenses, and the related disclosures. We base our estimates on historical experience, our knowledge of economic and market factors and various other assumptions that we believe to be reasonable under the circumstances. Estimates and judgments used in the preparation of our financial statements are, by their nature, uncertain and unpredictable, and depend upon, among other things, many factors outside of our control, such as demand for our products and economic conditions. Accordingly, our estimates and judgments may prove to be incorrect and actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies are affected by significant estimates, assumptions and judgments used in the preparation of our consolidated financial statements:

Revenue Recognition

We recognize revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided, risk of loss has transferred and in cases where formal acceptance is required, customer acceptance has been obtained or customer acceptance provisions have lapsed. In situations where a formal acceptance is required but the acceptance only relates to whether the product meets its published specifications, revenue is recognized upon shipment provided all other revenue recognition criteria are met. The sales price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

We reduce revenue for rebates and other similar allowances. Revenue is recognized only if these estimates can be reliably determined. Our estimates are based on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In addition to the aforementioned general policies, the following are the specific revenue recognition policies for multiple-element arrangements and for each major category of revenue.

Multiple-Element Arrangements

When a sales arrangement contains multiple deliverables, such as sales of products that include services, the multiple deliverables are evaluated to determine whether there are one or more units of accounting. Where there is more than one unit of accounting, then the entire fee from the arrangement is allocated to each unit of accounting based on the relative selling price. Under this approach, the selling price of a unit of accounting is determined by using a selling price hierarchy which requires the use of vendor-specific objective evidence (“VSOE”) of fair value if available, third-party evidence (“TPE”) if VSOE is not available, or management’s best estimate of selling price (“BESP”) if neither VSOE nor TPE is available. Revenue is recognized when the revenue recognition criteria for each unit of accounting are met.

We establish VSOE of selling price using the price charged for a deliverable when sold separately and, in remote circumstances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating similar and interchangeable competitor goods or services in sales to similarly situated customers. When VSOE or TPE are not available then we use BESP. Generally, we are not able to determine TPE because our product strategy differs from that of others in our markets, and the extent of customization varies among comparable products or services from our peers. We establish BESP using historical selling price trends and considering multiple factors including, but not limited to geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices. When determining BESP, we apply significant judgment in establishing pricing strategies and evaluating market conditions and product lifecycles.

The determination of BESP is made through consultation with and approval by the segment management. Segment management may modify or develop new pricing practices and strategies in the future. As these pricing strategies evolve, we may modify our pricing practices in the future, which may result in changes in BESP. The aforementioned factors may result in a different allocation of revenue to the deliverables in multiple element arrangements from the current fiscal year, which may change the pattern and timing of revenue recognition for these elements but will not change the total revenue recognized for the arrangement.

To the extent a deliverable(s) in a multiple-element arrangement is subject to specific guidance (for example, software that is subject to the authoritative guidance on software revenue recognition), we allocate the fair value of the units of accounting using relative selling price and that unit of accounting is accounted for in accordance with the specific guidance. Some of our product offerings include hardware that are integrated with or sold with software that delivers the functionality of the equipment. We believe this equipment is not considered software-related and would therefore be excluded from the scope of the authoritative guidance on software revenue recognition.

Hardware

Revenue from hardware sales is recognized when the product is shipped to the customer and when there are no unfulfilled company obligations that affect the customer’s final acceptance of the arrangement. Any cost of warranties and remaining obligations that are inconsequential or perfunctory are accrued when the corresponding revenue is recognized.

Services

Revenue from services and system maintenance is typically recognized on a straight-line basis over the term of the contract. Revenue from time and material contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred. Revenue related to extended warranty and product maintenance contracts is deferred and recognized on a straight-line basis over the delivery period. We also generate service revenue from hardware repairs and calibration which is recognized as revenue upon completion of the service.

Software

Our software arrangements generally consist of a perpetual license fee and Post-Contract Support ("PCS"). Where we have established VSOE of fair value for PCS contracts, it is based on the renewal rate or the bell curve methodology. Revenue from maintenance, unspecified upgrades and technical support is recognized over the period such items are delivered. In multiple-element revenue arrangements that include software, software-related and non-software-related elements are accounted for in accordance with the following policies.

- Non-software and software-related products are bifurcated based on a relative selling price
- Software-related products are separated into units of accounting if all of the following criteria are met:
    - The functionality of the delivered element(s) is not dependent on the undelivered element(s).
    - There is VSOE of fair value of the undelivered element(s).
    - Delivery of the delivered element(s) represents the culmination of the earnings process for that element(s).

If these criteria are not met, the software revenue is deferred until the earlier of when such criteria are met or when the last undelivered element is delivered. If there is VSOE of the undelivered item(s) but no such evidence for the delivered item(s), the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered item(s) equals the total arrangement consideration less the aggregate VSOE of the undelivered elements. In cases where VSOE is not established for PCS, revenue is recognized ratably over the PCS period after all software elements have been delivered and the only undelivered item is PCS.

Allowances for Doubtful Accounts

We perform credit evaluations of our customers' financial condition. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We record our bad debt expenses as SG&A expense. When we become aware that a specific customer is unable to meet its financial obligations to us, for example, as a result of bankruptcy or deterioration in the customer's operating results or financial position, we record a specific allowance to reflect the level of credit risk in the customer's outstanding receivable balance. In addition, we record additional allowances based on certain percentages of our aged receivable balances. These percentages are determined by a variety of factors including, but not limited to, current economic trends, historical payment and bad debt write-off experience. We are not able to predict changes in the financial condition of our customers, and if circumstances related to our customers deteriorate, our estimates of the recoverability of our trade receivables could be materially affected and we may be required to record additional allowances. Alternatively, if we provide more allowances than we need, we may reverse a portion of such provisions in future periods based on our actual collection experience.

Stock-based Compensation

The fair value of our time-based Full Value Awards is based on the closing market price of our common stock on the grant date of the award. We use a Monte Carlo simulation to estimate the fair value of certain performance-based Full Value Awards with market conditions ("MSUs"). We estimate the fair value of employee stock purchase plan awards ("ESPP") using the Black-Scholes-Merton option-pricing model. This option-pricing model requires the input of highly subjective assumptions, including the award's expected life and the price volatility of the underlying stock.

Pursuant to the authoritative guidance, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. When estimating forfeitures, we consider voluntary termination behavior as well as future workforce reduction programs. Estimated forfeiture is trued up to actual forfeiture as the equity awards vest. The total fair value of the equity awards, net of forfeiture, is recorded on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period, except for MSUs which are amortized based upon a graded vesting method.

Investments

Our investments in debt securities and marketable equity securities are primarily classified as available-for-sale investments or trading securities and are recorded at fair value. The cost of securities sold is based on the specific identification method. Unrealized gains and losses on available-for-sale investments, net of tax, are reported as a separate component within our Consolidated Statements of Stockholders' Equity. Unrealized gains or losses on trading securities resulting from changes in fair value are recognized in current earnings. Our short-term investments, which are classified as current assets, include certain securities with stated maturities of longer than twelve months as they are highly liquid and available to support current operations.

We periodically review our investments for impairment. If a debt security's market value is below amortized cost and we either intend to sell the security or it is more likely than not that we will be required to sell the security before its anticipated recovery, we record an other-than-temporary impairment charge to investment income (loss) for the entire amount of the impairment; if a debt security's market value is below amortized cost and we do not expect to recover the entire amortized cost of the security, we separate the other-than-temporary impairment into the portion of the loss related to credit factors, or the credit loss portion, and the portion of the loss that is not related to credit factors, or the non-credit loss portion. The credit loss portion is the difference between the amortized cost of the security and our best estimate of the present value of the cash flows expected to be collected from the debt security. The non-credit loss portion is the residual amount of the other-than-temporary impairment. The credit loss portion is recorded as a charge to income (loss), and the non-credit loss portion is recorded as a separate component of Other comprehensive income (loss).

Inventory Valuation

We assess the value of our inventory on a quarterly basis and write-down those inventories which are obsolete or in excess of our forecasted usage to their estimated realizable value. Our estimates of realizable value are based upon our analysis and assumptions including, but not limited to, forecasted sales levels by product, expected product lifecycle, product development plans and future demand requirements. Our product line management personnel play a key role in our excess review process by providing updated sales forecasts, managing product transitions and working with manufacturing to maximize recovery of excess inventory. If actual market conditions are less favorable than our forecasts or actual demand from our customers is lower than our estimates, we may be required to record additional inventory write-downs. If actual market conditions are more favorable than anticipated, inventory previously written down may be sold, resulting in lower cost of sales and higher income from operations than expected in that period.

Goodwill Valuation

We test goodwill for possible impairment on an annual basis in our fourth quarter and at any other time if events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable. Circumstances that could trigger an impairment test include, but are not limited to: a significant adverse change in the business climate or legal factors, an adverse action or assessment by a regulator, changes in customers, target markets and strategy, unanticipated competition, loss of key personnel, or the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise disposed.

The authoritative guidance allows an entity to assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If an entity determines that as a result of the qualitative assessment that it is more likely than not (i.e. >50% likelihood) that the fair value of a reporting unit is less than its carrying amount, then the quantitative test is required. Otherwise, no further testing is required. The two-step quantitative goodwill impairment test requires us to estimate the fair value of our reporting units. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and we proceed to step two of the impairment analysis. In step two of the analysis, we measure and record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value, if any.

Application of the goodwill impairment test requires judgments, including: identification of the reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, a qualitative assessment to determine whether there are any impairment indicators, and determining the fair value of each reporting unit. We generally estimate the fair value of a reporting unit using a combination of the income approach, which estimates the fair value based on the future discounted cash flows, and the market approach, which estimates the fair value based on comparable market prices. Our significant estimates in the income approach include: our weighted average cost of capital, long-term rate of growth and profitability of the reporting unit's business, and working capital effects. The market approach estimates the fair value of the business based on a comparison of the reporting unit to comparable publicly traded companies in similar lines of business. Significant estimates in the market approach include: identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting unit.

We base our estimates on historical experience and on various assumptions about the future that we believe are reasonable based on available information. Unanticipated events and circumstances may occur that affect the accuracy of our assumptions, estimates and judgments. For example, if the price of our common stock were to significantly decrease combined with other adverse changes in market conditions, thus indicating that the underlying fair value of our reporting units may have decreased, we might be required to reassess the value of our goodwill in the period such circumstances were identified.

Long-lived Asset Valuation (Property, Plant and Equipment and Intangible Assets)

Long-lived assets held and used

We test long-lived assets for recoverability, at the asset group level, when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amounts of the long-lived assets or asset groups and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisals in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Long-lived assets held for sale

Long-lived assets are classified as held for sale when certain criteria are met, which include: management commitment to a plan to sell the assets; the availability of the assets for immediate sale in their present condition; an active program to locate buyers and other actions to sell the assets has been initiated; whether the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year; whether the assets are being marketed at reasonable prices in relation to their fair value; and how unlikely it is that significant changes will be made to the plan to sell the assets.

We measure long-lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell. Fair value is determined using quoted market prices or the anticipated cash flows discounted at a rate commensurate with the risk involved.

Income Taxes

In accordance with the authoritative guidance on accounting for income taxes, we recognize income taxes using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of the enacted tax law and the effects of future changes in tax laws or rates are not anticipated.

The authoritative guidance provides for recognition of deferred tax assets if the realization of such deferred tax assets is more likely than not to occur based on an evaluation of both positive and negative evidence and the relative weight of the evidence. With the exception of certain international jurisdictions, we have determined that at this time it is more likely than not that deferred tax assets attributable to the remaining jurisdictions will not be realized, primarily due to uncertainties related to our ability to utilize our net operating loss carryforwards before they expire. Accordingly, we have established a valuation allowance for such deferred tax assets. If there is a change in our ability to realize our deferred tax assets for which a valuation allowance has been established, then our tax provision may decrease in the period in which we determine that realization is more likely than not. Likewise, if we determine that it is not more likely than not that its deferred tax assets will be realized, then a valuation allowance may be established for such deferred tax assets and our tax provision may increase in the period in which it makes the determination.

The authoritative guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes the recognition threshold and measurement attributes for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Additionally, it provides guidance on recognition, classification, and disclosure of tax positions. We are subject to income tax audits by the respective tax authorities in all of the jurisdictions in which we operate. The determination of tax liabilities in each of these jurisdictions requires the interpretation and application of complex and sometimes uncertain tax laws and regulations. We recognize liabilities based on our estimate of whether, and the extent to which, additional tax liabilities are more likely than not. If we ultimately determine that the payment of such a liability is not necessary, then we reverse the liability and recognize a tax benefit during the period in which the determination is made that the liability is no longer necessary.

The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that we make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on our tax provision in a future period.

Restructuring Accrual

In accordance with authoritative guidance on accounting for costs associated with exit or disposal activities, generally costs associated with restructuring activities are recognized when they are incurred. However, in the case of leases, the expense is estimated and accrued when the property is vacated. Given the significance of, and the timing of the execution of such activities, this process is complex and involves periodic reassessments of estimates made from the time the property was vacated, including evaluating real estate market conditions for expected vacancy periods and sub-lease income. Additionally, a liability for post-employment benefits for workforce reductions related to restructuring activities is recorded when payment is probable, the amount is reasonably estimable, and the obligation relates to rights that have vested or accumulated. We continually evaluate the adequacy of the remaining liabilities under our restructuring initiatives. Although we believe that these estimates accurately reflect the costs of our restructuring plans, actual results may differ, thereby requiring us to record additional provisions or reverse a portion of such provisions.

Pension and Other Postretirement Benefits

The funded status of our retirement-related benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at fiscal year end, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation ("PBO"); and for the non-pension postretirement benefit plan, the benefit obligation is the accumulated postretirement benefit obligation ("APBO"). The PBO represents the actuarial present value of benefits expected to be paid upon retirement. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. Unfunded or partially funded plans, with the benefit obligation exceeding the fair value of plan assets, are aggregated and recorded as a retirement and non-pension postretirement benefit obligation equal to this excess. The current portion of the retirement-related benefit obligation represents the actuarial present value of benefits payable in the next 12 months in excess of the fair value of plan assets, measured on a plan-by-plan basis. This liability is recorded in Other current liabilities in the Consolidated Balance Sheets.

Net periodic pension cost (income) is recorded in the Consolidated Statement of Operations and includes service cost, interest cost, expected return on plan assets, amortization of prior service cost and (gains) losses previously recognized as a component of accumulated other comprehensive income. Service cost represents the actuarial present value of participant benefits attributed to services rendered by employees in the current year. Interest cost represents the time value of money cost associated with the passage of time. (Gains) losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. Prior service cost (credit) represents the cost of benefit improvements attributable to prior service granted in plan amendments. (Gains) losses and prior service cost (credit) not recognized as a component of net periodic pension cost (income) in the Consolidated Statement of Operations as they arise are recognized as a component of accumulated other comprehensive income on the Consolidated Balances Sheets, net of tax. Those (gains) losses and prior service cost (credit) are subsequently recognized as a component of net periodic pension period cost (income) pursuant to the recognition and amortization provisions of the authoritative guidance.

The measurement of the benefit obligation and net periodic pension cost (income) is based on our estimates and actuarial valuations, provided by third-party actuaries, which are approved by our management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, and mortality rates. We evaluate these assumptions annually at a minimum. In estimating the expected return on plan assets, we consider historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plan's invested assets.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required.

RESULTS OF OPERATIONS

The results of operations for the current period are not necessarily indicative of results to be expected for future periods. The following table summarizes selected Consolidated Statements of Operations items as a percentage of net revenue:

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Segment net revenue:			
NSE	42.9%	43.4%	45.4%
CCOP	45.6	44.3	42.2
OSP	11.5	12.3	12.4
Net revenue	100.0	100.0	100.0
Cost of sales	52.5	54.8	54.1
Amortization of acquired technologies	2.5	3.8	3.5
Gross profit	45.0	41.4	42.4
Operating expenses:			
Research and development	17.0	15.4	14.7
Selling, general and administrative	25.8	25.6	25.7
Amortization of other intangibles	0.9	0.8	1.3
Restructuring and related charges	1.4	1.1	0.7
Total operating expenses	45.1	42.9	42.4
Loss from operations	(0.1)	(1.5)	—
Interest and other income (expense), net	—	(0.2)	0.8
Interest expense	(1.7)	(1.1)	(1.6)
Loss from continuing operations before income taxes	(1.8)	(2.8)	(0.8)
(Benefit from) provision for income taxes	(0.8)	(6.2)	0.7
(Loss) income from continuing operations, net of tax	(1.0)	3.4	(1.5)
Loss from discontinued operations, net of tax	—	—	(1.8)
Net (loss) income	(1.0)%	3.4%	(3.3)%

Financial Data for Fiscal 2014, 2013 and 2012

The following table summarizes selected Consolidated Statement of Operations items (in millions, except for percentages):

				Percentage				Percentage
	2014	2013	Change	Change	2013	2012	Change	Change
Segment net revenue:								
NSE	$ 748.3	$ 728.9	$ 19.4	2.7%	$ 728.9	$ 754.8	$(25.9)	(3.4)%
CCOP	794.1	742.2	51.9	7.0	742.2	701.6	40.6	5.8
OSP	200.8	205.8	(5.0)	(2.4)	205.8	206.0	(0.2)	(0.1)
Net revenue	$1,743.2	$1,676.9	$ 66.3	4.0%	$1,676.9	$1,662.4	$ 14.5	0.9%
Gross profit	$ 784.3	$ 694.6	$ 89.7	12.9%	$ 694.6	$ 705.5	$(10.9)	(1.5)%
Gross margin	45.0%	41.4%			41.4%	42.4%		
Research and development	296.0	258.5	37.5	14.5%	258.5	244.0	14.5	5.9%
Percentage of net revenue	17.0%	15.4%			15.4%	14.7%		
Selling, general and administrative	450.4	429.3	21.1	4.9%	429.3	427.0	2.3	0.5%
Percentage of net revenue	25.8%	25.6%			25.6%	25.7%		
Amortization of intangibles	59.0	76.0	(17.0)	(22.4)%	76.0	80.3	(4.3)	(5.4)%
Percentage of net revenue	3.4%	4.6%			4.6%	4.8%		
Restructuring and related charges	23.8	19.0	4.8	25.3%	19.0	12.4	6.6	53.2%
Percentage of net revenue	1.4%	1.1%			1.1%	0.7%		
Loss from discontinued operations, net of tax	—	—	—	—%	—	(29.5)	29.5	(100.0)%
Percentage of net revenue	—%	—%			—%	(1.8)%		

NET REVENUE

Net revenue increased by $66.3 million, or 4.0%, during fiscal 2014 compared to fiscal 2013. This increase was primarily due to an increase in our CCOP and NSE segments, partially offset by a decrease in our OSP segment as discussed below.

NSE net revenue increased by $19.4 million, or 2.7%, during fiscal 2014 compared to fiscal 2013. This increase was driven by $81.9 million of net revenue increases primarily from our MAC, Fiber, Location Intelligence, and Network Instrument product lines. These increases were primarily due to (i) demand for new products from a key customer in our MAC product line, (ii) increased spending for the deployment of LTE networks by key customers of our Fiber product line and (iii) incremental sales of new products from our strategic acquisitions in the second half of fiscal 2013 and during fiscal 2014. This was partially offset by $62.5 million of net revenue decreases primarily from our Mobile Assurance and Analytics, Packet Portal and Cloud and Data Center product lines. These decreases were primarily due to (i) the fact that the prior period reflected net revenue from a significant one-time project in our Mobile Assurance and Analytics product line, (ii) reduced spending in the current period from key customers in our Packet Portal product line and (iii) the exit of certain products in our Cloud and Data Center product line in the second half of fiscal 2013.

CCOP net revenue increased $51.9 million, or 7.0%, during fiscal 2014 compared to fiscal 2013. This increase was driven by $68.8 million of net revenue increases primarily from products addressing the Consumer and Industrial markets, which consists of products in our 3D Sensing and Industrial Diode Laser product lines, and the Datacom market, which consists of products in our Pluggables product line. These increases were primarily driven by higher demand for our 3D sensing light source product related to the launch of our customer's next generation gaming console in the Consumer and Industrial markets and due to demand growth for our 10G and 40G products in the Datacom market. This was partially offset by $16.9 million of net revenue decreases from products addressing the Telecom market, which primarily consists of products in our Circuit Packs, Modulators, Passive Components, ROADMs, and Tunables product lines. These decreases were primarily due to lower spending on new network developments by large service providers.

OSP net revenue decreased by $5.0 million, or 2.4%, during fiscal 2014 compared to fiscal 2013. This decrease was driven by $10.2 million of net revenue decreases primarily from our Anti-Counterfeiting product line driven by lower cyclical demand in fiscal 2014. This was partially offset by $5.2 million of net revenue increases primarily from our Consumer and Industrial product line driven by increased cyclical demand for our 3D sensing optical filters and from last-time buys during fiscal 2014 of certain legacy products which we exited in the fourth quarter of fiscal 2014.

Net revenue increased by $14.5 million, or 0.9%, during fiscal 2013 compared to fiscal 2012. This increase was primarily due to an incremental increase in volume in our CCOP segment in fiscal 2013 and the fact that fiscal 2012 reflected a reduction in CCOP net revenue of approximately $15 million due to the regional flooding in Thailand which temporarily suspended operations at one of our primary contract manufacturers, Fabrinet (the "Thailand Flooding Impact"). This was partially offset by a decline in NSE net revenue primarily due to the exit and wind down of certain products.

NSE net revenue decreased by $25.9 million, or 3.4%, during fiscal 2013 compared to fiscal 2012. This decrease was driven by $54.0 million of net revenue decreases primarily from our Broadband and Networking and Services product lines. These decreases were primarily due to (i) the exit of certain CPO products in the prior year, (ii) the wind down of legacy low-speed wireline products and (iii) procurement delays at a key customer. This was partially offset by $28.1 million of net revenue increases primarily from our Mobility product line driven by new products from the acquisitions of Dyaptive Systems, Inc. ("Dyaptive") and GenComm.

CCOP net revenue increased $40.6 million, or 5.8%, during fiscal 2013 compared to fiscal 2012. This increase was driven by $77.4 million of net revenue increases primarily from our Pluggables, Gesture Recognition Light Source, Modulators, and Tunables product lines. These increases were primarily due to (i) higher demand from key customers, (ii) strong demand for new products and (iii) the recovery from the Thailand Flooding Impact of fiscal 2012. This was partially offset by $36.8 million of net revenue decreases primarily from our ROADMs, Passive Components and Gas Lasers product lines, primarily due to lower demand from key customers for these products.

OSP net revenue remained relatively flat in fiscal 2013 compared to fiscal 2012, decreasing by $0.2 million, or 0.1%. This decrease was driven by $7.6 million of net revenue decreases from our Consumer and Industrial product line primarily due to lower demand for defense products as a result of reductions in government spending and reduced orders for display and 3D products. This was partially offset by $7.4 million of net revenue increases primarily from our Anti-Counterfeiting product line driven by pigment security demand.

Going forward, we expect to continue to encounter a number of industry and market risks and uncertainties that may limit our visibility, and consequently, our ability to predict future revenue, profitability and general financial performance, and that could create quarter over quarter variability in our financial measures. For example, continued economic issues in Europe have led to uncertain demand in our NSE and optical communications product portfolios, and we cannot predict when or to what extent this uncertainty will be resolved. Our revenues, profitability, and general financial performance may also be affected by: (a) strong pricing pressures, particularly within our optical communications markets, due to, among other things, a highly concentrated customer base, increasing competition, particularly from Asia-based competitors, and a general commoditization trend for certain products; (b) high product mix variability, particularly in our CCOP and NSE markets, which affects revenue and gross margin; (c) fluctuations in customer buying patterns, which cause demand, revenue and profitability volatility; and (d) the current trend of communication industry consolidation, which is expected to continue, that directly affects our CCOP and NSE customer bases and adds additional risk and uncertainty to our financial and business projections. In addition, we anticipate lower demand and revenue from our 3D sensing products in our CCOP and OSP segments over the first two quarters of fiscal 2015 compared to the same periods in fiscal 2014.

We operate primarily in three geographic regions: Americas, Asia-Pacific and Europe Middle East and Africa ("EMEA"). The following table presents net revenue by geographic regions (*dollars in millions*):

	Years Ended					
	June 28, 2014		June 29, 2013		June 30, 2012	
Net revenue:						
Americas	$ 826.0	47.4%	$ 822.5	49.1%	$ 833.2	50.1%
Asia-Pacific	505.4	29.0	473.2	28.2	428.5	25.8
EMEA	411.8	23.6	381.2	22.7	400.7	24.1
Total net revenue	$1,743.2	100.0%	$1,676.9	100.0%	$1,662.4	100.0%

Net revenue is assigned to geographic regions based on customer shipment locations. Net revenue from customers outside the Americas for the fiscal years ended 2014, 2013 and 2012 represented 52.6%, 50.9% and 49.9% of net revenue, respectively. Net revenue from customers in the Americas for the fiscal years ended 2014, 2013 and 2012 included net revenue from the United States of $626.7 million, $630.8 million and $673.6 million, respectively. We expect revenue from customers outside of North America to continue to be an important part of our overall net revenue and an increasing focus for net revenue growth opportunities.

During fiscal 2014, 2013 and 2012, no single customer accounted for more than 10% of the Company's net revenue.

GROSS MARGIN

Gross margin in fiscal 2014 increased 3.6 percentage points to 45.0% from 41.4% in fiscal 2013. This increase was primarily due to (i) a reduction in amortization of developed technology driven by certain significant intangible assets becoming fully amortized in the first quarter of fiscal 2014, (ii) an improvement in NSE gross margin driven by cost efficiencies resulting from operational, supply chain and product lifecycle management improvements, and the consolidation of our contract manufacturing partners during the second half of fiscal 2013, and (iii) an improvement in CCOP gross margin due to a more favorable product mix and cost reductions in fiscal 2014. This was partially offset by a change in segment mix as CCOP net revenue, which generates lower gross margin generally than our other two segments, represented a higher percentage of consolidated net revenue in fiscal 2014.

Gross margin in fiscal 2013 decreased 1.0 percentage point to 41.4% from 42.4% in fiscal 2012. The decrease in gross margin was primarily due to (i) inventory charges and accelerated amortization of acquired developed technology related to the strategic exit of the legacy low-speed wireline product line in fiscal 2013, (ii) an increase in amortization expense of acquired developed technology primarily due to recent acquisitions and (iii) CCOP net revenue, which yields lower gross margin than our other two segments, represented a higher percentage of consolidated net revenue in fiscal 2013 compared to fiscal 2012. This was partially offset by improvements in CCOP gross margin primarily due to a more favorable product mix and improvements in yield in fiscal 2013.

As discussed in more detail under "Net Revenue" above, we sell products in certain markets that are consolidating, undergoing product, architectural and business model transitions, have high customer concentrations, are highly competitive (increasingly due to Asia-Pacific-based competition), are price sensitive and/or are affected by customer seasonal and mix variant buying patterns. We expect these factors to continue to result in variability of our gross margin.

RESEARCH AND DEVELOPMENT

R&D expense increased $37.5 million, or 14.5%, in fiscal 2014 compared to fiscal 2013. This increase was driven by a $29.2 million increase in labor and benefits expense primarily due to higher headcount and corresponding compensation associated with our ongoing investment in R&D and our strategic acquisitions. As a percentage of net revenue, R&D expense increased by 1.6 percentage points in fiscal 2014 as we continued to invest in our product portfolio through R&D and acquisitions in order to develop new technologies, products and services that offer our customers increased value and strengthen our position in our core markets.

R&D expense increased $14.5 million, or 5.9%, in fiscal 2013 compared to the same period a year ago. This increase was driven by a $15.6 million increase in labor and benefits expense primarily due to higher headcount associated with our continued investment in product development coupled with higher variable incentive and stock-based compensation in fiscal 2013. This was partially offset by a $2.0 million decrease in facilities expense primarily due to the exit from certain sites in connection with restructuring activities in our NSE segment in fiscal 2013. As a percentage of net revenue, R&D expense remained relatively flat, decreasing by 0.1 percentage points in fiscal 2013.

We believe that continuing our investments in R&D is critical to attaining our strategic objectives. We plan to continue to invest in R&D and new products that will further differentiate us in the marketplace and expect our investment in dollar terms to increase in future quarters.

SELLING, GENERAL AND ADMINISTRATIVE

SG&A expense increased $21.1 million, or 4.9%, in fiscal 2014 compared to fiscal 2013. This increase was primarily driven by a $23.9 million increase in labor and benefits expense primarily due to higher headcount and corresponding compensation related to our strategic acquisitions. This was partially offset by a $4.1 million decrease in external costs due to the insourcing of certain IT applications in the fourth quarter of fiscal 2013. As a percentage of net revenue, SG&A expense remained relatively flat, increasing by 0.2 percentage points in fiscal 2014.

SG&A expense increased $2.3 million, or 0.5%, in fiscal 2013 compared to fiscal 2012. This increase was primarily driven by a $15.3 million increase in labor and benefits expense primarily due to higher headcount coupled with higher compensation. This was partially offset by reductions in legal expenses primarily due to the absence in fiscal 2013 of a $7.9 million legal expense in fiscal 2012 related to a litigation settlement and $4.7 million of net decreases in various other expenses. As a percentage of net revenue, SG&A expense remained relatively flat, decreasing by 0.1 percentage points in fiscal 2013.

We intend to continue to focus on reducing our SG&A expense as a percentage of net revenue. However, we have in the recent past experienced, and may continue to experience in the future, certain non-core expenses, such as mergers and acquisitions-related expenses and litigation expenses, which could increase our SG&A expenses and potentially impact our profitability expectations in any particular quarter.

AMORTIZATION OF INTANGIBLES

Amortization of intangibles for fiscal 2014 decreased $17.0 million, or 22.4%, to $59.0 million from $76.0 million in fiscal 2013. This decrease is driven by a $20.1 million reduction in amortization of developed technology primarily due to certain significant intangible assets becoming fully amortized in the first quarter of fiscal 2014. This was partially offset by incremental amortization of intangible assets from our fiscal 2013 and fiscal 2014 acquisitions.

Amortization of intangibles for fiscal 2013 decreased $4.3 million, or 5.4%, to $76.0 million from $80.3 million in fiscal 2012.

ACQUIRED IN-PROCESS RESEARCH AND DEVELOPMENT ("IPR&D")

In accordance with authoritative guidance, we recognize IPR&D at fair value as of the acquisition date, and subsequently account for it as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. We periodically review the stage of completion and likelihood of success of each IPR&D project. The nature of the efforts required to develop IPR&D projects into commercially viable products principally relates to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the products can be produced to meet their design specifications, including functions, features and technical performance requirements.

During fiscal 2014, we acquired IPR&D through the acquisitions of Network Instruments and Trendium. The current status of our significant IPR&D projects from acquisitions is as follows:

Network Instruments Acquisition

Network Instruments was acquired in January 2014 and was accounted for in accordance with the authoritative guidance on business combinations. At the time of acquisition, Network Instruments was in the process of developing next generation integrated network software solutions. We have incurred post-acquisition costs of approximately $1.1 million in fiscal 2014 and estimate that additional investment of approximately $0.4 million in research and development will be required to complete the project. The project is currently in the development stage and we expect to complete the project in the first quarter of fiscal 2015.

Trendium Acquisition

Trendium was acquired in December 2013 and was accounted for in accordance with the authoritative guidance on business combinations. At the time of acquisition, Trendium was in the process of developing network probe software and next generation service assurance solutions. We have incurred post-acquisition costs of approximately $1.0 million in fiscal 2014 and estimate that additional investment of approximately $1.4 million in research and development will be required to complete the project. The project is currently in the development stage and we expect to complete the project in the second quarter of fiscal 2015.

RESTRUCTURING AND RELATED CHARGES

We continue to reduce costs through targeted restructuring efforts intended to consolidate our operations, rationalize the manufacturing of our products and align our businesses in response to market conditions. We estimate annualized cost savings of approximately $32.3 million excluding any one-time charge as a result of the restructuring activities initiated in the past year. Refer to "Note 11. Restructuring and Related Charges" for more information.

As of June 28, 2014, our total restructuring accrual was $26.2 million.

During the twelve months ended June 28, 2014, we recorded $23.8 million in restructuring and related charges. The charges are a combination of new and previously announced restructuring plans and are primarily the result of the following:

(i) During the fourth quarter of fiscal 2014, Company management ("Management") approved a plan in the NSE segment to realign its operations and strategy to allow for greater investment in high-growth areas. As a result, a restructuring charge of $4.6 million was recorded for severance and employee benefits for 123 employees primarily in manufacturing, R&D and SG&A functions located in North America, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the fourth quarter of fiscal 2015.

(ii) During the fourth quarter of fiscal 2014, Management approved a plan in the CCOP segment to close the Serangoon office located in Singapore and move to a lower cost region in order to reduce manufacturing and R&D expenses. As a result, a restructuring charge of $1.7 million was recorded for severance and employee benefits for approximately 50 employees primarily in manufacturing and R&D functions. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2015.

(iii) During the fourth quarter of fiscal 2014, Management approved a plan to eliminate positions and re-define roles and responsibilities in our Shared Service function in order to reduce cost, standardize global processes and establish a more efficient organization. As a result, a restructuring charge of $1.8 million was recorded for severance and employee benefits for 48 employees primarily in general and administrative functions located in the United States, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the fourth quarter of fiscal 2015.

(iv) During the third quarter of fiscal 2014, Management approved a plan in the NSE segment to realign its services, support and product resources in response to market conditions in the mobile assurance market and to increase focus on software products and next generation solutions through acquisitions and R&D. As a result, a year to date restructuring charge of $7.2 million was recorded for severance and employee benefits for 63 employees primarily in SG&A and manufacturing functions located in North America, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2020.

(v) During the second quarter of fiscal 2014, Management approved a plan in the NSE segment to exit the remaining space in Germantown, Maryland. As of June 28, 2014, the Company exited the workspace in Germantown under the plan. The fair value of the remaining contractual obligations, net of sublease income as of June 28, 2014 was $6.9 million. Payments related to the Germantown lease costs are expected to be paid by the end of the second quarter of fiscal 2019.

(vi) During the second quarter of fiscal 2014, Management approved a plan to eliminate positions and re-define roles and responsibilities in the Finance and IT organization to align with the future state of the organizations under new executive management and move positions to lower-cost locations where appropriate. As a result, a year-to-date restructuring charge of $3.1 million was recorded for severance and benefits for 22 employees primarily in SG&A functions located in North America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2022.

During the twelve months ended June 29, 2013, we recorded $19.0 million in restructuring and related charges. The charges are a combination of new and previously announced restructuring plans and are primarily the result of the following:

(i) During the fourth quarter of fiscal 2013, Management approved a plan to re-align certain functions related to the CCOP segment to drive organizational efficiency and enhance the product line marketing leadership. As a result, a restructuring charge of $1.2 million was recorded for severance and employee benefits for 28 employees primarily in manufacturing, R&D and SG&A functions located in the North America and Asia. Payments related to the severance and benefits accrual are expected to be paid by the end of the second quarter of fiscal 2015.

(ii) During the fourth quarter of fiscal 2013, Management approved a plan in our OSP segment to realign its operations to focus on priority markets such as Anti-Counterfeiting, Consumer and Industrial and Other offerings in government, aerospace and defense which resulted in ceasing production of certain legacy products such as anti-reflection coatings and front-surface mirrors for display and office automation applications, solar cell covers, and select infrared products that use our Multi-layer Anti-reflection Coater, custom display, and some box coater production platforms which were at the end of their lifecycle. The business segment phased out production of these product offerings by the end of the second quarter of fiscal 2014 and de-commission and dispose of certain production equipment as part of the plan. This will result in consolidation of manufacturing operations and office space in our site in Santa Rosa, CA and reduction of workforce by approximately 126 employees primarily in in manufacturing, R&D and SG&A functions located in the United States. Payments related to the severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2015.

(iii) During the fourth quarter of fiscal 2013, Management approved a plan to consolidate workspace in Germantown, Maryland and Beijing, China, primarily used by the NSE segment. As of June 29, 2013, the Company had exited the affected facilities in both Germantown and Beijing under the plan. We accrued $4.2 million exit costs in accordance with authoritative guidance related to lease and contract terminations. The fair value of the remaining contractual obligations, net of sublease income as of June 29, 2013 was $5.0 million. Payments related to the Germantown lease costs are expected to be paid by the end of the second quarter of fiscal 2019. Final payments related to the Beijing lease costs were paid during the first quarter of fiscal 2014.

(iv) During the third quarter of fiscal 2013, Management approved a plan to transition certain functions related to the CCOP segment to an offshore contract manufacturer to align with our continuous efforts for supply chain optimization. As a result, a restructuring charge of $0.9 million was recorded for severance and employee benefits for 44 employees primarily in manufacturing, R&D and SG&A functions located in the United States. Payments related to the severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2015.

(v) During the second quarter of fiscal 2013, Management approved a plan to align the Company's investment strategy in its NSE segment with customer spending priorities in high-growth product lines such as wireless network assurance and eliminate positions in R&D, sales and operations organization that supported low-growth product lines. As a result, a restructuring charge of $3.0 million was recorded for severance and employee benefits for 63 employees primarily in manufacturing, R&D and SG&A functions located in North America, Europe and Asia. Payments related to the severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2015.

(vi) During the first quarter of fiscal 2013, Management approved a plan to terminate the CPV product line within the CCOP segment based on limited opportunities for market growth. As a result, a restructuring charge of $0.4 million was recorded for severance and employee benefits for 9 employees primarily in manufacturing, R&D and SG&A functions located in United States, Europe, and Asia. Payments related to the severance and benefits accrual were paid by the end of the fourth quarter of fiscal 2013.

(vii) The Company also incurred restructuring and related charges from previously announced restructuring plans in fiscal 2013 on the following: (i) $4.3 million additional severance and employee benefits primarily to adjust the accrual for the NSE Operation and Repair Outsourcing Restructuring announced during the fourth quarters of fiscal 2012 arising from 64 employees added to the original plan; (ii) $0.8 million for transfer costs and lease construction costs in NSE as the result of the repair outsourcing initiative announced by management during the fourth quarter of fiscal 2012; and (iii) $0.5 million for the exit of two leased sites in NSE for the plan announced during the fourth quarter of fiscal 2012. Payments related to the additional severance and benefits accrual in fiscal 2013 are expected to be paid by the end of the third quarter of fiscal 2017.

During the twelve months ended June 30, 2012, we incurred restructuring expenses of $12.5 million, of which $0.1 million was attributable to the Hologram Business and is presented in the Consolidated Statements of Operations as a component of Loss from discontinued operations, net of tax. The charges are a combination of new and previously announced restructuring plans and are primarily the result of the following:

(i) During the fourth quarter of fiscal 2012, Management approved the NSE Operation and Repair Outsourcing Restructuring Plan which focuses on three areas in the NSE segment: (1) moving the repair organization to a repair outsourcing partner; (2) reorganizing the R&D global team because of portfolio prioritization primarily in the CEM business to consolidate key platforms from several sites to single site; (3) reorganizing Global Sales to focus on strategic software growth, wireless growth, and to ensure sales account resources on the most critical global growth accounts. As a result, a restructuring charge of $4.3 million was recorded towards severance and employee benefits for 117 employees in manufacturing, R&D and SG&A functions. Payments related to the severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2017.

(ii) During the fourth quarter of fiscal 2012, Management approved the OSP Business Consolidation plan to consolidate and re-align the various business units within its OSP segment to improve synergies. As a result, a restructuring charge of $0.8 million was recorded towards severance and employee benefits for 17 employees primarily in manufacturing, R&D and SG&A functions. Of this $0.8 million restructuring charge, $0.1 million was attributable to the Hologram Business relating to severance and employee benefits for 1 employee and is presented in the Consolidated Statements of Operations as a component of Loss from discontinued operations, net of tax. Payments related to the severance and benefits accrual were paid off by the third quarter of fiscal 2013.

(iii) During the third quarter of fiscal 2012, Management approved the NSE Manufacturing Support Consolidation Plan to continue to consolidate its manufacturing support operations in the NSE segment, by reducing the number of contract manufacturer locations worldwide and moving most of them to lower cost regions such as Mexico and China. As a result, a restructuring charge of $2.8 million was recorded towards severance and employee benefits for 80 employees in manufacturing, R&D and SG&A functions. Payments related to the severance and benefits accrual were paid off by the first quarter of fiscal 2014.

(iv) During the second quarter of fiscal 2012, Management approved the NSE Solution Business Restructuring Plan to re-organize the CEM business of the NSE segment to improve business efficiencies with greater focus on the mobility and video software test business, and to re-organize NSE's global operations to reduce costs by moving towards an outsourcing model. As a result, a restructuring charge of $1.7 million was recorded towards severance and employee benefits for 57 employees in manufacturing, R&D and SG&A functions. Payments related to the remaining severance and benefits accrual were paid off by the second quarter of fiscal 2013.

(v) During the second quarter of fiscal 2012, Management approved the NSE Germantown Tower Restructuring Plan to consolidate workspace in Germantown, Maryland, primarily used by the NSE segment. As of December 31, 2011, the Company exited the workspace in Germantown under the plan. We accrued $0.6 million exit costs in accordance with authoritative guidance related to lease and contract terminations. The fair value of the remaining contractual obligations, net of sublease income as of June 30, 2012 was $0.5 million. Payments related to the lease costs are expected to be paid by the end of the second quarter of fiscal 2019.

(vi) During the first quarter of fiscal 2012, Management approved the CCOP Fiscal Q1 2012 Plan to restructure certain CCOP segment functions and responsibilities to drive efficiency and segment profitability in light of economic conditions. As a result, a restructuring charge of $1.1 million was recorded towards severance and employee benefits for 40 employees in manufacturing, R&D and SG&A functions. Payments related to the severance and benefits were paid off by the second quarter of fiscal 2012.

(vii) We also incurred restructuring and related charges from previously announced restructuring plans in fiscal 2012 on the following: (i) $0.5 million benefit arising primarily from $1.2 million benefit to adjust down the previous accrual of employee severance and benefits under NSE Sales and Market Rebalance Plan due to management's decision to re-locate employees and realize co-location efficiencies, offset by $0.7 million on severance and employee benefits, primarily on continued implementation of the NSE Germany Restructuring Plan; (ii) $1.6 million for manufacturing transfer costs in the NSE and OSP segments which were the result of the transfer of certain production processes into existing sites in the United States or to contract manufacturers; and (iii) $0.1 million charge arising primarily from $1.0 million lease termination cost under NSE Rebalancing Restructuring Plan, offset by $0.9 million benefit to adjust the accrual for previously restructured leases in the NSE segment which were the result of continued efforts to reduce and/or consolidate manufacturing locations.

Our restructuring and other lease exit cost obligations are net of sublease income or lease settlement estimates of approximately $6.0 million. Our ability to generate sublease income, as well as our ability to terminate lease obligations and recognize the anticipated related savings, is highly dependent upon the economic conditions, particularly commercial real estate market conditions in certain geographies, at the time we negotiate the lease termination and sublease arrangements with third parties as well as the performances by such third parties of their respective obligations. While the amount we have accrued represents the best estimate of the remaining obligations we expect to incur in connection with these plans, estimates are subject to change. Routine adjustments are required and may be required in the future as conditions and facts change through the implementation period. If adverse macroeconomic conditions continue, particularly as they pertain to the commercial real estate market, or if, for any reason, tenants under subleases fail to perform their obligations, we may be required to reduce estimated future sublease income and adjust the estimated amounts of future settlement agreements, and accordingly, increase estimated costs to exit certain facilities. Amounts related to the lease expense, net of anticipated sublease proceeds, will be paid over the respective lease terms through fiscal 2019.

INTEREST AND OTHER INCOME (EXPENSE), NET

Interest and other income (expense), net was $0.5 million in fiscal 2014 as compared to $(4.1) million in fiscal 2013. This $4.6 million change was primarily the result of a $4.1 million realized loss in the prior period in connection with the repurchase of $150.0 million aggregate principal amount of our 1% Senior Convertible Notes due 2026 (the "2026 Notes"). The 2026 Notes were fully repurchased and redeemed in fiscal 2013.

Interest and other income (expense) net decreased by $16.9 million during fiscal 2013, to $4.1 million of expense from $12.8 million of income during fiscal 2012. This decrease was primarily driven by (i) a reduction in other income primarily due to the absence in 2013 of $9.4 million of insurance proceeds received in fiscal 2012 from our claims on loss associated with the Thailand flooding, (ii) $3.4 million of additional loss realized from the repurchase of $150.0 million aggregate principal amount of 1% Senior Convertible Notes at or below par during fiscal 2013 and (iii) a $2.8 million unfavorable variance in foreign exchange results in fiscal 2013 compared to fiscal 2012. This was partially offset by a $0.6 million decrease in various other expenses.

INTEREST EXPENSE

Interest expense increased by $11.8 million, or 65.9%, in fiscal 2014 compared to fiscal 2013. This increase was primarily due to higher accretion of the debt discount and contractual interest expense recognized on our 2033 Notes in fiscal 2014 as compared to the accretion and contractual interest expense on our 2026 Notes in fiscal 2013. The increase was primarily driven by the fact that the unamortized debt discount of our 2033 Notes was significantly higher than that of our 2026 Notes in fiscal 2013. During fiscal 2014 we accreted debt discount and recognized contractual interest expense on our 2033 Notes of $20.7 million and $3.5 million, respectively. During fiscal 2013 we accreted debt discount and recognized contractual interest expense on our 2026 Notes of $12.0 million and $1.8 million, respectively.

Interest expense decreased by $9.4 million, or 34.4%, to $17.9 million from $27.3 million in fiscal 2013 compared to fiscal 2012. The decrease in interest expense during fiscal 2013 was primarily due to repurchases of $150.0 million of the aggregate principal amount of the 1% Senior Convertible Notes during the first three quarters of fiscal 2013 and the redemption of the remaining $161.0 million aggregate principal amount of our 1% Senior Convertible Notes in the fourth quarter of fiscal 2013.

(BENEFIT FROM) PROVISION FOR INCOME TAX

Fiscal 2014 Tax Expense/Benefit

We recorded an income tax benefit of $13.1 million for fiscal 2014. The expected tax benefit derived by applying the federal statutory rate to our loss before income taxes for fiscal 2014 differed from the income tax benefit recorded primarily as a result of domestic and foreign losses that were not realized due to valuation allowances and offset by the recognition of $21.7 million of uncertain tax benefits related to deferred tax assets due to the expiration of the statute of limitations in a non-US jurisdiction. In addition, we recorded a tax benefit of $6.4 million related to the income tax intraperiod tax allocation rules in relation to other comprehensive income.

Based on a jurisdiction by jurisdiction review of anticipated future income and due to the continued economic uncertainty in the industry, Management has determined that in many of our jurisdictions, it is more likely than not that our net deferred tax assets will not be realized in those jurisdictions. During fiscal 2014, the valuation allowance for deferred tax assets decreased by $49.3 million. The decrease was primarily related to an increase in acquisition and debt issuance related deferred tax liabilities. We are routinely subject to various federal, state and foreign audits by taxing authorities. We believe that adequate amounts have been provided for any adjustments that may result from these examinations.

Fiscal 2013 Tax Expense/Benefit

We recorded an income tax benefit of $103.9 million for 2013. The expected tax benefit derived by applying the federal statutory rate to our loss before income taxes for fiscal 2013 differed from the income tax benefit recorded primarily due to a net reduction in our valuation allowance related to valuation allowance releases, utilization of foreign net operating losses, and the recognition of tax credits generated during the current year.

During fiscal year 2013, after considering all available evidence, both positive and negative, we determined that a valuation allowance release of $107.9 million was appropriate for a foreign subsidiary because it was more likely than not that the deferred tax assets of the foreign subsidiary would be realized.

Previously, upon considering the totality of the negative evidence that existed with respect to the realization of the foreign subsidiary's deferred tax assets, which included its history of losses, the economic uncertainty of the foreign subsidiary's operations existing at that time, and the fact that there was no reasonable expectation or projections of future pre-tax income to support the realization of the deferred tax assets associated with the cumulative losses, we had recorded a full valuation allowance against the deferred tax assets.

In light of the historical losses and in order to improve the profitability of the foreign subsidiary, beginning in fiscal year 2011 and continuing in later years, we implemented targeted reorganization activities and instituted a new business model for the foreign subsidiary. Under the new business model, we became the worldwide distributor for most of the products manufactured by the foreign subsidiary and the foreign subsidiary began performing certain cost-plus reimbursable services for us.

The foreign subsidiary's operations improved as a result of the actions described above and resulted in a pre-tax profit for fiscal year 2013 and cumulative pre-tax income for the preceding three-year period. Moreover, based on the foreign subsidiary's improved operational activities and performance under the new business model it was able to reasonably forecast continued future pre-tax earnings. The reasonableness of the foreign subsidiary's forecast of continued future pre-tax earnings is supported by the facts that we intend to continue to use the new business model and the forecast is not dependent on any changes to the new business model, additional reorganization activities, or improvements to operational activities.

Therefore, as described above, based on all available evidence, including both positive and negative, and the weight of that evidence, we concluded that it was more likely than not that the deferred tax assets of the foreign subsidiary would be realized and that the applicable valuation allowance should be released.

In addition, during fiscal 2013 we recorded net income tax expense of $4.0 million attributable to the results of our worldwide operations.

Based on a jurisdiction by jurisdiction review of anticipated future income and due to the continued economic uncertainty in the industry, Management has determined that in many of our jurisdictions, it is more likely than not that our net deferred tax assets will not be realized in those jurisdictions. During fiscal 2013, the valuation allowance for deferred tax assets decreased by $87.9 million. The decrease was primarily related to the valuation allowance release mentioned above. We are routinely subject to various federal, state and foreign audits by taxing authorities. We believe that adequate amounts have been provided for any adjustments that may result from these examinations.

Fiscal 2012 Tax Expense/Benefit

We recorded an income tax expense of $12.0 million for fiscal 2012. The expected tax benefit derived by applying the federal statutory rate to our loss before income taxes for fiscal 2012 differed from the income tax expense recorded primarily as a result of domestic and foreign losses that were not benefited due to valuation allowances.

Based on a jurisdiction by jurisdiction review of anticipated future income and due to the continued economic uncertainty in the industry, management has determined that in most of our jurisdictions, it is more likely than not that our net deferred tax assets will not be realized in those jurisdictions. During fiscal 2012, the valuation allowance for deferred tax assets increased by $25.8 million. The increase was primarily due to domestic and foreign tax net operating losses sustained during the fiscal year, offset by utilization and expiration of domestic and foreign net operating losses. We are routinely subject to various federal, state and foreign audits by taxing authorities. We believe that adequate amounts have been provided for any adjustments that may result from these examinations.

DISCONTINUED OPERATIONS

During the second quarter of fiscal 2013, we closed the sale of the Hologram Business, previously within the OSP reportable segment, and received gross proceeds of $11.5 million in cash, subject to an earnout clause requiring the buyer to pay up to a maximum additional amount of $4.0 million if the revenue generated by the business exceeds a pre-determined target amount during the one-year period immediately following the closing. In the fourth quarter of fiscal 2014, we submitted an arbitration demand to resolve a dispute regarding the amount we are owed from the buyer under the earnout clause. If any amount related to the earn-out clause meets the recognition criteria it will be included as a component of discontinued operations in the Consolidated Statements of Operations.

Net revenue of the Hologram Business for fiscal 2013 and 2012 was $5.2 million and $19.7 million, respectively. Net loss from discontinued operations for fiscal 2013 and 2012 was zero and $29.5 million, respectively. Net loss from discontinued operation in fiscal 2012 primarily related to impairment charges on long-lived assets. There was no tax effect associated with the discontinued operation for any periods presented.

Operating Segment Information *(dollars in millions):*

	2014	2013	Change	Percentage Change	2013	2012	Change	Percentage Change
NSE:								
Net revenue	$748.3	$728.9	$19.4	2.7%	$728.9	$754.8	$(25.9)	(3.4)%
Operating income...	80.3	83.1	(2.8)	(3.4)	83.1	98.3	(15.2)	(15.5)
Operating margin...	10.7%	11.4%			11.4%	13.0%		
CCOP:								
Net revenue	$794.1	$742.2	$51.9	7.0%	$742.2	$701.6	$ 40.6	5.8%
Operating income...	93.5	82.4	11.1	13.5	82.4	72.0	10.4	14.4
Operating margin...	11.8%	11.1%			11.1%	10.3%		
OSP:								
Net revenue	$200.8	$205.8	$ (5.0)	(2.4)%	$205.8	$206.0	$ (0.2)	(0.1)%
Operating income...	72.0	73.2	(1.2)	(1.6)	73.2	72.5	0.7	1.0
Operating margin...	35.9%	35.6%			35.6%	35.2%		

Network and Service Enablement

Network and Service Enablement operating margin decreased 0.7 percentage points during fiscal 2014 to 10.7% from 11.4% in fiscal 2013. The decrease in operating margin was primarily due to an increase in operating expenses driven by (i) higher headcount, (ii) R&D investments primarily related to our strategic acquisitions and (iii) higher commissions driven by the overall increase in NSE net revenue as referenced above. This was partially offset by cost efficiencies resulting from operational, supply chain and product lifecycle management improvements, and the consolidation of our contract manufacturing partners during the second half of fiscal 2013.

NSE operating margin decreased 1.6 percentage points during fiscal 2013 to 11.4% from 13.0% in fiscal 2012. The decrease was primarily driven by a 3.4% decrease in net revenue as discussed above, partially offset by an improvement in gross margin primarily due to (i) a more favorable product mix as net revenue from higher margin products increased compared to fiscal 2012, particularly from new products from the acquisitions of Dyaptive and GenComm in our Mobility product line, (ii) savings obtained through restructuring activities to consolidate and rationalize business functions, and (iii) savings associated with the recent outsourcing of our repair operations and ongoing efforts to outsource manufacturing and reduce the number of contract manufacturing partners.

Communications and Commercial Optical Products

CCOP operating margin increased 0.7 percentage points during fiscal 2014 to 11.8% from 11.1% in fiscal 2013. The increase was driven by an improvement in gross margin primarily due to a more favorable product mix and cost reductions, coupled with an overall increase in CCOP net revenue as referenced above. This was partially offset by an increase in R&D expense primarily due to higher headcount associated with our ongoing R&D investments and to lower R&D offsets from customer-funded development projects in the current period versus the prior period.

CCOP operating margin increased 0.8 percentage points during fiscal 2013 to 11.1% from 10.3% in fiscal 2012. The increase was primarily driven by an improvement in gross margin primarily due to a more favorable product mix and improvement in yield in fiscal 2013. Also contributing to the increase in operating margin was a 5.8% increase in net revenue as discussed above. This was partially offset by an increase in R&D and SG&A expense primarily due to higher R&D headcount and increased variable incentive compensation in fiscal 2013.

Optical Security and Performance Products

OSP operating margin remained relatively flat in fiscal 2014, increasing by 0.3 percentage points from fiscal 2013.

OSP operating margin increased 0.4 percentage points during fiscal 2013 to 35.6% from 35.2% in fiscal 2012. The increase was primarily driven by reductions in SG&A expense due to a one-time benefit from a litigation settlement related to an insurance claim in fiscal 2013 and due to lower labor and benefits expense. This was partially offset by (i) a decline in gross margin driven by factory underutilization and charges associated with the announced exit of certain product lines and (ii) an increase in R&D expense primarily due to spending on key innovation initiatives.

LIQUIDITY AND CAPITAL RESOURCES

Our cash investments are made in accordance with an investment policy approved by the Audit Committee of our Board of Directors. In general, our investment policy requires that securities purchased be rated A-1/P-1, A/A2 or better. In November, 2012, the policy was amended to allow an allocation to securities rated A-2/P-2, BBB/Baa2 or better, with such allocation not to exceed 10% of any investment portfolio. Securities that are downgraded subsequent to purchase are evaluated and may be sold or held at management's discretion. No security may have an effective maturity that exceeds 37 months, and the average duration of our holdings may not exceed 18 months. At any time, no more than 5% or $5 million (whichever is greater) of each investment portfolio may be concentrated in a single issuer other than the U.S. or sovereign governments or agencies. Our investments in debt securities and marketable equity securities are primarily classified as available-for-sale investments or trading assets and are recorded at fair value. The cost of securities sold is based on the specific identification method. Unrealized gains and losses on available-for-sale investments are reported as a separate component of stockholders' equity. We did not hold any investments in auction rate securities, mortgage backed securities, collateralized debt obligations, or variable rate demand notes at June 28, 2014 and virtually all debt securities held were of investment grade (at least BBB/Baa2). As of June 28, 2014, Company entities in the U.S. owned approximately 81.7% of our cash and cash equivalents, short-term investments and restricted cash.

As of June 28, 2014, the majority of our cash investments have maturities of 90 days or less and are of high credit quality. Although we intend to hold these investments to maturity, in the event that we are required to sell any of these securities under adverse market conditions, losses could be recognized on such sales. During the twelve months ended June 28, 2014, we have not realized material investment losses but can provide no assurance that the value or the liquidity of our investments will not be impacted by adverse conditions in the financial markets. In addition, we maintain cash balances in operating accounts that are with third party financial institutions. These balances in the U.S. may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. While we monitor the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail.

Fiscal 2014

As of June 28, 2014 our combined balance of cash and cash equivalents, short-term investments and restricted cash increased by $365.4 million, or 70.8%, to $881.3 million from $515.9 million as of June 29, 2013. The increase in the combined balance was primarily driven by $650.0 million of cash received from the issuance of the 2033 Notes and $176.6 million of cash provided by operations, partially offset by (i) $216.0 million of cash used for the acquisitions of Network Instruments, Time-Bandwidth and Trendium, (ii) $155.2 million of cash used to repurchase our common stock and (iii) $99.8 million of cash used for capital expenditures.

Cash provided by operating activities was $176.6 million, primarily resulting from $175.9 million of net income adjusted for both non-cash charges (e.g., depreciation, amortization and stock-based compensation) and changes in our deferred tax balances which are non-cash in nature, partially offset by changes in operating assets and liabilities of $0.7 million. Changes in our operating assets and liabilities related primarily to a $25.9 million increase in accounts payable due to timing and slightly slower payment activity in the fourth quarter of fiscal 2014 as compared to the same period in the prior year, partially offset by a $19.6 million decrease in accrued payroll and related expenses due to the lower commissions and variable incentive pay, and a $9.6 million increase in accounts receivable due to a year-over-year increase in revenue.

Cash used in investing activities was $651.8 million, primarily resulting from (i) $1,072.9 million of purchases of available-for-sale investments, (ii) $216.0 million of cash used for the acquisitions of Network Instruments, Time-Bandwidth and Trendium, (iii) and $99.8 million of cash used for capital expenditures, partially offset by $730.0 million of maturities and sales of available-for-sale investments, and $9.2 million of net proceeds from the sale of assets.

Cash provided by financing activities was $489.6 million, primarily resulting from $650.0 million of cash received from our issuance of the 2033 Notes, $22.5 million of cash received from the exercise of stock options and the issuance of common stock under our employee stock purchase plan, partially offset $155.2 million of cash used to repurchase our common stock, $14.2 million to pay financing obligations, and $13.5 million of cash used for the payment of issuance costs for the 2033 Notes.

Fiscal 2013

We had a combined balance of cash and cash equivalents, short-term investments and restricted cash of $515.9 million at June 29, 2013, a decrease of $236.8 million from June 30, 2012. Cash and cash equivalents decreased by $120.1 million in the twelve months ended June 29, 2013, primarily due to $306.8 million used to repurchase our 1% Senior Convertible Notes, $83.2 million used for the acquisitions of business, and $65.1 million used for the purchase of property, plant and equipment, offset by net cash inflows of $110.0 million provided by the maturities, sales and purchases of investments, and cash provided by operating activities of $187.8 million.

Cash provided by operating activities was $187.8 million, resulting from our net income adjusted for non-cash items such as depreciation, amortization and stock-based compensation of $279.4 million offset by changes in operating assets and liabilities that used $91.6 million. Changes in operating assets and liabilities related primarily to an increase in net deferred taxes of $119.5 million, due to a $107.9 million non-cash release of deferred tax valuation allowances in a non-U.S. jurisdiction, a decrease in accounts payable of $16.1 million primarily due to an increase in payments prior to year end enabled by stronger operating cash flows in fiscal 2013, and a decrease in accrued payroll and related expenses of $9.4 million, offset by a decrease in accounts receivable of $39.2 million primarily driven by our collection efforts and a decrease in inventory of $27.2 million primarily due to an increase in shipments and further leveraging our contract manufacturing supply chain management.

Cash used in investing activities was $25.0 million, primarily related to cash used for the acquisitions of GenComm and Arieso of $83.2 million, and cash used for the purchase of property, plant and equipment of $65.1 million offset by net cash inflows provided by the maturities, sales and purchases of investments of $110.0 million, and net proceeds from sale of the Hologram Business of $11.2 million. Investments made during the twelve months ended June 29, 2013 included new technology, laboratory and manufacturing equipment, the set up and improvements to facilities, and upgrading information technology systems.

Cash used in financing activities was $283.8 million, primarily related to the repurchase of our 1% Senior Convertible Notes in the amount of $306.8 million, offset by proceeds from the exercise of stock options and the issuance of common stock under our employee stock purchase plan of $25.7 million.

Fiscal 2012

We had a combined balance of cash and cash equivalents, short-term investments and restricted cash of $752.7 million at June 30, 2012, an increase of $24.0 million from July 2, 2011. Cash and cash equivalents increased by $5.7 million in the twelve months ended June 30, 2012, primarily due to cash provided by operating activities of $119.1 million, offset by $72.2 million used for the purchases of property, plant and equipment, net cash outflows of $26.6 million used for the purchase of available-for-sale investments, $12.5 million used for the acquisition of QuantaSol Limited ("QuantaSol") and Dyaptive and $1.9 million used in financing activities.

Cash provided by operating activities was $119.1 million, resulting from our net loss adjusted for non-cash items such as depreciation, amortization, impairment of long-lived assets and stock-based compensation of $199.4 million, and changes in operating assets and liabilities that used $80.3 million related primarily to a decrease in accounts payable of $29.2 million, a decrease in accrued payroll and related expenses of $25.3 million, an increase in other current and non-current assets of $14.8 million, a decrease in accrued expenses and other current and non-current liabilities of $11.1 million, and an increase in inventories of $7.7 million, offset by a decrease in accounts receivable of $17.2 million primarily due to decrease in net revenue compared with fiscal 2011.

The $29.2 million decrease in accounts payable was primarily due to timing of purchases and payments. The $25.3 million decrease in accrued payroll and related expenses was primarily due to timing of salary and payroll tax payments and lower bonus and commission accruals. The $14.8 million increase in other current and non-current assets was primarily due to higher advances to our contract manufacturers to support future growth and increases in value-added tax receivables and prepayments of license and maintenance fees. The $11.1 million decrease in other current and non-current liabilities was mainly due to timing of invoicing and lower accrual related to contract manufacturing scrap expenses.

Cash used by investing activities was $105.7 million, primarily related to cash used for the purchase of property, plant and equipment of $72.2 million, net cash outflows used for the purchase of available-for-sale investments of $26.6 million, and cash used for the acquisition of QuantaSol and Dyaptive of $12.5 million, offset by proceeds from sale of assets of $2.1 million. Since we continue to invest in new technology, laboratory equipment, and manufacturing capacity to support revenue growth across all three segments, significant investments were made during fiscal 2012 to increase our manufacturing capacity in Asia and the U.S. and to upgrade our information technology systems.

Our financing activities used cash of $1.9 million, related to repayments of the carrying amount and reacquisition of the equity component of our 1% Senior Convertible Notes in the amount of $13.2 million, payments made on financing obligations of $11.6 million primarily related to software licenses, and payments for issuance cost of our revolving credit facility of $1.9 million, offset by proceeds from the exercise of stock options and the issuance of common stock under our employee stock purchase plan of $17.9 million and proceeds from financing obligation of $6.9 million related to the Eningen sale and leaseback transaction.

CONTRACTUAL OBLIGATIONS

The following summarizes our contractual obligations at June 28, 2014, and the effect such obligations are expected to have on our liquidity and cash flow over the next five years (*in millions*):

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Contractual Obligations					
Asset retirement obligations—expected cash payments	$ 7.1	$ 2.0	$ 2.1	$ 1.2	$ 1.8
Long term debt:(1)					
0.625% Senior convertible notes	650.0	—	—	650.0	—
Estimated interest payments	16.8	4.1	8.1	4.6	—
Purchase obligations(2)	150.0	141.2	5.5	0.4	2.9
Operating lease obligations(2)	118.7	26.6	44.8	28.1	19.2
Pension and postretirement benefit payments(3)	111.5	5.2	13.0	14.4	78.9
Other non-current liabilities related to acquisition holdbacks(4)	6.0	—	5.5	0.5	—
Total	$1,060.1	$179.1	$79.0	$699.2	$102.8

(1) Refer to “Note 10. Debts and Letters of Credit” for more information.

(2) Refer to “Note 17. Commitments and Contingencies” for more information.

(3) Refer to “Note 15. Employee Benefit Plans” for more information.

(4) Refer to “Note 5. Mergers and Acquisitions” for more information.

As of June 28, 2014, we have accrued in our Consolidated Balance Sheets $13.1 million in connection with restructuring and related activities relating to our operating lease obligations disclosed above, of which $3.8 million was included in Other current liabilities and $9.3 million was included in Other non-current liabilities.

Purchase obligations represent legally-binding commitments to purchase inventory and other commitments made in the normal course of business to meet operational requirements. Of the $150.0 million of purchase obligations as of June 28, 2014, $48.1 million are related to inventory and the other $101.9 million are non-inventory items.

As of June 28, 2014, our other non-current liabilities primarily relate to asset retirement obligations, pension and financing obligations which are presented in various lines in the preceding table.

As we are unable to reasonably predict the timing of settlement of liabilities related to unrecognized tax benefits including penalties and interest, the table does not include $28.2 million of such liabilities recorded on our consolidated balance sheet as of June 28, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements, as such term is defined in rules promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

ACQUISITIONS

As part of our strategy, we are committed to the on-going evaluation of strategic opportunities and, where appropriate, the acquisition of additional products, technologies or businesses that are complementary to, or broaden the markets for our products. We believe we strengthened our business model by expanding our addressable market, customer base, and expertise, diversifying our product portfolio, and fortifying our core businesses through acquisition as well as through organic initiatives.

In January 2014, we completed the acquisition of Network Instruments, a privately-held U.S. company and leading developer of enterprise network and application-performance management solutions for global 2000 companies. The acquisition further strengthens our position as a key solutions provider to the enterprise, data center and cloud networking markets. In order to improve application performance, reduce costs and address increasing network complexity, enterprise network administrators are rapidly transforming their IT networks while embracing today's most critical technology initiatives such as unified communications, cloud, and data center consolidation. Network Instruments helps enterprises simplify the management and optimization of their networks with high-performance solutions that provide actionable intelligence and deep network visibility. We acquired all outstanding shares of Network Instruments for a total purchase price of $208.5 million in cash, including holdback payments of approximately $20.0 million.

Also in January 2014, we completed the acquisition of Time-Bandwidth, a privately-held provider of high powered and ultrafast lasers for industrial and scientific markets. Use of ultrafast lasers for micromachining applications is being driven primarily by increasing use of consumer electronics and connected devices globally. Manufacturers are taking advantage of high-power and ultrafast lasers to create quality micro parts for consumer electronics and to process semiconductor chips for consumer devices. Time-Bandwidth's technology complements our current laser portfolio, while enabling Time-Bandwidth to leverage our high volume and low-cost manufacturing model, global sales team and channel relationships. We acquired all outstanding shares of Time-Bandwidth for a total purchase price of $15.0 million in cash, including a holdback payment of approximately $2.3 million.

In December 2013, we acquired certain technology and other assets from Trendium, a privately-held provider of real-time intelligence software solutions for customer experience assurance ("CEA"), asset optimization and monetization of big data for 4G/LTE mobile network operators. The addition of Trendium employees and technology enables the Company to introduce a new paradigm of CEA, enabling operators of 4G/LTE networks to achieve a real and relevant improvement in customer satisfaction while maximizing productivity and profitability for dynamic converged 4G/LTE networks and beyond. We acquired certain technology and other assets from Trendium for a total purchase price of $26.1 million in cash, including a holdback payment of approximately $2.5 million.

In March 2013, we completed the acquisition of Arieso based in the United Kingdom. We acquired tangible and intangible assets and assumed liabilities of Arieso for a total purchase price of approximately $89.7 million in cash, including holdback payments of approximately $12.8 million.

In August 2012, we completed the acquisition of GenComm based in Seoul, South Korea. We acquired tangible and intangible assets and assumed liabilities of GenComm for a total purchase price of approximately $15.2 million in cash, including holdback payments of approximately $3.8 million.

In January 2012, we completed the acquisition of Dyaptive based in Vancouver, Canada. We acquired tangible and intangible assets and assumed liabilities of Dyaptive for a total purchase price of approximately CAD 14.9 million (USD 14.8 million) in cash, including a holdback payment of approximately CAD 2.0 million (USD 2.0 million).

Please refer to "Note 5. Mergers and Acquisitions" of our Notes to Consolidated Financial Statements.

EMPLOYEE EQUITY INCENTIVE PLAN

Our stock option and Full Value Award program is a broad-based, long-term retention program that is intended to attract and retain employees and align stockholder and employee interests. As of June 28, 2014, we have available for issuance 8.2 million shares of common stock for grant primarily under our Amended and Restated 2003 Equity Incentive Plan (the "2003 Plan") and 2005 Acquisition Equity Incentive Plan (the "2005 Plan"). The exercise price for the options is equal to the fair market value of the underlying stock at the date of grant. Options generally become exercisable over a three-year or four-year period and, if not exercised, expire from five to ten years post grant date. Full Value Awards are performance-based, time-based, or a combination of both and are expected to vest over one to four years. The fair value of the time-based Full Value Awards is based on the closing market price of our common stock on the grant date of the award. Refer to "Note 14. Stock-Based Compensation" for more information.

PENSION AND OTHER POSTRETIREMENT BENEFITS

As a result of acquiring Acterna, Inc. ("Acterna") in August 2005, NSD in May 2010, and Time-Bandwidth in January 2014, we sponsor significant pension plans for certain past and present employees in the United Kingdom ("U.K."), Germany and Switzerland. We are also responsible for the non-pension post-retirement benefit obligation assumed from a past acquisition. Most of these plans have been closed to new participants and no additional service costs are being accrued, except for certain plans in Germany and Switzerland assumed in connection with acquisitions during fiscal 2010 and the third quarter of fiscal 2014. The U.K. plan and Switzerland plan are partially funded and the German plans, which were initially established as "pay-as-you-go" plans, are unfunded. As of June 28, 2014, our pension plans were under funded by $110.4 million since the PBO exceeded the fair value of its plan assets. Similarly, we had a liability of $1.1 million related to our non-pension post-retirement benefit plan.

We anticipate future annual outlays related to the German plans will approximate estimated future benefit payments. These future benefit payments have been estimated based on the same actuarial assumptions used to measure our projected benefit obligation and currently are forecasted to range between $4.2 million and $5.8 million per annum. In addition, we expect to contribute approximately $0.8 million and $0.3 million to the U.K. and Switzerland plans during fiscal 2015.

During fiscal 2014 and fiscal 2013, we contributed GBP 0.5 million or approximately $0.7 million in each fiscal year to our U.K. pension plan. These contributions allowed the Company to comply with regulatory funding requirements.

A key actuarial assumption in calculating the net periodic cost and the PBO is the discount rate. Changes in the discount rate impact the interest cost component of the net periodic benefit cost calculation and PBO due to the fact that the PBO is calculated on a net present value basis. Decreases in the discount rate will generally increase pre-tax cost, recognized expense and the PBO. Increases in the discount rate tend to have the opposite effect. We estimate a 50 basis point ("BPS") decrease or increase in the discount rate would cause a corresponding increase or decrease, respectively, in the PBO of approximately $9.7 million based upon data as of June 28, 2014.

LIQUIDITY AND CAPITAL RESOURCES REQUIREMENT

Our primary liquidity and capital spending requirements over at least the next 12 months will be the funding of our operating activities and capital expenditures. As of June 28, 2014 our expected commitments for capital expenditures totaled approximately $25.2 million. We believe our existing cash balances and investments will be sufficient to meet our liquidity and capital spending requirements for at least the next 12 months. However, there are a number of factors that could positively or negatively impact our liquidity position, including:

- global economic conditions which affect demand for our products and services and impact the financial stability of our suppliers and customers;

- changes in accounts receivable, inventory or other operating assets and liabilities which affect our working capital;
- increase in capital expenditure to support the revenue growth opportunity of our business;
- the tendency of customers to delay payments or to negotiate favorable payment term to manage their own liquidity positions;
- timing of payments to our suppliers;
- factoring or sale of accounts receivable;
- volatility in fixed income and credit which impact the liquidity and valuation of our investment portfolios;
- volatility in foreign exchange markets which impacts our financial results;
- possible investments or acquisitions of complementary businesses, products or technologies;
- issuance or repurchase of debt or equity securities;
- potential funding of pension liabilities either voluntarily or as required by law or regulation, and
- compliance with covenants and other terms and conditions related to our financing arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN EXCHANGE RISK

We utilize foreign exchange forward contracts and other instruments, including option contracts, to hedge foreign currency risk associated with foreign currency denominated monetary assets and liabilities, primarily certain short-term intercompany receivables and payables. Our foreign exchange forward contracts and other instruments are accounted for as derivatives whereby the fair value of the contracts are reflected as other current assets or other current liabilities and the associated gains and losses are reflected in Interest and other income (expense), net in the Consolidated Statements of Operations. Our hedging programs reduce, but do not eliminate, the impact of currency exchange rate movements. The gains and losses on those derivatives are expected to be offset by re-measurement gains and losses on the foreign currency denominated monetary assets and liabilities.

The following table provides information about our foreign currency forward contracts outstanding as of June 28, 2014. The forward contracts, most with a term of less than 120 days, were transacted near quarter end; therefore, the fair value of the contracts is not significant.

(in millions)	Contract Amount (Local Currency)		Contract Amount (USD)
Australian Dollar (contracts to sell AUD / buy USD)	AUD	6.5	6.0
Brazilian Real (contracts to sell BRL / buy USD)	BRL	25.5	11.2
Canadian Dollar (contracts to buy CAD / sell USD)	CAD	61.9	57.6
Swiss Franc (contracts to buy CHF / sell USD)	CHF	2.7	3.0
Chinese Renmimbi (contracts to buy CNY / sell USD)	CNY	218.7	34.9
Euro (contracts to buy EUR / sell USD)	EUR	60.0	81.8
British Pound (contracts to buy GBP / sell USD)	GBP	3.6	6.1
Indian Rupee (contracts to sell INR / buy USD)	INR	252.7	4.1
Japanese Yen (contracts to buy JPY / sell USD)	JPY	347.0	3.4
South Korean Won (contracts to buy KRW / sell USD)	KRW	2,635.0	2.6
Mexican Peso (contracts to buy MXN / sell USD)	MXN	91.5	7.0
Swedish Krona (contracts to buy SEK / sell USD)	SEK	34.0	5.0
Singapore Dollar (contracts to sell SGD / buy USD)	SGD	46.7	37.4
Total notional amount of outstanding Foreign Exchange Contracts			$260.1

The counterparties to these hedging transactions are creditworthy multinational banks. The risk of counterparty nonperformance associated with these contracts is not considered to be material. Notwithstanding our efforts to mitigate some foreign exchange risks, we do not hedge all of our foreign currency exposures, and there can be no assurances that our mitigating activities related to the exposures that we do hedge will adequately protect us against the risks associated with foreign currency fluctuations.

INVESTMENTS

We maintain an investment portfolio in a variety of financial instruments, including, but not limited to, U.S. government and agency securities, corporate obligations, money market funds, asset-backed securities, and other investment-grade securities. The majority of these investments pay a fixed rate of interest. The securities in the investment portfolio are subject to market price risk due to changes in interest rates, perceived issuer creditworthiness, marketability, and other factors. These investments are generally classified as available-for-sale and, consequently, are recorded on our Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a separate component of Other comprehensive (loss) income.

Investments in both fixed-rate and floating-rate interest earning instruments carry a degree of interest rate risk. The fair market values of our fixed-rate securities decline if interest rates rise, while floating-rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may be less than expectations because of changes in interest rates or we may suffer losses in principal if we sell securities that have experienced a decline in market value because of changes in interest rates.

The following table (*in millions*) presents the hypothetical changes in fair value in the available-for-sale debt instruments held at June 28, 2014 that are sensitive to changes in interest rates. These instruments are not leveraged or hedged and are held for purposes other than trading. Investments in money market funds and similar investment funds that seek to maintain a constant net asset value per unit of investment are not considered to be subject to market price risk and are not included in this sensitivity analysis. The modeling technique used measures the change in fair values arising from selected potential changes in interest rates. Market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 50 BPS, 100 BPS and 150 BPS with a yield floor of zero. Beginning fair values represent the market value, excluding accrued interest as of June 28, 2014.

	Valuation of Securities Given an Interest Rate Decrease of “X” BPS			**Fair Value as of June 28, 2014**	**Valuation of Securities Given an Interest Rate Increase of “X” BPS**		
	150 BPS	**100 BPS**	**50 BPS**		**50 BPS**	**100 BPS**	**150 BPS**
U.S. treasuries	$ 36.8	$ 36.8	$ 36.8	$ 36.7	$ 36.5	$ 36.4	$ 36.2
U.S. agencies	69.9	69.9	69.9	69.8	69.6	69.4	69.3
Municipals and Sovereign	16.8	16.8	16.8	16.7	16.7	16.6	16.6
Asset-backed securities	94.8	94.8	94.8	94.5	94.3	94.0	93.7
Corporate securities	370.1	370.1	370.0	369.4	368.5	367.7	366.9
Total	$588.4	$588.4	$588.3	$587.1	$585.6	$584.1	$582.7

We seek to mitigate the credit risk of our portfolio of fixed-income securities by holding only high-quality, investment-grade obligations with effective maturities of 37 months or less. We also seek to mitigate marketability risk by holding only highly-liquid securities with active secondary or resale markets. However, the investments may decline in value or marketability due to changes in perceived credit quality or changes in market conditions.

LONG-TERM DEBT

The fair market value of our 2033 Notes is subject to interest rate and market price risk due to the convertible feature of the notes and other factors. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The fair market value of the notes may also increase as the market price of JDSU stock rises and decrease as the market price of our stock falls. Changes in interest rates and JDSU stock price affects the fair market value of the notes but does not impact our financial position, cash flows or results of operations. Based on quoted market prices, as of June 28, 2014, the fair market value of the 2033 Notes was approximately $653.0 million. Refer to “Note 10. Debts and Letters of Credit” for more information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of JDS Uniphase Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of JDS Uniphase Corporation and its subsidiaries at June 28, 2014 and June 29, 2013, and the results of their operations and their cash flows for each of the three years in the period ended June 28, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2014, based on criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Network Instruments ("NI") from its assessment of internal control over financial reporting as of June 28, 2014 because it was acquired by the Company in a purchase business combination during fiscal 2014. We have also excluded NI from our audit of internal control over financial reporting. NI is a wholly-owned subsidiary whose total assets and total net revenue represented approximately 1% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended June 28, 2014.

/s/ PRICEWATERHOUSECOOPERS LLP

San Jose, California
August 26, 2014

JDS UNIPHASE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Net revenue	$1,743.2	$1,676.9	$1,662.4
Cost of sales	915.7	919.0	898.3
Amortization of acquired technologies	43.2	63.3	58.6
Gross profit	784.3	694.6	705.5
Operating expenses:			
Research and development	296.0	258.5	244.0
Selling, general and administrative	450.4	429.3	427.0
Amortization of other intangibles	15.8	12.7	21.7
Restructuring and related charges	23.8	19.0	12.4
Total operating expenses	786.0	719.5	705.1
(Loss) income from operations	(1.7)	(24.9)	0.4
Interest and other income (expense), net	0.5	(4.1)	12.8
Interest expense	(29.7)	(17.9)	(27.3)
Loss from continuing operations before income taxes	(30.9)	(46.9)	(14.1)
(Benefit from) provision for income taxes	(13.1)	(103.9)	12.0
(Loss) income from continuing operations, net of tax	(17.8)	57.0	(26.1)
Loss from discontinued operations, net of tax	—	—	(29.5)
Net (loss) income	$ (17.8)	$ 57.0	$ (55.6)
Basic net (loss) income per share from:			
Continuing operations	$ (0.08)	$ 0.24	$ (0.11)
Discontinued operations	—	—	(0.13)
Net (loss) income	$ (0.08)	$ 0.24	$ (0.24)
Diluted net (loss) income per share from:			
Continuing operations	$ (0.08)	$ 0.24	$ (0.11)
Discontinued operations	—	—	(0.13)
Net (loss) income	$ (0.08)	$ 0.24	$ (0.24)
Shares used in per share calculation:			
Basic	234.2	235.0	230.0
Diluted	234.2	239.3	230.0

See accompanying notes to consolidated financial statements.

JDS UNIPHASE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in millions)

	Years Ended		
	June 28, 2014	**June 29, 2013**	**June 30, 2012**
Net (loss) income	$(17.8)	$57.0	$(55.6)
Other comprehensive (loss) income:			
Net change in cumulative translation adjustment, net of tax	9.8	5.8	(9.4)
Net change in available-for-sale investments, net of tax			
Unrealized gains arising during period, net of tax	0.4	0.2	—
Less: reclassification adjustments included in Net (loss) income	(0.1)	(0.5)	(1.2)
Net change in defined benefit obligation, net of tax			
Unrealized actuarial losses arising during the period	(7.7)	(4.4)	(14.3)
Amortization of actuarial losses (gains)	0.1	—	(0.4)
Net change in Accumulated other comprehensive income (loss)	2.5	1.1	(25.3)
Comprehensive (loss) income	$(15.3)	$58.1	$(80.9)

See accompanying notes to consolidated financial statements.

JDS UNIPHASE CORPORATION
CONSOLIDATED BALANCE SHEETS

(in millions, except share and par value data)

	June 28, 2014	June 29, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 297.2	$ 281.0
Short-term investments	552.2	205.2
Restricted cash	31.9	29.7
Accounts receivable, net (Note 6)	296.2	273.3
Inventories, net	153.3	145.8
Prepayments and other current assets	78.7	95.3
Total current assets	1,409.5	1,030.3
Property, plant and equipment, net	288.8	247.0
Goodwill	267.0	115.1
Intangibles, net	177.8	149.7
Deferred income taxes	183.3	155.5
Other non-current assets	25.5	17.6
Total assets	$ 2,351.9	$ 1,715.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 137.1	$ 97.7
Accrued payroll and related expenses	79.9	77.0
Income taxes payable	21.4	18.7
Deferred revenue	77.5	71.9
Accrued expenses	34.8	37.1
Other current liabilities	57.7	45.3
Total current liabilities	408.4	347.7
Long-term debt	536.3	—
Other non-current liabilities	219.5	206.2
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred Stock, $0.001 par value; 1 million shares authorized; 1 share at June 28, 2014 and June 29, 2013, issued and outstanding	—	—
Common Stock, $0.001 par value; 1 billion shares authorized; 230 million shares at June 28, 2014 and 237 million shares at June 29, 2013, issued and outstanding	0.2	0.2
Additional paid-in capital	69,957.0	69,760.1
Accumulated deficit	(68,780.6)	(68,607.6)
Accumulated other comprehensive income	11.1	8.6
Total stockholders' equity	1,187.7	1,161.3
Total liabilities and stockholders' equity	$ 2,351.9	$ 1,715.2

See accompanying notes to consolidated financial statements.

JDS UNIPHASE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
OPERATING ACTIVITIES:			
Net (loss) income	$ (17.8)	$ 57.0	$ (55.6)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation expense	72.5	68.4	70.3
Amortization of acquired technologies and other intangibles	59.0	76.2	87.5
Stock-based compensation	64.1	56.5	49.1
Amortization of debt issuance costs and accretion of debt discount	22.9	12.9	20.9
Loss on disposal and impairment of long-lived assets	1.9	3.5	22.7
Other	6.4	4.9	4.5
Changes in operating assets and liabilities, net of impact of acquisitions of businesses and dispositions of assets:			
Accounts receivable	(9.6)	39.2	17.2
Inventories	(3.2)	27.2	(7.7)
Other current and non-current assets	5.4	(15.3)	(14.8)
Accounts payable	25.9	(16.1)	(29.2)
Income taxes payable	1.3	0.1	(0.8)
Deferred revenue, current and non-current	2.7	1.1	(5.1)
Deferred taxes, net	(33.1)	(119.5)	(3.5)
Accrued payroll and related expenses	(19.6)	(9.4)	(25.3)
Accrued expenses and other current and non-current liabilities	(2.2)	1.1	(11.1)
Net cash provided by operating activities	176.6	187.8	119.1
INVESTING ACTIVITIES:			
Purchases of available-for-sale investments	(1,072.9)	(466.6)	(444.8)
Maturities of available-for-sale investments	480.9	287.7	316.6
Sales of available-for-sale investments	249.1	288.9	101.6
Changes in restricted cash	(2.3)	1.6	3.5
Acquisitions of businesses, net of cash acquired	(216.0)	(83.2)	(12.5)
Capital expenditures	(99.8)	(65.1)	(72.2)
Proceeds from the sales of a business and assets, net of selling costs	9.2	11.7	2.1
Net cash used in investing activities	(651.8)	(25.0)	(105.7)
FINANCING ACTIVITIES:			
Proceeds from issuance of senior convertible debt	650.0	—	—
Payment of debt issuance costs	(13.5)	(0.2)	(1.9)
Repurchase and retirement of common stock	(155.2)	—	—
Redemption of senior convertible debt	—	(306.8)	(13.2)
Payment of financing obligations	(14.2)	(2.5)	(11.6)
Proceeds from financing obligations	—	—	6.9
Proceeds from exercise of employee stock options and employee stock purchase plan	22.5	25.7	17.9
Net cash provided by (used in) financing activities	489.6	(283.8)	(1.9)
Effect of exchange rates on cash and cash equivalents	1.8	0.9	(5.8)
Increase (decrease) in cash and cash equivalents	16.2	(120.1)	5.7
Cash and cash equivalents at beginning of period	281.0	401.1	395.4
Cash and cash equivalents at end of period	$ 297.2	$ 281.0	$ 401.1
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 4.6	$ 4.8	$ 6.0
Cash paid for taxes	18.7	14.3	16.2
Non-cash transactions:			
Purchase of infrastructure technology equipment and licenses	—	—	3.2

See accompanying notes to consolidated financial statements.

JDS UNIPHASE CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance at July 2, 2011	227.6	$0.2	$69,641.4	$(68,609.0)	$ 32.8	$1,065.4
Net loss	—	—	—	(55.6)	—	(55.6)
Comprehensive loss	—	—	—	—	(25.3)	(25.3)
Shares issued under employee stock plans, net of tax effects	4.3	—	5.0	—	—	5.0
Stock-based compensation	—	—	49.5	—	—	49.5
Reacquisition of equity component related to convertible debt repurchase	—	—	(0.2)	—	—	(0.2)
Balance at June 30, 2012	231.9	0.2	69,695.7	(68,664.6)	7.5	1,038.8
Net income	—	—	—	57.0	—	57.0
Comprehensive income	—	—	—	—	1.1	1.1
Shares issued under employee stock plans, net of tax effects	5.5	—	9.9	—	—	9.9
Stock-based compensation	—	—	56.5	—	—	56.5
Reacquisition of equity component related to convertible debt repurchase	—	—	(2.0)	—	—	(2.0)
Balance at June 29, 2013	237.4	$0.2	$69,760.1	$(68,607.6)	$ 8.6	$1,161.3
Net loss	—	—	—	(17.8)	—	(17.8)
Comprehensive income	—	—	—	—	2.5	2.5
Shares issued under employee stock plans, net of tax effects	5.3	—	1.4	—	—	1.4
Stock-based compensation	—	—	64.0	—	—	64.0
Repurchases of common stock	(12.3)	—	—	(155.2)	—	(155.2)
Equity component related to issuance of senior convertible notes, net of equity component issuance costs	—	—	131.5	—	—	131.5
Balance at June 28, 2014	230.4	$0.2	$69,957.0	$(68,780.6)	$ 11.1	$1,187.7

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

JDS Uniphase Corporation ("JDSU," also referred to as "the Company," "we," "our," and "us") is a leading provider of network and service enablement solutions and optical products for telecommunications service providers, wireless operators, cable operators, network-equipment manufacturers ("NEMs") and enterprises. JDSU is also an established leader in providing anti-counterfeiting technologies for currencies and other high-value documents and products. In addition, we leverage our core networking and optical technology expertise to deliver high-powered commercial lasers for manufacturing applications and expand into emerging markets, including 3D sensing solutions for consumer electronics.

Fiscal Years

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to June 30th. The Company's fiscal 2014 ended on June 28, 2014 and was a 52-week year. The Company's fiscal 2013 ended on June 29, 2013 and was a 52-week year. The Company's fiscal 2012 ended on June 30, 2012 and was a 52-week year.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance in accordance with U.S. GAAP and include the Company and its wholly-owned subsidiaries. All inter-company accounts and transactions have been eliminated.

Fiscal 2013 Out-of-Period Adjustments

During the year ended June 29, 2013, the Company recorded out-of-period adjustments that impacted cost of sales and other income related to prior fiscal years. The impact of the out-of-period adjustments recorded by the Company resulted in a $2.5 million increase in net income during the year ended June 29, 2013. Management and the Audit Committee have concluded these errors, both individually and in aggregate, were not material to any prior year financial statements and the impact of correcting these errors in fiscal 2013 was not material to the full year fiscal 2013 financial statements.

Discontinued Operations

During the second quarter of fiscal 2013, the Company closed the sale of its hologram business ("Hologram Business") to OpSec Security Inc. for $11.5 million in cash. The Consolidated Statements of Operations have been recast to present the Hologram Business as discontinued operations as described in "Note 19. Discontinued Operations." Unless noted otherwise, discussion in the Notes to Consolidated Financial Statements pertain to continuing operations.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires Company management ("Management") to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, the reported amount of net revenue and expenses and the disclosure of commitments and contingencies during the reporting periods. The Company bases estimates on historical experience and on various assumptions about the future believed to be reasonable based on available information. The Company's reported financial position or results of operations may be materially different under changed conditions or when using different estimates and assumptions, particularly with respect to significant accounting policies. If estimates or assumptions differ from actual results, subsequent periods are adjusted to reflect more current information.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Company considers highly-liquid instruments such as treasury bills, commercial paper and other money market instruments with original maturities of 90 days or less at the time of purchase to be cash equivalents.

Restricted Cash

At June 28, 2014 and June 29, 2013, the Company's short-term restricted cash balances were $31.9 million and $29.7 million, respectively, and the Company's long-term restricted cash balances were $6.6 million and $6.5 million, respectively. These balances primarily include interest-bearing investments in bank certificates of deposit and money market funds which act as collateral supporting the issuance of letters of credit and performance bonds for the benefit of third parties.

Investments

The Company's investments in debt securities and marketable equity securities are primarily classified as available-for-sale investments or trading securities and are recorded at fair value. The cost of securities sold is based on the specific identification method. Unrealized gains and losses on available-for-sale investments, net of tax, are reported as a separate component of stockholders' equity. Unrealized gains or losses on trading securities resulting from changes in fair value are recognized in current earnings. The Company's short-term investments, which are classified as current assets, include certain securities with stated maturities of longer than twelve months as they are highly liquid and available to support current operations.

The Company periodically reviews these investments for impairment. If a debt security's market value is below amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income (loss) for the entire amount of the impairment; if a debt security's market value is below amortized cost and the Company does not expect to recover the entire amortized cost of the security, the Company separates the other-than-temporary impairment into the portion of the loss related to credit factors, or the credit loss portion, and the portion of the loss that is not related to credit factors, or the non-credit loss portion. The credit loss portion is the difference between the amortized cost of the security and the Company's best estimate of the present value of the cash flows expected to be collected from the debt security. The non-credit loss portion is the residual amount of the other-than-temporary impairment. The credit loss portion is recorded as a charge to income (loss), and the non-credit loss portion is recorded as a separate component of Other comprehensive income (loss).

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable, and deferred compensation liability, approximate fair value because of their short maturities. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. There is an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions about the factors that market participants would use in valuing the asset or liability.

Estimates of fair value of fixed-income securities are based on third party, market-based pricing sources which the Company believes to be reliable. These estimates represent the third parties' good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. For instruments that are not actively traded, estimates may be based on current treasury yields adjusted by an estimated market credit spread for the specific instrument.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair market value of the Company's 2033 Notes fluctuates with interest rates and with the market price of the stock, but does not affect the carrying value of the debt on the balance sheet. Refer to the Company's "Note 10. Debts and Letters of Credit" for more information.

Inventories

Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of net realizable market value. The Company assesses the valuation on a quarterly basis and writes down the value for estimated excess and obsolete inventory based upon estimates of future demand, including warranty requirements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets: 10 to 50 years for building and improvements, 2 to 20 years for machinery and equipment, and 2 to 5 years for furniture, fixtures, software and office equipment. Leasehold improvements are amortized by the straight-line method over the shorter of the estimated useful lives of the assets or the term of the lease. Demonstration units, which are Company products used for demonstration purposes for customers and/or potential customers and generally not intended to be sold, have an estimated useful life of 5 years and are amortized by the straight-line method.

Costs related to software acquired, developed or modified solely to meet the Company's internal requirements and for which there are no substantive plans to market are capitalized in accordance with the authoritative guidance on accounting for the costs of computer software developed or obtained for internal use. Only costs incurred after the preliminary planning stage of the project and after management has authorized and committed funds to the project are eligible for capitalization. Costs capitalized for computer software developed or obtained for internal use are included in Property, plant and equipment, net on the Consolidated Balance Sheets.

Goodwill

Goodwill represents the excess of the purchase price of an acquired enterprise or assets over the fair value of the identifiable assets acquired and liabilities assumed. The Company tests for impairment of goodwill on an annual basis in the fourth quarter and at any other time when events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable. Refer to "Note 8. Goodwill" for more information.

Circumstances that could trigger an impairment test include, but are not limited to: a significant adverse change in the business climate or legal factors, an adverse action or assessment by a regulator, change in customer, target market and strategy, unanticipated competition, loss of key personnel, or the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise disposed.

An assessment of qualitative factors may be performed to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If the result of the qualitative assessment is that it is more likely than not (i.e. > 50% likelihood) that the fair value of a reporting unit is less than its carrying amount, then the quantitative test is required. Otherwise, no further testing is required.

Under the quantitative test, if the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recorded in the Consolidated Statements of Operations as "Impairment of goodwill." Measurement of the fair value of a reporting unit is based on one or more of the following fair value measures: amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties, using present value techniques of estimated future cash flows, or using valuation techniques based on multiples of earnings or revenue, or a similar performance measure.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets consist primarily of purchased intangible assets through acquisitions. Purchased intangible assets primarily include acquired developed technologies (developed and core technology), customer relationships, proprietary know-how, trade secrets, and trademarks and trade names. Intangible assets are amortized using the straight-line method over the estimated economic useful lives of the assets, which is the period during which expected cash flows support the fair value of such intangible assets.

Long-lived Asset Valuation (Property, Plant and Equipment and Intangible Assets)

Long-lived assets held and used

The Company tests long-lived assets for recoverability, at the asset group level, when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset, significant adverse changes in the business climate or legal factors, accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset, current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset, or current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Long-lived assets held for sale

Long-lived assets are classified as held for sale when certain criteria are met, which include: Management’s commitment to a plan to sell the assets, the availability of the assets for immediate sale in their present condition, an active program to locate buyers and other actions to sell the assets has been initiated, whether the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year, whether the assets are being marketed at reasonable prices in relation to their fair value, and how unlikely it is that significant changes will be made to the plan to sell the assets.

The Company measures long-lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell. Fair value is determined using quoted market prices or the anticipated cash flows discounted at a rate commensurate with the risk involved.

Pension and Other Postretirement Benefits

The funded status of the Company’s retirement-related benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at fiscal year end, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (“PBO”) and for the non-pension postretirement benefit plan the benefit obligation is the accumulated postretirement benefit obligation (“APBO”). The PBO represents the actuarial present value of benefits expected to be paid upon retirement. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. Unfunded or partially funded plans, with the benefit obligation exceeding the fair value of plan assets, are aggregated and recorded as a retirement and non-pension postretirement benefit obligation equal to this excess. The current portion of the retirement-related benefit obligation represents the actuarial present value of benefits payable in the next 12 months in excess of the fair value of plan assets, measured on a plan-by-plan basis. This liability is recorded in Other current liabilities in the Consolidated Balance Sheets.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net periodic pension cost (income) is recorded in the Consolidated Statements of Operations and includes service cost, interest cost, expected return on plan assets, amortization of prior service cost and (gains) losses previously recognized as a component of accumulated other comprehensive income. Service cost represents the actuarial present value of participant benefits attributed to services rendered by employees in the current year. Interest cost represents the time value of money cost associated with the passage of time. (Gains) losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. Prior service cost (credit) represents the cost of benefit improvements attributable to prior service granted in plan amendments. (Gains) losses and prior service cost (credit) not recognized as a component of net periodic pension cost (income) in the Consolidated Statements of Operations as they arise are recognized as a component of Accumulated other comprehensive income on the Consolidated Balance Sheets, net of tax. Those (gains) losses and prior service cost (credit) are subsequently recognized as a component of net periodic pension period cost (income) pursuant to the recognition and amortization provisions of the authoritative guidance.

The measurement of the benefit obligation and net periodic pension cost (income) is based on the Company's estimates and actuarial valuations provided, by third-party actuaries, which are approved by Management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, and mortality rates. The Company evaluates these assumptions annually at a minimum. In estimating the expected return on plan assets, the Company considers historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plan's invested assets.

Concentration of Credit and Other Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, trade receivables and foreign currency forward contracts. The Company's cash and cash equivalents and short-term investments are held in safekeeping by large, creditworthy financial institutions. The Company invests its excess cash primarily in U.S. government and agency bonds securities, corporate securities, money market funds, asset-backed securities, and other investment-grade securities. The Company has established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety and liquidity of these investments. The Company's foreign exchange derivative instruments expose the Company to credit risk to the extent that the counterparties may be unable to meet the terms of the agreements. The Company seeks to mitigate such risk by limiting its counterparties to major financial institutions and by spreading such risk across several major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from such risk is monitored by the Company on an ongoing basis.

The Company performs credit evaluations of its customers' financial condition and generally does not require collateral from its customers. These evaluations require significant judgment and are based on a variety of factors including, but not limited to, current economic trends, historical payment, bad debt write-off experience, and financial review of the customer.

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. When the Company becomes aware that a specific customer is unable to meet its financial obligations, the Company records a specific allowance to reflect the level of credit risk in the customer's outstanding receivable balance. In addition, the Company records additional allowances based on certain percentages of aged receivable balances. These percentages take into account a variety of factors including, but not limited to, current economic trends, historical payment and bad debt write-off experience. The Company classifies bad debt expenses as selling, general and administrative ("SG&A") expense.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is not able to predict changes in the financial stability of its customers. Any material change in the financial status of any one or a group of customers could have a material adverse effect on the Company's results of operations and financial condition. Although such losses have been within management's expectations to date, there can be no assurance that such allowances will continue to be adequate. The Company has significant trade receivables concentrated in the telecommunications industry. While the Company's allowance for doubtful accounts balance is based on historical loss experience along with anticipated economic trends, unanticipated financial instability in the telecommunications industry could lead to higher than anticipated losses. No one customer accounted for greater than 10% of accounts receivables or revenue during the periods presented.

The Company generally uses a rolling twelve month forecast based on anticipated product orders, customer forecasts, product order history and backlog to determine its materials requirements. Lead times for the parts and components that the Company orders vary significantly and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. If the forecast does not meet actual demand, the Company may have excess or shortfalls of some materials and components, as well as excess inventory purchase commitments. The Company could experience reduced or delayed product shipments or incur additional inventory write-downs and cancellation charges or penalties, which would increase costs and could have a material adverse impact on the Company's results of operations.

Foreign Currency Forward Contracts

The Company conducts its business and sells its products to customers primarily in North America, Europe and Asia. In the normal course of business, the Company's financial position is routinely subject to market risks associated with foreign currency rate fluctuations due to balance sheet positions in foreign currencies. The Company evaluates foreign exchange risks and utilizes foreign currency forward contracts to reduce such risks, hedging the gains or losses generated by the re-measurement of significant foreign currency denominated monetary assets and liabilities. The fair value of these contracts is reflected as other assets or other liabilities and the change in fair value of these foreign currency forward contracts is recorded as income or loss in the Company's Consolidated Statements of Operations as a component of Interest and other income (expense), net to largely offset the change in fair value of the foreign currency denominated monetary assets and liabilities which is also recorded as a component of Interest and other income (expense), net.

Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where that local currency is the functional currency, are translated into U.S. dollars at exchange rates in effect at the balance sheet date, with the resulting translation adjustments directly recorded to a separate component of Accumulated other comprehensive income, within the Consolidated Statements of Stockholder's Equity. Income and expense accounts are translated at the prior month balance sheet exchange rates, which are deemed to approximate average monthly rate. Gains and losses from re-measurement of assets and liabilities denominated in currencies other than the respective functional currencies are included in the Consolidated Statements of Operations as a component of Interest and other income (expense), net.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided, risk of loss has transferred and in cases where formal acceptance is required, customer acceptance has been obtained or customer acceptance provisions have lapsed. In situations where a formal acceptance is required but the acceptance only relates to whether the product meets its published specifications, revenue is recognized upon shipment provided all other revenue recognition criteria are met. The sales price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company reduces revenue for rebates and other similar allowances. Revenue is recognized only if these estimates can be reliably determined. The Company's estimates are based on its historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In addition to the aforementioned general policies, the following are the specific revenue recognition policies for multiple-element arrangements and for each major category of revenue.

Multiple-Element Arrangements

When a sales arrangement contains multiple deliverables, such as sales of products that include services, the multiple deliverables are evaluated to determine whether there are one or more units of accounting. Where there is more than one unit of accounting, then the entire fee from the arrangement is allocated to each unit of accounting based on the relative selling price. Under this approach, the selling price of a unit of accounting is determined by using a selling price hierarchy which requires the use of vendor-specific objective evidence ("VSOE") of fair value if available, third-party evidence ("TPE") if VSOE is not available, or best estimate of selling price ("BESP") if neither VSOE nor TPE is available. Revenue is recognized when the revenue recognition criteria for each unit of accounting are met.

The Company establishes VSOE of selling price using the price charged for a deliverable when sold separately and, in remote circumstances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating similar and interchangeable competitor goods or services in sales to similarly situated customers. When VSOE or TPE are not available the Company then uses BESP. Generally, the Company is not able to determine TPE because its product strategy differs from that of others in our markets, and the extent of customization varies among comparable products or services from its peers. The Company establishes BESP using historical selling price trends and considering multiple factors including, but not limited to geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices. When determining BESP, the Company applies significant judgment in establishing pricing strategies and evaluating market conditions and product lifecycles.

To the extent a deliverable(s) in a multiple-element arrangement is subject to specific guidance (for example, software that is subject to the authoritative guidance on software revenue recognition), the Company allocates the fair value of the units of accounting using relative selling price and that unit of accounting is accounted for in accordance with the specific guidance. Some product offerings include hardware that are integrated with or sold with software that delivers the functionality of the equipment. The Company believes this equipment is not considered software-related and would therefore be excluded from the scope of the authoritative guidance on software revenue recognition.

Hardware

Revenue from hardware sales is recognized when the product is shipped to the customer and when there are no unfulfilled company obligations that affect the customer's final acceptance of the arrangement. Any cost of warranties and remaining obligations that are inconsequential or perfunctory are accrued when the corresponding revenue is recognized.

Services

Revenue from services and system maintenance is typically recognized on a straight-line basis over the term of the contract. Revenue from time and material contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred. Revenue related to extended warranty and product maintenance contracts is deferred and recognized on a straight-line basis over the delivery period. The Company also generates service revenue from hardware repairs and calibration which is recognized as revenue upon completion of the service.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software

The Company's software arrangements generally consist of a perpetual license fee and Post-Contract Support ("PCS"). Where the Company has established VSOE of fair value for PCS contracts, this has generally been based on the renewal rate or the bell curve methodology. Revenue from maintenance, unspecified upgrades and technical support is recognized over the period such items are delivered. In multiple-element revenue arrangements that include software, software-related and non-software-related elements are accounted for in accordance with the following policies.

- Non-software and software-related products are bifurcated based on a relative selling price
- Software-related products are separated into units of accounting if all of the following criteria are met:
  - The functionality of the delivered element(s) is not dependent on the undelivered element(s).
  - There is VSOE of fair value of the undelivered element(s).
  - Delivery of the delivered element(s) represents the culmination of the earnings process for that element(s).

If these criteria are not met, the software revenue is deferred until the earlier of when such criteria are met or when the last undelivered element is delivered. If there is VSOE of the undelivered item(s) but no such evidence for the delivered item(s), the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered item(s) equals the total arrangement consideration less the aggregate VSOE of the undelivered elements. In cases where VSOE is not established for PCS, revenue is recognized ratably over the PCS period after all software elements have been delivered and the only undelivered item is PCS.

Warranty

The Company provides reserves for the estimated costs of product warranties at the time revenue is recognized. It estimates the costs of its warranty obligations based on its historical experience of known product failure rates, use of materials to repair or replace defective products and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise.

Shipping and Handling Costs

The Company records costs related to shipping and handling of revenue in cost of sales for all periods presented.

Advertising Expense

The Company expenses advertising costs as incurred. Advertising costs totaled $2.2 million, $0.8 million and $1.2 million in fiscal 2014, 2013 and 2012, respectively.

Research and Development ("R&D") Expense

Costs related to R&D, which primarily consists of labor and benefits, supplies, facilities, consulting and outside service fees, are charged to expense as incurred. The authoritative guidance allows for capitalization of software development costs incurred after a product's technological feasibility has been established until the product is available for general release to the public. To date, the period between achieving technological feasibility, which the Company has defined as the establishment of a working model and typically occurs when beta testing commences, and the general availability of such software has been very short. Accordingly, software development costs have been expensed as incurred.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation

Stock-based compensation is measured at grant date, based on the fair value of the award, and recognized in expense over the requisite service period. The fair value of the time-based Full Value Awards is based on the closing market price of the Company's common stock on the grant date of the award. The Company uses the Monte Carlo simulation to estimate the fair value of Full Value Awards with market conditions ("MSUs"). The Company estimates the fair value of employee stock purchase plan awards ("ESPP") using the Black-Scholes Merton ("BSM") option-pricing model. This option-pricing model requires the input of highly subjective assumptions, including the award's expected life and the price volatility of the underlying stock.

The Company estimates the expected forfeiture rate and only recognizes expense for those shares expected to vest. When estimating forfeitures, the Company considers voluntary termination behavior as well as future workforce reduction programs. Estimated forfeiture is trued up to actual forfeiture as the equity awards vest. The total fair value of the equity awards, net of forfeiture, is recorded on a straight-line basis over the requisite service period of the awards, which is generally the vesting period, except for MSUs which are amortized based upon graded vesting method.

Income Taxes

In accordance with the authoritative guidance on accounting for income taxes, the Company recognizes income taxes using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in its consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of the enacted tax law and the effects of future changes in tax laws or rates are not anticipated.

The authoritative guidance provides for recognition of deferred tax assets if the realization of such deferred tax assets is more likely than not to occur based on an evaluation of both positive and negative evidence and the relative weight of the evidence. With the exception of certain international jurisdictions, the Company has determined that at this time it is more likely than not that deferred tax assets attributable to the remaining jurisdictions will not be realized, primarily due to uncertainties related to its ability to utilize its net operating loss carryforwards before they expire. Accordingly, the Company has established a valuation allowance for such deferred tax assets. If there is a change in the Company's ability to realize its deferred tax assets for which a valuation allowance has been established, then its tax provision may decrease in the period in which it determines that realization is more likely than not. Likewise, if the Company determines that it is not more likely than not that its deferred tax assets will be realized, then a valuation allowance may be established for such deferred tax assets and the Company's tax provision may increase in the period in which it makes the determination.

The authoritative guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes the recognition threshold and measurement attributes for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Additionally, it provides guidance on recognition, classification, and disclosure of tax positions. The Company is subject to income tax audits by the respective tax authorities in all of the jurisdictions in which it operates. The determination of tax liabilities in each of these jurisdictions requires the interpretation and application of complex and sometimes uncertain tax laws and regulations. The Company recognizes liabilities based on its estimate of whether, and the extent to which, additional tax liabilities are more likely than not. If the Company ultimately determines that the payment of such a liability is not necessary, then it reverses the liability and recognizes a tax benefit during the period in which the determination is made that the liability is no longer necessary.

The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that the Company make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on the Company's tax provision in a future period.

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restructuring Accrual

In accordance with authoritative guidance on accounting for costs associated with exit or disposal activities, generally costs associated with restructuring activities are recognized when they are incurred. However, in the case of leases, the expense is estimated and accrued when the property is vacated. Given the significance of, and the timing of the execution of such activities, this process is complex and involves periodic reassessments of estimates made from the time the property was vacated, including evaluating real estate market conditions for expected vacancy periods and sub-lease income.

Additionally, a liability for post-employment benefits for workforce reductions related to restructuring activities is recorded when payment is probable, the amount is reasonably estimable, and the obligation relates to rights that have vested or accumulated. The Company continually evaluates the adequacy of the remaining liabilities under its restructuring initiatives. Although the Company believes that these estimates accurately reflect the costs of its restructuring plans, actual results may differ, thereby requiring the Company to record additional provisions or reverse a portion of such provisions.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. The Company considers the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as its ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required.

Asset Retirement Obligations ("ARO")

ARO are legal obligations associated with the retirement of long-lived assets pertaining to leasehold improvements. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the Company records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The Company derecognizes ARO liabilities when the related obligations are settled. As of June 28, 2014 and June 29, 2013, the Consolidated Balance Sheets included ARO of $2.0 million and $0.4 million, respectively, in Other current liabilities and $5.1 million and $8.8 million, respectively, in Other non-current liabilities.

(in millions)	Balance at Beginning of Period	Liabilities Incurred	Liabilities Settled	Accretion Expense	Revisions to Estimates	Balance at End of Period
Asset Retirement Obligations:						
Year ended June 28, 2014	$ 9.2	0.4	(1.0)	0.4	(1.9)	$ 7.1
Year ended June 29, 2013	$10.8	—	(1.8)	0.5	(0.3)	$9.2

NOTE 2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued new authoritative guidance related to revenue recognition. This guidance will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the Company in the first quarter of fiscal 2018. This guidance allows for two methods of adoption: (a) full retrospective adoption, meaning the guidance is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying this guidance is recognized as an adjustment to the fiscal 2018 opening Accumulated deficit balance. The Company is evaluating the two adoption methods as well as the impact this new guidance will have on the consolidated financial statements and related disclosures.

In April 2014, the FASB issued authoritative guidance, which specifies that only disposals, such as a disposal of a major line of business, representing a strategic shift in operations should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. This guidance is effective for the Company in the first quarter of fiscal 2016. The Company does not anticipate the adoption of this guidance will have a material impact on its consolidated financial statements, absent any disposition representing a strategic shift in the Company's operations.

In July 2013, the FASB issued authoritative guidance that requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance is effective for the Company in the first quarter of fiscal 2015. The Company does not anticipate the adoption of this guidance will have a material impact on its consolidated financial statements.

In March 2013, FASB issued authoritative guidance that resolves the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This guidance will be effective for the Company beginning in the first quarter of fiscal 2015. The Company does not anticipate the adoption of this guidance will have a material impact on its consolidated financial statements, absent any material transactions involving the derecognition of subsidiaries or groups of assets within a foreign entity.

NOTE 3. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted net (loss) income per share (*in millions, except per share data*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Numerator:			
(Loss) income from continuing operations, net of tax	$ (17.8)	$ 57.0	$ (26.1)
Loss from discontinued operations, net of tax	—	—	(29.5)
Net (loss) income	$ (17.8)	$ 57.0	$ (55.6)
Denominator:			
Weighted-average number of common shares outstanding:			
Basic	234.2	235.0	230.0
Effect of dilutive securities from stock-based benefit plans	—	4.3	—
Diluted	234.2	239.3	230.0
Basic net (loss) income per share from:			
Continuing operations	$ (0.08)	$ 0.24	$ (0.11)
Discontinued operations	—	—	(0.13)
Net (loss) income	$ (0.08)	$ 0.24	$ (0.24)
Diluted net (loss) income per share from:			
Continuing operations	$ (0.08)	$ 0.24	$ (0.11)
Discontinued operations	—	—	(0.13)
Net (loss) income	$ (0.08)	$ 0.24	$ (0.24)

The following table sets forth the weighted-average potentially dilutive securities excluded from the computation of the diluted net (loss) income per share because their effect would have been anti-dilutive (*in millions*):

	Years Ended		
	June 28, 2014(1)(2)	June 29, 2013(3)	June 30, 2012(1)(3)
Stock options and ESPP	4.9	2.3	9.9
Restricted stock units	10.1	2.2	7.7
Total potentially dilutive securities	15.0	4.5	17.6

(1) As the Company incurred a net loss in the period, potential dilutive securities from employee stock options, ESPP and Restricted Stock Units ("RSUs") have been excluded from the diluted net loss per share computations as their effects were deemed anti-dilutive.

(2) The Company's 0.625% Senior Convertible Notes due 2033 (the "2033 Notes") are not included in the table above. The par amount of convertible notes is payable in cash equal to the principal amount of the notes plus any accrued and unpaid interest and then the "in-the-money" conversion benefit feature at the conversion price above $18.83 per share is payable in cash, shares of the Company's common stock or a combination of both. Refer to "Note 10. Debts and Letters of Credit" for more information.

(3) The Company's 1% Senior Convertible Notes due 2026 (the "2026 Notes") are not included in the table above. The par amount of convertible notes is payable in cash equal to the principal amount of the notes plus any accrued and unpaid interest and then the "in-the-money" conversion benefit feature at the conversion price above $30.30 per share is payable in shares of the Company's common stock or cash. As of June 29, 2013, no amounts related to the 2026 Notes were outstanding. Refer to "Note 10. Debts and Letters of Credit" for more information.

NOTE 4. ACCUMULATED OTHER COMPREHENSIVE INCOME

The Company's Accumulated other comprehensive income consists of the accumulated net unrealized gains or losses on available-for-sale investments, foreign currency translation adjustments and defined benefit obligation.

At June 28, 2014 and June 29, 2013, balances for the components of Accumulated other comprehensive income were as follows (*in millions*):

	Unrealized gains (losses) on available-for-sale investments	Foreign currency translation adjustments, net of tax	Defined benefit obligation, net of tax(1)	Total
Beginning balance as of June 29, 2013	$(3.1)	$16.4	$ (4.7)	$ 8.6
Other comprehensive income (loss) before reclassification	0.4	9.8	(7.7)	2.5
Amounts reclassified from accumulated other comprehensive income(2)	(0.1)	—	0.1	—
Net current-period other comprehensive (loss) income	0.3	9.8	(7.6)	2.5
Ending balance as of June 28, 2014	$(2.8)	$26.2	$(12.3)	$11.1

(1) Refer to "Note 15. Employee Benefit Plans" for more information on the computation of net periodic cost for pension plans.

(2) Amount represents realized gain on the sale of available-for-sale securities and is included as a component of Interest and other income (expense), net in the Consolidated Statement of Operations for the year ended June 28, 2014. There was no tax impact on the sale.

NOTE 5. MERGERS AND ACQUISITIONS

Fiscal 2014 Acquisitions

Network Instruments, LLC ("Network Instruments")

On January 6, 2014 ("Network Instruments Closing Date"), the Company completed the acquisition of Network Instruments, a privately-held U.S. company. Network Instruments is a leading developer of enterprise network and application-performance management solutions for global 2000 companies. The Company acquired all outstanding shares of Network Instruments for $208.5 million in cash, subject to final cash and working capital adjustments including holdback payments of approximately $20.0 million which are reserved for potential breaches of representations and warranties. The holdback payments, minus any deductions for actual or pending claims, will be released in two tranches: $10.0 million was paid in July 2014 following the six-month anniversary of the Network Instruments Closing Date with the remaining $10.0 million to be paid following the one-year anniversary of the Network Instruments Closing Date.

The acquisition of Network Instruments further strengthens the Company's portfolio of solutions for the enterprise, data center and cloud networking markets. In order to improve application performance, reduce costs and address increasing network complexity, enterprise network administrators are rapidly transforming their IT networks while embracing today's most critical technology initiatives such as unified communications, cloud, and data center consolidation. Network Instruments helps enterprises simplify the management and optimization of their networks with high-performance solutions that provide actionable intelligence and deep network visibility. Network Instruments was integrated into the Company's Network and Service Enablement ("NSE") segment.

The Company accounted for the transaction in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition date.

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

The Company finalized the purchase price allocation related to this acquisition, including measurement period adjustments with the corresponding offset to goodwill, during fiscal 2014. The purchase price was allocated as follows (*in millions*):

Net tangible assets acquired	$ 20.8
Intangible assets acquired:	
Developed technology	21.7
Customer relationships	38.3
In-process research and development	1.7
Other	0.3
Goodwill	125.7
Total purchase price	$208.5

The following table summarizes the components of the tangible assets acquired at fair value (*in millions*):

Cash	$ 9.0
Accounts receivable	13.8
Inventory	6.0
Property and equipment	1.0
Accounts payable	(1.5)
Deferred tax liabilities, net	(0.6)
Other liabilities, net of other assets	(4.4)
Deferred revenue	(2.5)
Net tangible assets acquired	$20.8

Acquired intangible assets are classified as Level 3 assets for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. The fair value of acquired developed technology, customer relationships, acquired in-process research and development ("IPR&D") and other intangible assets was determined based on an income approach using the discounted cash flow method. The intangible assets, except IPR&D, are being amortized over their estimated useful lives of five years for the majority of acquired developed technology and customer relationships and one year for trade name. Order backlog was fully amortized in fiscal 2014.

In accordance with authoritative guidance, the Company recognizes IPR&D at fair value as of the Network Instruments Closing Date. The IPR&D is accounted for as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. IPR&D is tested for impairment during the period it is considered an indefinite lived asset.

The goodwill arising from this acquisition is primarily attributed to sales of future products and services and the assembled workforce of Network Instruments. Goodwill has been assigned to the NSE segment and is not deductible for tax purposes. Goodwill is not being amortized but is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with authoritative guidance.

The estimated amount of Network Instruments' net revenue and net loss, included in the Company's Consolidated Statement of Operations for the year ended June 28, 2014 was $12.6 million and $9.6 million, respectively. Network Instruments' net revenue and net loss disclosed above reflect Management's best estimate, based on information available at the reporting date.

The following table presents certain unaudited pro forma information, for illustrative purposes only, for fiscal 2014 and fiscal 2013 as if Network Instruments had been acquired on July 1, 2012. The unaudited estimated pro forma information combines the historical results of Network Instruments with the Company's consolidated historical

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

results and includes certain adjustments reflecting the estimated impact of fair value adjustments for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition taken place on July 1, 2012. Additionally, the pro forma financial information does not include the impact of possible business model changes and does not reflect pro forma adjustments to conform accounting policies between Network Instruments and the Company. Actual results will differ from the unaudited pro forma information presented below (*unaudited, in millions*):

	Years Ended	
	June 28, 2014	June 29, 2013
Pro forma net revenue	$1,770.0	$1,710.9
Pro forma net (loss) income	(14.5)	47.7

Time-Bandwidth Products AG ("Time-Bandwidth")

On January 27, 2014 ("Time-Bandwidth Closing Date"), the Company completed the acquisition of Time-Bandwidth, a privately-held company headquartered in Switzerland. Time-Bandwidth is a provider of high-powered and ultrafast lasers for industrial and scientific markets. The Company acquired all outstanding shares of Time-Bandwidth for $15.0 million in cash, subject to a holdback payment of approximately $2.3 million which is reserved for potential breaches of representations and warranties. The holdback payment, minus any deductions for actual or pending claims, will be released following the eighteen-month anniversary of the Time-Bandwidth Closing Date.

Time-Bandwidth provides innovative high-powered and ultrafast laser technology that can rapidly and precisely process parts at high volumes during the manufacturing process. Use of ultrafast lasers for micromachining applications is being driven primarily by increasing use of consumer electronics and connected devices globally. Manufacturers are taking advantage of high-power and ultrafast lasers to create quality micro parts for consumer electronics and to process semiconductor chips for consumer devices. Time-Bandwidth's technology complements the Company's current laser portfolio, while enabling Time-Bandwidth to leverage the Company's high volume and low-cost manufacturing model, global sales team and channel relationships. Time-Bandwidth was integrated into the Company's Communications and Commercial Optical Products ("CCOP") segment.

The Company accounted for the transaction in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition date.

The Company finalized the purchase price allocation related to this acquisition including measurement period adjustments with the corresponding offset to goodwill during fiscal 2014. The purchase price was allocated as follows (*in millions*):

Net tangible assets acquired	$ 2.0
Intangible assets acquired:	
Developed technology	6.7
Customer relationships	0.5
Goodwill	5.8
Total purchase price	$15.0

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

The following table summarizes the components of the net tangible assets acquired at fair value (*in millions*):

Accounts receivable	$ 1.4
Inventories	5.0
Property and equipment	1.5
Accounts payable	(0.6)
Accrued expenses and other liabilities, net of other assets	(3.5)
Deferred tax liabilities, net	(1.8)
Net tangible assets acquired	$ 2.0

Acquired intangible assets are classified as Level 3 assets for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. The fair value of acquired developed technology and customer relationships was determined based on an income approach using the discounted cash flow method. The acquired developed technology and customer relationships are being amortized over their estimated useful lives of eight and three years, respectively.

The goodwill arising from this acquisition is primarily attributed to sales of future products and services and the assembled workforce of Time-Bandwidth. Goodwill has been assigned to the CCOP segment and is not deductible for tax purposes. Goodwill is not being amortized but is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with authoritative guidance.

Time-bandwidth's results of operations have been included in the Company's consolidated financial statements subsequent to the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material to prior period financial statements.

Trendium Inc. ("Trendium")

On December 10, 2013 ("Trendium Closing Date"), the Company acquired certain technology and other assets from Trendium, a privately-held U.S. company, for a purchase price of $26.1 million in cash including a holdback payment of approximately $2.5 million which is reserved for potential breaches of representations and warranties. The holdback payment, minus any deductions for actual or pending claims, will be released following the one-year anniversary of the Trendium Closing Date.

Trendium provides real-time intelligence software solutions for customer experience assurance ("CEA"), asset optimization and monetization of big data for 4G/Long Term Evolution ("LTE") mobile network operators. The addition of Trendium employees and technology enables the Company to introduce a new paradigm of CEA, enabling operators of 4G/LTE networks to achieve a real and relevant improvement in customer satisfaction while maximizing productivity and profitability for dynamic converged 4G/LTE networks and beyond. The purchased assets are included in the Company's NSE segment.

The Company accounted for the transaction in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired were recorded at fair value on the acquisition date. The Company finalized the purchase price allocation related to this acquisition, including measurement period adjustments with the corresponding offset to goodwill, during fiscal 2014. The purchase price was allocated as follows *(in millions)*:

Tangible assets acquired:	
Property, plant and equipment	$ 0.2
Intangible assets acquired:	
Developed technology	6.1
In-process research and development	5.4
Goodwill	14.4
Total purchase price	$26.1

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

Acquired intangible assets are classified as Level 3 assets for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. The fair value of acquired developed technology was determined based on an income approach using the discounted cash flow method and are being amortized over their estimated useful lives of seven years.

In accordance with authoritative guidance, the Company recognized IPR&D at fair value as of the Trendium Closing Date. The IPR&D is accounted for as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. IPR&D is tested for impairment during the period it is considered an indefinite lived asset.

The goodwill arising from this acquisition is primarily attributed to product synergies and the assembled workforce of Trendium. Goodwill was assigned to the NSE segment and is deductible for tax purposes. Goodwill is not amortized but is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with authoritative guidance.

Trendium's results of operations have been included in the Company's consolidated financial statements subsequent to the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material to prior period financial statements.

Fiscal 2013 Acquisitions

Arieso Ltd. ("Arieso")

On March 7, 2013 ("Arieso Closing Date"), the Company completed the acquisition of Arieso, a privately-held company headquartered in the United Kingdom ("U.K"). Arieso is a provider of location-aware software solutions that enable mobile network operators to boost 2G, 3G and 4G/LTE network performance and enrich the mobile subscriber experience.

Arieso brings high-caliber mobile software engineering expertise to the Company to address the rapidly growing deployment of small cells and challenges associated with limited spectrum capacity. Utilized by leading wireless network operators and equipment manufacturers, Arieso's solutions locate, store and analyze data from billions of mobile connection events that translate into rich intelligence, which help enable mobile operators to optimize network performance, improve customer experience and create new revenue-generating services. Arieso was integrated in the Company's NSE segment.

The Company acquired all outstanding shares of Arieso for approximately $89.7 million in cash, subject to holdback payments of approximately $12.8 million which are reserved for potential breaches of representations and warranties. During fiscal 2014 the Company made a holdback payment of $7.0 million classified as a financing activity within the Consolidated Statements of Cash Flows.

The Company accounted for the transaction in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition date.

The Company finalized the purchase price allocation related to this acquisition during the third quarter of fiscal 2014. The purchase price was allocated as follows *(in millions)*:

Net tangible assets acquired	$ 0.2
Intangible assets acquired:	
Developed technology	32.8
Customer relationships	14.5
Order backlog	1.4
Goodwill	40.8
Total purchase price	$89.7

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

The following table summarizes the components of the tangible assets acquired at fair value *(in millions)*:

Cash	$ 4.1
Accounts receivable	8.4
Property and equipment	0.6
Accounts payable	(0.3)
Accrued expenses, net of other assets	(1.4)
Employee related liabilities	(1.4)
Deferred revenue	(1.7)
Deferred tax liabilities, net	(8.1)
Net tangible assets acquired	$ 0.2

Acquired intangible assets are classified as Level 3 assets for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. The fair value of acquired developed technology, customer relationships and order backlog was determined based on an income approach using the discounted cash flow method. The acquired developed technology and customer relationship intangible assets are being amortized over their estimated useful lives of five years. Order backlog was fully amortized in fiscal 2013.

The goodwill arising from this acquisition is primarily attributed to sales of future products and services and the assembled workforce of Arieso. Goodwill will be assigned to the NSE segment and is not deductible for tax purposes. Goodwill is not being amortized but is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with authoritative guidance.

In accordance with the authoritative guidance, the Company expensed $1.8 million of acquisition-related costs incurred in fiscal 2013 as SG&A expense in the Company's Consolidated Statement of Operations.

The following table presents certain unaudited pro forma information for illustrative purposes only, for fiscal 2013 and fiscal 2012 as if Arieso had been acquired on July 3, 2011. The unaudited estimated pro forma information combines the historical results of Arieso with the Company's consolidated historical results and includes certain adjustments reflecting the estimated impact of fair value adjustments for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition taken place on July 3, 2011. Additionally, the pro forma financial information does not include the impact of possible business model changes and does not reflect pro forma adjustments to conform accounting policies between Arieso and the Company. As a result, actual results will differ from the unaudited pro forma information presented *(unaudited, in millions)*:

	Years Ended	
	June 29, 2013	June 30, 2012
Pro forma net revenue	$1,680.6	$1,676.0
Pro forma net income (loss)	46.5	(35.3)

GenComm Co., Ltd. ("GenComm")

On August 17, 2012 ("GenComm Closing Date"), the Company completed the acquisition of Seoul, South Korea-based GenComm, a provider of test and measurement solutions for troubleshooting, installation and maintenance of wireless base stations and repeaters. The Company acquired tangible and intangible assets and assumed liabilities of GenComm for a total purchase price of approximately $15.2 million in cash, including holdback payments of approximately $3.8 million which are reserved for potential breaches of representations and warranties. During fiscal 2014, the Company made a holdback payment of $3.3 million dollars classified as a financing activity within the Consolidated Statements of Cash Flows. GenComm was integrated in the Company's NSE segment.

NOTE 5. MERGERS AND ACQUISITIONS (Continued)

The Company accounted for the transaction in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition date.

The purchase price was allocated as follows *(in millions)*:

Net tangible assets acquired	$ 5.9
Intangible assets acquired:	
Developed technology	3.2
Customer relationships	0.2
Order backlog	0.2
Goodwill	5.7
Total purchase price	$15.2

Acquired intangible assets are classified as Level 3 assets for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. The fair value of acquired developed technology, customer relationships and order backlog was determined based on an income approach using the discounted cash flow method. The acquired developed technology and customer relationship intangible assets are being amortized over their estimated useful lives of four years. Order backlog was fully amortized in fiscal 2013.

The goodwill arising from this acquisition is primarily attributed to sales of future products and services and the assembled workforce of GenComm. Goodwill has been assigned to the NSE segment and is not deductible for tax purposes. Goodwill is not being amortized but is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with authoritative guidance.

NOTE 6. BALANCE SHEET AND OTHER DETAILS

Accounts receivable reserves and allowances

The components of account receivable reserves and allowances were as follows *(in millions)*:

	Years Ended	
	June 28, 2014	June 29, 2013
Allowance for doubtful accounts	$3.0	$2.1
Allowance for sales returns and other	0.5	0.1
Total accounts receivable reserves and allowances	$3.5	$2.2

The activities and balances for allowance for doubtful accounts are as follows (in millions):

	Balance at Beginning of Period	Charged to Costs and Expenses	Deduction(1)	Balance at End of Period
Allowance for doubtful accounts:				
Year ended June 28, 2014	$2.1	$1.3	$(0.4)	$3.0
Year ended June 29, 2013	2.2	0.3	(0.4)	2.1
Year ended June 30, 2012	2.3	1.8	(1.9)	2.2

(1) Write-offs of uncollectible accounts, net of recoveries.

NOTE 6. BALANCE SHEET AND OTHER DETAILS (Continued)

Inventories, net

Inventories, net are stated at the lower of cost or market, and include material, labor, and manufacturing overhead costs. The components of Inventories, net were as follows *(in millions)*:

	Years Ended	
	June 28, 2014	June 29, 2013
Finished goods	$ 78.4	$ 85.7
Work in process	40.1	37.0
Raw materials	34.8	23.1
Inventories, net	$153.3	$145.8

Prepayments and other current assets

The components of Prepayments and other current assets were as follows *(in millions)*:

	Years Ended	
	June 28, 2014	June 29, 2013
Prepayments	$33.3	$36.0
Advances to contract manufacturers	13.5	14.6
Deferred income tax	3.8	3.9
Refundable income taxes	5.5	2.3
Other receivables	14.1	26.1
Assets held for sale	—	2.2
Other current assets	8.5	10.2
Prepayments and other current assets	$78.7	$95.3

Property, plant and equipment, net

The components of Property, plant and equipment, net were as follows *(in millions)*:

	Years Ended	
	June 28, 2014	June 29, 2013
Land	$ 20.7	$ 14.6
Buildings and improvements	64.0	34.9
Machinery and equipment	495.3	453.8
Furniture, fixtures, software and office equipment	145.2	132.9
Leasehold improvements	78.3	92.7
Construction in progress	32.3	14.9
	835.8	743.8
Less: Accumulated depreciation	(547.0)	(496.8)
Property, plant and equipment, net	$ 288.8	$ 247.0

NOTE 6. BALANCE SHEET AND OTHER DETAILS (Continued)

During the second quarter of fiscal 2014, the Company purchased a fabrication facility in California for $14.7 million which the Company previously leased.

As of June 28, 2014 and June 29, 2013, net included $17.7 million and $21.8 million respectively, in land and buildings related to the Santa Rosa and Eningen Transactions (as defined in "Note 17. Commitments and Contingencies" below) accounted for under the financing method. Refer to "Note 17. Commitments and Contingencies" for more information.

During fiscal 2014, 2013 and 2012, the Company recorded depreciation expense of $72.5 million, $68.3 million, and $69.2 million, respectively.

Other current liabilities

The components of Other current liabilities were as follows (*in millions*):

	Years Ended	
	June 28, 2014	June 29, 2013
Deferred compensation plan	$ 3.9	$ 4.2
Warranty accrual	5.3	6.0
Restructuring accrual	14.5	10.3
Holdback liabilities from acquisitions	22.5	13.1
Other	11.5	11.7
Other current liabilities	$57.7	$45.3

Other non-current liabilities

The components of Other non-current liabilities were as follows (*in millions*):

	Years Ended	
	June 28, 2014	June 29, 2013
Pension accrual and post-employment benefits	$107.3	$ 92.0
Deferred taxes	9.3	11.0
Restructuring accrual	11.7	6.2
Financing obligation	31.4	32.4
Non-current income taxes payable	13.8	13.4
Asset retirement obligations	5.1	8.8
Long-term deferred revenue	22.7	25.8
Other	18.2	16.6
Other non-current liabilities	$219.5	$206.2

NOTE 6. BALANCE SHEET AND OTHER DETAILS (Continued)

Interest and other income (expense), net

The components of Interest and other income (expense), net were as follows (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Interest income	$ 3.7	$ 2.7	$ 3.5
Foreign exchange (losses) gains, net	(2.6)	(2.5)	0.3
Proceeds from insurance claims(1)	—	—	9.4
Loss on repurchase of the 2026 Notes	—	(4.1)	(0.7)
Gain on sale of investments	0.4	0.5	1.6
Other income (expense), net	(1.0)	(0.7)	(1.3)
Interest and other income (expense), net	$ 0.5	$ (4.1)	$ 12.8

(1) During second quarter of fiscal 2012, one of the Company's primary CCOP manufacturing partners, Fabrinet, experienced significant flooding which resulted in suspension of operations for a portion of the quarter. As a result, the Company filed an insurance claim for business interruption and miscellaneous property losses related to the event. During the fourth quarter of fiscal 2012, the Company received $10.5 million net of deductibles from the insurance company of which $9.4 million was recorded in Interest and other income (expense), net.

NOTE 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Available-For-Sale Investments

The Company's investments in marketable debt and equity securities were primarily classified as available-for-sale investments.

As of June 28, 2014 the Company's available-for-sale securities were as follows (*in millions*):

	Amortized Cost / Carrying Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. treasuries	$ 36.8	$ —	$ —	$ 36.8
U.S. agencies	70.0	—	—	70.0
Municipal bonds and sovereign debt instruments	16.8	—	—	16.8
Asset-backed securities	94.7	0.1	(0.2)	94.6
Corporate securities	370.5	0.2	—	370.7
Total debt available-for-sale securities	$588.8	$ 0.3	$ (0.2)	$588.9

The Company generally classifies debt securities as cash equivalents, short-term investments, or other non-current assets based on the stated maturities; however, certain securities with stated maturities of longer than twelve months which are highly liquid and available to support current operations are classified as short-term investments. As of June 28, 2014, of the total estimated fair value, $39.8 million was classified as cash equivalents, $548.3 million was classified as short-term investments and $0.8 million was classified as other non-current assets.

In addition to the amounts presented above, as of June 28, 2014, the Company's short-term investments classified as trading securities, related to the deferred compensation plan, were $3.9 million, of which $0.4 million was invested in debt securities, $0.7 million was invested in money market instruments and funds and $2.8 million was invested in equity securities. Trading securities are reported at fair value, with the unrealized gains or losses resulting from changes in fair value recognized in Interest and other income (expense), net.

NOTE 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The Company recorded no other-than-temporary impairment charges in fiscal 2014 and 2013. During fiscal 2012, the Company recorded other-than-temporary impairment charges of $0.3 million on asset-backed securities.

As of June 28, 2014, the Company's total gross unrealized losses on available-for-sale securities, aggregated by type of investment instrument, were as follows (*in millions*):

	Less than 12 Months	Greater than 12 Months	Total
Asset-backed securities	$—	$0.2	$0.2
Corporate securities	—	—	—
Total gross unrealized losses	$—	$0.2	$0.2

As of June 28, 2014, contractual maturities of the Company's debt securities classified as available-for-sale securities were as follows (*in millions*):

	Amortized Cost / Carrying Cost	Estimated Fair Value
Amounts maturing in less than 1 year	$412.5	$412.6
Amounts maturing in 1 - 5 years	175.3	175.5
Amounts maturing more than 5 years	1.0	0.8
Total debt available-for-sale securities	$588.8	$588.9

As of June 29, 2013, the Company's available-for-sale securities were as follows (*in millions*):

	Amortized Cost / Carrying Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. treasuries	$ 12.0	$ —	$ —	$ 12.0
U.S. agencies	52.4	—	—	52.4
Municipal bonds and sovereign debt instruments	12.7	—	—	12.7
Asset-backed securities	15.5	—	(0.3)	15.2
Corporate securities	135.1	0.7	(0.1)	135.7
Total debt available-for-sale securities	$227.7	$0.7	$(0.4)	$228.0

As of June 29, 2013, of the total estimated fair value, $26.2 million was classified as cash equivalents, $201.0 million was classified as short-term investments, and $0.8 million was classified as other non-current assets.

In addition to the amounts presented above, as of June 29, 2013, the Company's short-term investments classified as trading securities, related to the deferred compensation plan, were $4.2 million, of which $0.8 million was invested in debt securities, $0.3 million was invested in money market instruments and funds and $3.1 million was invested in equity securities. Trading securities are reported at fair value, with the unrealized gains or losses resulting from changes in fair value recognized in Interest and other income (expense), net.

As of June 29, 2013, the Company's total gross unrealized losses on available-for-sale securities, aggregated by type of investment instrument, were as follows (*in millions*):

	Less than 12 Months	Greater than 12 Months	Total
Asset-backed securities	$ —	$0.3	$0.3
Corporate securities	0.1	—	0.1
Total gross unrealized losses	$ 0.1	$0.3	$0.4

NOTE 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair Value Measurements

Assets measured at fair value at June 28, 2014 are summarized below (*in millions*):

		Fair value measurement as of June 28, 2014	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Debt available-for-sale securities			
U.S. treasuries	$ 36.8	$ 36.8	$ —
U.S. agencies	70.0	—	70.0
Municipal bonds and sovereign debt instruments	16.8	—	16.8
Asset-backed securities	94.6	—	94.6
Corporate securities	370.7	—	370.7
Total debt available-for-sale securities	588.9	36.8	552.1
Money market funds	178.7	178.7	—
Trading securities	3.9	3.9	—
Total assets(1)	$771.5	$219.4	$552.1

(1) $183.2 million in cash and cash equivalents, $552.2 million in short-term investments, $31.5 million in restricted cash, and $4.6 million in other non-current assets on the Company's consolidated balance sheets.

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. There is an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions about the factors that market participants would use in valuing the asset or liability.

The Company's cash and investment instruments are classified within Level 1 or Level 2 of the fair value hierarchy based on quoted prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

- Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets. Level 1 assets of the Company include money market funds and U.S. Treasury securities as they are traded with sufficient volume and frequency of transactions.
- Level 2 includes financial instruments for which the valuations are based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 2 instruments of the Company generally include certain U.S. and foreign government and agency securities, commercial paper, corporate and municipal bonds and notes, asset-backed securities, and foreign currency forward contracts. To estimate their fair value, the Company utilizes pricing models based on market data. The significant inputs for the valuation model usually include benchmark yields, reported trades, broker and dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, and industry and economic events.
- Level 3 includes financial instruments for which fair value is derived from valuation based on inputs that are unobservable and significant to the overall fair value measurement. As of June 28, 2014 and June 29, 2013, the Company did not hold any Level 3 investment securities.

NOTE 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Foreign Currency Forward Contracts

The Company has foreign subsidiaries that operate and sell the Company's products in various markets around the world. As a result, the Company is exposed to foreign exchange risks. The Company utilizes foreign exchange forward contracts and other instruments to manage foreign currency risk associated with foreign currency denominated monetary assets and liabilities, primarily certain short-term intercompany receivables and payables and to reduce the volatility of earnings and cash flows related to foreign-currency transactions.

The forward contracts, most with a term of less than 120 days, were transacted near quarter end; therefore, the fair value of the contracts as of both June 28, 2014 and June 29, 2013 is not significant. The change in the fair value of these foreign currency forward contracts is recorded as gain or loss in the Company's Consolidated Statements of Operations as a component of Interest and other income (expense), net.

NOTE 8. GOODWILL

Goodwill

The following table presents the changes in goodwill allocated to the reportable segments (*in millions*):

	Network and Service Enablement	Communications and Commercial Optical Products(1)	Optical Security and Performance Products(2)	Total
Balance as of June 30, 2012(3)	$ 60.4	$ —	$8.3	$ 68.7
Goodwill from GenComm Acquisition(6)	5.7	—	—	5.7
Goodwill from Arieso Acquisition(6)	40.7	—	—	40.7
Balance as of June 29, 2013(4)	$106.8	$ —	$8.3	$115.1
Goodwill from Trendium Acquisition(6)	14.4	—	—	14.4
Goodwill from Network Instruments Acquisition(6)	125.7	—	—	125.7
Goodwill from Time-Bandwidth Acquisition(6)	—	5.8	—	5.8
Currency translation and other adjustments	5.9	0.1	—	6.0
Balance as of June 28, 2014(5)	$252.8	$5.9	$8.3	$267.0

(1) The goodwill balance as of June 28, 2014 for the CCOP segment relates to the acquisition of Time-Bandwidth and has been allocated to the Lasers reporting unit. Refer to "Note 5. Mergers and Acquisitions" more information.

(2) During the first quarter of fiscal 2013, the reporting structure of the Advanced Optical Technologies reportable segment ("AOT") was reorganized and its previous reporting units, which consisted of the Custom Optics Product Group ("COPG"), Flex Products Group ("Flex") and Authentication Solutions Group ("ASG") (excluding the Hologram Business), were merged into the new Optical Security and Performance Products reportable segment, having one single reporting unit, replacing AOT. As the entire $8.3 million balance of AOT's goodwill at June 30, 2012 was attributable to the Flex reporting unit, the Company reclassified AOT's goodwill to Optical Security and Performance Products ("OSP"). The Company closed the sale of the Hologram Business, a component of the ASG reporting unit, during the second quarter of fiscal 2013. As there was zero goodwill attributable to the ASG reporting unit as of June 30, 2012, the sale did not impact goodwill. Refer to "Note 19. Discontinued Operations" for more information.

(3) Gross goodwill balances for CCOP, NSE, and OSP were $5,111.3 million, $543.5 million, and $92.8 million, respectively as of June 30, 2012. Accumulated impairment for CCOP, NSE, and OSP were $5,111.3 million, $483.1 million, and $84.5 million, respectively as of June 30, 2012.

(4) Gross goodwill balances for CCOP, NSE, and OSP were $5,111.3 million, $589.9 million, and $92.8 million, respectively as of June 29, 2013. Accumulated impairment for CCOP, NSE, and OSP were $5,111.3 million, $483.1 million, and $84.5 million, respectively as of June 29, 2013.

NOTE 8. GOODWILL (Continued)

(5) Gross goodwill balances for CCOP, NSE, and OSP were $5,117.2 million, $735.9 million, and $92.8 million, respectively as of June 28, 2014. Accumulated impairment for CCOP, NSE, and OSP were $5,111.3 million, $483.1 million, and $84.5 million, respectively as of June 28, 2014.

(6) Refer to "Note 5. Mergers and Acquisitions" of the Notes to Consolidated Financial Statements for more information.

The following table presents gross goodwill and accumulated impairment balances for the fiscal years ended June 28, 2014, and June 29, 2013 (in millions):

	Years Ended	
	June 28, 2014	June 29, 2013
Gross goodwill balance	$ 5,945.9	$ 5,794.0
Accumulated impairment losses	(5,678.9)	(5,678.9)
Net goodwill balance	$ 267.0	$ 115.1

Impairment of Goodwill

The Company reviews goodwill for impairment annually during the fourth quarter of the fiscal year or more frequently if events or circumstances indicate that an impairment loss may have occurred. No triggering events were noted during the interim periods of fiscal 2014, 2013 or 2012 and thus, the Company reviewed goodwill for impairment during the fourth quarter of each fiscal year. The Company determined that, based on its cash flow structure, organizational structure and the financial information that is provided to and reviewed by Management for the year ended fiscal 2014, its reporting units are: NSE, Optical Communications, Lasers, and OSP. For the year ended fiscal 2013, the Company's reporting units were: NSE, Optical Communications, Lasers and OSP. For the year ended fiscal 2012, the Company's reporting units were: NSE, CCOP, COPG, ASG, and Flex.

Fiscal 2014

The Company reviewed goodwill under the two-step quantitative goodwill impairment test in accordance with the authoritative guidance. Under the first step of the authoritative guidance for impairment testing, the fair value of the reporting units was determined based on a combination of the income approach, which estimates the fair value based on the future discounted cash flows, and the market approach, which estimates the fair value based on comparable market prices. Based on the first step of the analysis, the Company determined that the fair value of each reporting unit is significantly above its carrying amount. As such, the Company was not required to perform step two of the analysis on any reporting unit to determine the amount of the impairment loss. The Company recorded no impairment charge in accordance with its annual impairment test.

Fiscal 2013 and 2012

Under the qualitative assessment of the authoritative guidance for impairment testing, the Company concluded that it was more likely than not that the fair value of the reporting units that currently have goodwill recorded exceeded its carrying amount. In assessing the qualitative factors, the Company considered the impact of these key factors: change in industry and competitive environment, market capitalization, earnings multiples, budgeted-to-actual operating performance from prior year, and consolidated company stock price and performance etc. As such, it was not necessary to perform the two-step goodwill impairment test at this time and hence the Company recorded no impairment charge in accordance with its annual impairment test.

NOTE 9. ACQUIRED DEVELOPED TECHNOLOGY AND OTHER INTANGIBLES

The following tables present details of the Company's acquired developed technology and other intangibles (*in millions*):

As of June 28, 2014	Gross Carrying Amount	Accumulated Amortization	Net
Acquired developed technology	$548.8	$(443.1)	$105.7
Customer relationships	205.2	(142.3)	62.9
Other	24.2	(22.1)	2.1
Total intangibles subject to amortization	778.2	(607.5)	170.7
In-process research and development intangibles	7.1	—	7.1
Total intangibles	$785.3	$(607.5)	$177.8

As of June 29, 2013	Gross Carrying Amount	Accumulated Amortization	Net
Acquired developed technology	$546.8	$(437.4)	$109.4
Customer relationships	168.5	(131.5)	37.0
Other	50.3	(47.0)	3.3
Total intangibles	$765.6	$(615.9)	$149.7

Other intangibles consist of customer backlog, non-competition agreements, patents, proprietary know-how and trade secrets, trademarks and trade names.

During fiscal 2013, the Company approved a strategic plan to exit the low-speed wireline product line within the NSE segment and incurred a $2.2 million charge for accelerated amortization of related intangible assets, of which $1.8 million and $0.4 million is included in Amortization of acquired technologies and in Amortization of other intangibles in the Consolidated Statement of Operations, respectively. Also during fiscal 2013, the Company approved a plan to exit the concentrated photovoltaic ("CPV") product line within CCOP and incurred a $2.6 million charge for accelerated amortization of related intangibles which is included in Amortization of acquired technologies in the Consolidated Statement of Operations.

During fiscal 2012, the Company recorded an impairment charge of $18.8 million on the carrying amount of other intangibles related to the Hologram Business in accordance with the authoritative guidance. This charge has been presented in the Consolidated Statements of Operations as a component of Loss from discontinued operations, net of tax. Refer to "Note 19. Discontinued Operations" for more information.

During fiscal 2014, 2013 and 2012, the Company recorded $59.0 million, $76.0 million and $80.3 million, respectively, of amortization related to acquired developed technology and other intangibles. The following table presents details of the Company's amortization (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Cost of sales	$43.2	$63.3	$58.6
Operating expense	15.8	12.7	21.7
Total	$59.0	$76.0	$80.3

NOTE 9. ACQUIRED DEVELOPED TECHNOLOGY AND OTHER INTANGIBLES (Continued)

Based on the carrying amount of acquired developed technology and other intangibles of June 28, 2014, and assuming no future impairment of the underlying assets, the estimated future amortization is as follows (*in millions*):

Fiscal Years	
2015	$ 59.6
2016	38.8
2017	35.5
2018	22.6
2019	10.6
Thereafter	3.6
Total amortization	$170.7

NOTE 10. DEBTS AND LETTERS OF CREDIT

As of June 28, 2014, the Company had long-term debt of $536.3 million, representing the carrying amount of the liability component of the 0.625% Senior Convertible Notes due 2033 as discussed below, and had no short-term debt on the Consolidated Balance Sheets. The Company had no debt as of June 29, 2013.

The Company was in compliance with all debt covenants as of June 28, 2014.

0.625% Senior Convertible Notes

On August 21, 2013, the Company issued $650.0 million aggregate principal amount of 0.625% Senior Convertible Notes due 2033 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The proceeds from the 2033 Notes amounted to $636.3 million after issuance costs. The 2033 Notes are an unsecured obligation of the Company and bear interest at an annual rate of 0.625% payable in cash semi-annually in arrears on February 15 and August 15 of each year. The 2033 Notes mature on August 15, 2033 unless earlier converted, redeemed or repurchased.

Under certain circumstances and during certain periods, the 2033 Notes may be converted at the option of the holders into cash up to the principal amount, with the remaining amount converted into cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock at the Company's election. The initial conversion price is $18.83 per share, representing a 40.0% premium to the closing sale price of the Company's common stock on the pricing date, August 15, 2013, which will be subject to customary anti-dilution adjustments. Holders may convert the 2033 Notes at any time on or prior to the close of business on the business day immediately preceding February 15, 2033, and other than during the period from, and including, February 15, 2018 until the close of business on the business day immediately preceding August 20, 2018, in multiples of $1,000 principal amount, under the following circumstances:

- on any date during any calendar quarter beginning after December 31, 2013 (and only during such calendar quarter) if the closing price of the Company's common stock was more than 130% of the then current conversion price for at least 20 trading days during the 30 consecutive trading-day period ending the last trading day of the previous calendar quarter;
- if the 2033 Notes are called for redemption;
- upon the occurrence of specified corporate events;
- if the Company is party to a specified transaction, a fundamental change or a make-whole fundamental change (each as defined in the indenture of the 2033 Notes), or
- during the five consecutive business-day period immediately following any 10 consecutive trading-day period in which the trading price per $1,000 principal amount of the 2033 Notes for each day of such 10 consecutive trading-day period was less than 98% of the product of the closing sale price of the Company's common stock and the applicable conversion rate on such date.

NOTE 10. DEBTS AND LETTERS OF CREDIT (Continued)

During the periods from, and including, February 15, 2018 until the close of business on the business day immediately preceding August 20, 2018 and from, and including, February 15, 2033 until the close of business on the business day immediately preceding the maturity date, holders may convert the 2033 Notes at any time, regardless of the foregoing circumstances.

Holders of the 2033 Notes may require the Company to purchase all or a portion of the 2033 Notes on each of August 15, 2018, August 15, 2023 and August 15, 2028, or upon the occurrence of a fundamental change, in each case, at a price equal to 100% of the principal amount of the 2033 Notes to be purchased, plus accrued and unpaid interest to, but excluding the purchase date. The Company may redeem all or a portion of the 2033 Notes for cash at any time on or after August 20, 2018, at a redemption price equal to 100% of the principal amount of the 2033 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

In accordance with the authoritative accounting guidance, the Company separated the 2033 Notes into liability and equity components. The carrying value of the liability component at issuance was calculated as the present value of its cash flows using a discount rate of 5.4% based on the 5-year swap rate plus credit spread as of the issuance date. The credit spread for the Company is based on the historical average "yield to worst" rate for BB rated issuers. The difference between the 2033 Notes principal and the carrying value of the liability component, representing the value of conversion premium assigned to the equity component, was recorded as a debt discount on the issuance date and is being accreted using the effective interest rate of 5.4% over the period from the issuance date through August 15, 2018 as a non-cash charge to interest expense. The carrying value of the liability component was determined to be $515.6 million, and the equity component, or debt discount, of the 2033 Notes was determined to be $134.4 million. As of June 28, 2014, the expected remaining term of the 2033 Notes is 4.1 years.

In connection with the issuance of the 2033 Notes, the Company incurred $13.7 million of issuance costs, which were bifurcated into the debt issuance costs, attributable to the liability component of $10.9 million and the equity issuance costs, attributable to the equity component of $2.8 million based on their relative values. The debt issuance costs were capitalized and are being amortized to interest expense using the effective interest rate method from issuance date through August 15, 2018. The equity issuance costs were netted against the equity component in additional paid-in capital at the issuance date. As of June 28, 2014, the unamortized portion of the debt issuance costs related to the 2033 Notes was $9.2 million, which was included in Other non-current assets on the Consolidated Balance Sheets.

The following table presents the carrying amounts of the liability and equity components (*in millions*):

	Year Ended June 28, 2014
Carrying amount of equity component	$ 134.4
Principal amount of 0.625% Senior Convertible Notes	650.0
Unamortized discount of liability component	(113.7)
Carrying amount of liability component	$ 536.3

Based on quoted market prices as of June 28, 2014, the fair market value of the 2033 Notes was approximately $653.0 million. The 2033 Notes are classified within Level 2 as they are not actively traded in markets.

The following table presents the effective interest rate and the interest expense for the contractual interest and the accretion of debt discount (*in millions, except for the effective interest rate*):

	Year Ended June 28, 2014
Effective interest rate	5.4%
Interest expense-contractual interest	$ 3.5
Accretion of debt discount	20.7

NOTE 10. DEBTS AND LETTERS OF CREDIT (Continued)

1% Senior Convertible Notes

On June 5, 2006, the Company completed an offering of $425.0 million aggregate principal amount of 1% Senior Convertible Notes due 2026. Proceeds from the notes amounted to $415.9 million after issuance costs. The notes bore interest at a rate of 1.0% per year and were convertible into a combination of cash and shares of the Company's common stock at a conversion price of $30.30 per share.

In accordance with the authoritative guidance which applies to the 2026 Notes, the Company calculated the carrying value of the liability component at issuance as the present value of its cash flows using a discount rate of 8.1%, based on the 7-year swap rate plus credit spread as of the issuance date.

The carrying value of the liability component was determined to be $266.5 million. The equity component, or debt discount, of the notes was determined to be $158.5 million. The debt discount was accreted using the effective interest rate of 8.1% over the period from issuance date through May 15, 2013 as a non-cash charge to interest expense.

During fiscal 2013, the Company recognized the contractual interest expense of $1.8 million and accreted debt discount of $12.0 million. Between fiscal 2009 and fiscal 2013, the Company repurchased or redeemed $425.0 million aggregate principal amount of notes. The increase of the debt related to the interest accretion is treated as a non-cash transaction and the repayment of the carrying amount of the debt is classified as financing activity within the Consolidated Statement of Cash Flows. As of June 28, 2014, there was no outstanding balance.

Revolving Credit Facility

On August 21, 2013, in addition to the close of the 2033 Notes offering, the Company terminated its existing $250.0 million revolving credit facility, which had no amounts outstanding upon termination. The $1.3 million of unamortized debt issuance costs was fully amortized to interest expense upon termination in the first quarter of fiscal 2014.

Outstanding Letters of Credit

As of June 28, 2014, the Company had 14 standby letters of credit totaling $35.2 million.

NOTE 11. RESTRUCTURING AND RELATED CHARGES

The Company continues to reduce costs through targeted restructuring events intended to consolidate its operations, rationalize the manufacturing of its products and align its business in response to the market conditions. As of June 28, 2014, the Company's total restructuring accrual was $26.2 million. During fiscal 2014, 2013 and 2012 the Company recorded $23.8 million, $19.0 million and $12.4 million, respectively, in restructuring and related charges. The Company's restructuring charges can include severance and benefit costs to eliminate a specified number of positions, facilities and equipment costs to vacate facilities and consolidate operations, and lease termination costs. The timing of associated cash payments is dependent upon the type of restructuring charge and can extend over multiple periods.

NOTE 11. RESTRUCTURING AND RELATED CHARGES (Continued)

Summary of Restructuring Plans

The adjustments to the accrued restructuring expenses related to all of the Company's restructuring plans described below for the twelve months ended June 28, 2014, were as follows:

	Balance June 29, 2013	Fiscal Year 2014 Charges	Cash Settlements	Non-cash Settlements and Other Adjustments	Balance June 28, 2014
Fiscal 2014 Plans					
NSE Realignment Plan					
(Workforce Reduction)	$ —	$ 4.6	$ —	$ —	$ 4.6
CCOP Serangoon Closure Plan					
(Workforce Reduction)	—	1.7	—	—	1.7
Shared Services Restructuring Plan					
(Workforce Reduction)	—	1.8	—	—	1.8
NSE Product Strategy Restructuring Plan					
(Workforce Reduction)	—	7.2	(2.8)	—	4.4
NSE Lease Restructuring Plan (first floor)	—	5.2	—	1.7	6.9
Central Finance and IT Restructuring Plan					
(Workforce Reduction)	—	3.1	(1.6)	—	1.5
Fiscal 2013 Plans					
OSP Operational Realignment Plan					
(Workforce Reduction)	3.7	(0.6)	(3.0)	—	0.1
NSE Lease Restructuring Plan	5.0	(0.9)	(2.2)	0.2	2.1
CCOP Outsourcing Plan					
(Workforce Reduction)	0.7	—	(0.2)	—	0.5
NSE Wireless Business Restructuring Plan					
(Workforce Reduction)	1.0	0.1	(1.0)	—	0.1
Other plans	0.5	1.0	(1.5)	—	—
Fiscal 2012 Plans					
NSE Operation and Repair					
Outsourcing Restructuring Plan:					
Workforce Reduction	2.0	0.3	(1.8)	—	0.5
Lease Costs	0.1	(0.1)	—	—	—
Total NSE Operation and Repair					
Outsourcing Restructuring Plan	2.1	0.2	(1.8)	—	0.5
Other plans	0.6	—	(0.2)	—	0.4
Plans Prior to Fiscal 2012	2.9	0.4	(1.8)	0.1	1.6
Total	$16.5	$23.8	$(16.1)	$2.0	$26.2
Ottawa Lease Exit Costs	$ 3.7	$ 0.7	$ (1.3)	$ —	$ 3.1

As of June 28, 2014 and June 29, 2013, the Company included the long-term portion of the restructuring liability of $11.7 million and $6.2 million, respectively, as restructuring accrual, a component under other non-current liabilities, and the short-term portion as restructuring accrual, a component under other current liabilities in the Consolidated Balance Sheets.

NOTE 11. RESTRUCTURING AND RELATED CHARGES (Continued)

The Company had also previously recorded lease exit charges, net of assumed sub-lease income in prior fiscal years related to its Ottawa facility that was included in SG&A expenses. The fair value of the remaining contractual obligations, net of sublease income is $3.1 million and $3.7 million as of June 28, 2014 and June 29, 2013 respectively. The Company included the long-term portion of the contract obligations of $2.0 million and $2.7 million in other non-current liabilities as of each period end, and the short-term portion in other current liabilities in the Consolidated Balance Sheets. The payments related to these lease costs are expected to be paid by the end of the third quarter of fiscal 2018.

Fiscal 2014 Plans

NSE Realignment Plan

During the fourth quarter of fiscal 2014, Management approved a plan in the NSE segment to realign its operations and strategy to allow for greater investment in high-growth areas. As a result, a restructuring charge of $4.6 million was recorded for severance and employee benefits for 123 employees primarily in manufacturing, R&D and SG&A functions located in North America, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the fourth quarter of fiscal 2015.

CCOP Serangoon Closure Plan

During the fourth quarter of fiscal 2014, Management approved a plan in the CCOP segment to close the Serangoon office located in Singapore and move to a lower cost region in order to reduce manufacturing and R&D expenses. As a result, a restructuring charge of $1.7 million was recorded for severance and employee benefits for approximately 50 employees primarily in manufacturing and R&D functions. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2015.

Shared Services Restructuring Plan

During the fourth quarter of fiscal 2014, Management approved a plan to eliminate positions and re-define roles and responsibilities in the Shared Service function in order to reduce cost, standardize global processes and establish a more efficient organization. As a result, a restructuring charge of $1.8 million was recorded for severance and employee benefits for 48 employees primarily in the general and administrative functions located in the United States, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the fourth quarter of fiscal 2015.

NSE Product Strategy Restructuring Plan

During the third quarter of fiscal 2014, Management approved a plan in the NSE segment to realign its services, support and product resources in response to market conditions in the mobile assurance market and to increase focus on software products and next generation solutions through acquisitions and R&D. As a result, a year to date restructuring charge of $7.2 million was recorded for severance and employee benefits for 63 employees primarily in SG&A and manufacturing functions located in North America, Latin America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2020.

NSE Lease Restructuring Plan (first floor)

During the second quarter of fiscal 2014, Management approved a plan in the NSE segment to exit the remaining space in Germantown, Maryland. As of June 28, 2014, the Company exited the workspace in Germantown under the plan. The fair value of the remaining contractual obligations, net of sublease income as of June 28, 2014 was $6.9 million. Payments related to the Germantown lease costs are expected to be paid by the end of the second quarter of fiscal 2019.

NOTE 11. RESTRUCTURING AND RELATED CHARGES (Continued)

Central Finance and Information Technology ("IT") Restructuring Plan

During the second quarter of fiscal 2014, Management approved a plan to eliminate positions and re-define roles and responsibilities in the Finance and IT organization to align with the future state of the organizations under new executive management and move positions to lower-cost locations where appropriate. As a result, a year to date restructuring charge of $3.1 million was recorded for severance and benefits for 22 employees primarily in SG&A functions located in North America, Asia and Europe. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2022.

Fiscal 2013 Plans

Optical Security and Performance Products ("OSP") Operational Realignment Plan

During the fourth quarter of fiscal 2013, Management approved a plan in the OSP segment to realign its operations to focus on priority markets such as Anti-counterfeiting, Consumer and Industrial and Other offerings in government, aerospace and defense. As a result, the OSP segment is ceasing production of certain legacy products such as anti-reflection coatings and front-surface mirrors for display and office automation applications, solar cell covers, and select infrared products that use the Multi-layer Anti-reflection Coater, custom display, and certain box coater production platforms which were at the end of their product lifecycle. The business segment phased out production of these product offerings by the end of the third quarter of fiscal 2014 and de-commissioned and disposed of certain related production equipment. This will result in consolidation of manufacturing operations and office space at the Santa Rosa, California site and reduction of workforce by 78 employees primarily in manufacturing, R&D and SG&A functions located in the United States. Management reduced the number of employees impacted by this plan from 126 to 78, which reduced the total liability for this plan by approximately $0.6 million during the twelve months ended June 28, 2014. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2015.

NSE Lease Restructuring Plan

During the fourth quarter of fiscal 2013, Management approved a plan to consolidate workspace in Germantown, Maryland and Beijing, China, primarily used by the NSE segment. As of June 29, 2013, the Company exited the second floor workspace in Germantown and Beijing under the plan. The fair value of the remaining contractual obligations, net of sublease income as of June 28, 2014 was $2.1 million. A $0.9 million benefit was recorded during the twelve months ended June 28, 2014, to adjust the estimated lease liability accrual for the Germantown location. Payments related to the Germantown lease costs are expected to be paid by the end of the second quarter of fiscal 2019. Final payments related to the Beijing lease costs were paid during the first quarter of fiscal 2014.

CCOP Outsourcing Plan

During the third quarter of fiscal 2013, Management approved a plan to transition certain functions related to the CCOP segment to an offshore contract manufacturer as part of its continuous efforts to optimize its supply chain. As a result, 43 employees primarily in manufacturing, R&D and SG&A functions located in the United States were impacted. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2015.

NSE Wireless Business Restructuring Plan

During the second quarter of fiscal 2013, Management approved a plan to align the Company's investment strategy in the NSE segment with customer spending priorities in high-growth product lines such as wireless network assurance. As a result, the segment eliminated positions in R&D, sales and operations functions that supported low-growth product lines and 62 employees primarily in manufacturing, R&D and SG&A functions located in North America, Europe and Asia were impacted. Payments related to the remaining severance and benefits accrual are expected to be paid by the end of the first quarter of fiscal 2015.

NOTE 11. RESTRUCTURING AND RELATED CHARGES (Continued)

Other Plans

Other plans account for an immaterial portion of the total restructuring accrual, with minimal or no revisions recorded.

Fiscal 2012 Plans

NSE Operation and Repair Outsourcing Restructuring Plan

During the fourth quarter of fiscal 2012, Management approved a plan which focuses on three areas in the NSE segment: (1) moving the repair organization to a repair outsourcing partner; (2) reorganizing the R&D global team because of portfolio prioritization primarily in the Customer Experience Management business to consolidate key platforms from several sites to a single site, and (3) reorganizing Global Sales to focus on strategic software growth, wireless growth, and to ensure sales account resources on the most critical global growth accounts. This action will occur over the next several quarters and will impact 162 employees in manufacturing, R&D and SG&A functions and resulted in the exit of workspaces in Techpoint Singapore and Atlanta, Georgia. As of September 29, 2012, the Company exited both workspaces. The employees being affected are located in North America, Europe, Latin America and Asia. Payments related to the severance and benefits accrual are expected to be paid by the end of the third quarter of fiscal 2017.

Other Plans

Other plans account for an immaterial portion of the total restructuring accrual, with minimal or no revisions recorded.

Plans Prior to Fiscal 2012

The restructuring accrual for plans that commenced prior to fiscal year 2012 was $1.6 million. Of this amount, $1.0 million is related to severance and benefits accrual for the NSE Germany Restructuring Plan which commenced in the fourth quarter of fiscal 2009. Payments related to the severance and benefits accrual are expected to be paid by the end of the fourth quarter of fiscal 2016. The remaining balance consists of immaterial lease obligation accruals from various restructuring plans that commenced prior to fiscal 2012.

NOTE 12. INCOME TAXES

The Company's income (loss) before income taxes consisted of the following (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Domestic	$(87.9)	$(98.8)	$(76.7)
Foreign	57.1	51.9	33.1
(Loss) income before income taxes	$(30.8)	$(46.9)	$(43.6)

NOTE 12. INCOME TAXES (Continued)

The Company's income tax expense (benefit) consisted of the following (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Federal:			
Current	$ (0.5)	$ —	$ 0.0
Deferred	(4.5)	(0.7)	0.6
	(5.0)	(0.7)	0.6
State:			
Current	—	—	0.2
Deferred	(0.2)	—	0.1
	(0.2)	—	0.3
Foreign:			
Current	18.2	18.4	16.1
Deferred	(26.1)	(121.6)	(5.0)
	(7.9)	(103.2)	11.1
Total income tax (benefit) expense	$(13.1)	$(103.9)	$12.0

The federal deferred tax benefit primarily relates the other comprehensive income intraperiod tax allocation rules. The foreign current expense primarily relates to the Company's profitable operations in certain foreign jurisdictions. The foreign deferred tax benefit primarily relates to the recognition of uncertain tax benefits related to deferred tax assets due to the expiration of the statute of limitations in a non-U.S. jurisdiction.

There was no material tax benefit associated with exercise of stock options for the fiscal years ended June 28, 2014, June 29, 2013 and June 30, 2012.

A reconciliation of the Company's income tax expense (benefit) at the federal statutory rate to the income tax expense (benefit) at the effective tax rate is as follows (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Income tax (benefit) expense computed at federal statutory rate	$(10.8)	$ (16.4)	$(15.2)
Foreign rate differential	(1.8)	(2.4)	(3.8)
Valuation allowance	24.2	(84.5)	23.7
Statute Expiration	(21.7)	—	—
Reversal of previously accrued taxes	(1.0)	(0.7)	(1.5)
Research and experimentation benefits and other tax credits	(5.0)	(3.2)	(1.2)
Non-deductible expenses	7.6	4.4	6.0
Other	(4.6)	(1.1)	4.0
Income tax (benefit) expense	$(13.1)	$(103.9)	$ 12.0

NOTE 12. INCOME TAXES (Continued)

The components of the Company's net deferred taxes consisted of the following (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Gross deferred tax assets:			
Tax credit carryforwards	$ 158.6	$ 150.1	$ 148.0
Net operating loss carryforwards	2,346.1	2,303.0	2,288.2
Inventories	13.0	16.3	15.3
Accruals and reserves	48.2	41.8	41.0
Other	121.1	127.7	102.3
Acquisition-related items	86.8	95.9	127.2
Gross deferred tax assets	2,773.8	2,734.8	2,722.0
Valuation allowance	(2,499.8)	(2,549.1)	(2,637.0)
Deferred tax assets	274.0	185.7	85.0
Gross deferred tax liabilities:			
Acquisition-related items	(40.4)	(26.5)	(35.2)
Undistributed foreign earnings	(6.6)	(8.3)	(2.9)
Other	(50.2)	(3.5)	(12.3)
Deferred tax liabilities	(97.2)	(38.3)	(50.4)
Total net deferred tax assets (liabilities)	$ 176.8	$ 147.4	$ 34.6

As of June 28, 2014, the Company had federal, state and foreign tax net operating loss carryforwards of $6,066.6 million, $1,817.1 million and $1,012.3 million, respectively, and federal, state and foreign research and other tax credit carryforwards of $88.8 million, $36.1 million and $45.1 million, respectively. Of this amount, approximately $101.8 million when realized will be credited to additional paid-in capital. The Company's policy is to account for the utilization of tax attributes under a with-and-without approach. The tax net operating loss and tax credit carryforwards will start to expire in 2015 and at various other dates through 2034 if not utilized. Utilization of the tax net operating losses may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state and foreign provisions. Loss carryforward limitations may result in the expiration or reduced utilization of a portion of the Company's net operating losses.

U.S. income and foreign withholding taxes associated with the repatriation of earnings of foreign subsidiaries have not been provided on $220.4 million of undistributed earnings for certain foreign subsidiaries. The Company intends to reinvest these earnings indefinitely outside of the United States. The Company estimates that an additional $11.0 million of U.S. income or foreign withholding taxes would have to be provided if these earnings were repatriated back to the U.S.

The valuation allowance decreased by $49.3 million in fiscal 2014, decreased by $87.9 million in fiscal 2013, and increased by $25.8 million in fiscal 2012. The decrease during fiscal 2014 was primarily related to an increase in acquisition and debt issuance related deferred tax liabilities. The decrease during fiscal 2013 was primarily due to the release of deferred tax valuation allowance for non-US. jurisdictions. The increase during fiscal 2012 was primarily due to increases in domestic and foreign tax net operating losses sustained during the year, offset by utilization and expiration of domestic and foreign net operating losses.

Approximately $514.7 million of the valuation allowance as of June 28, 2014 was attributable to pre-fiscal 2006 windfall stock option deductions, the benefit of which will be credited to paid-in-capital if and when realized through a reduction in income tax payable. Beginning with fiscal 2006, the Company began to track the windfall stock option deductions off-balance sheet. If and when realized, the tax benefit associated with those deductions will be credited to additional paid-in-capital.

NOTE 12. INCOME TAXES (Continued)

During fiscal 2013, the Company determined that it was more likely than not that the deferred tax assets of a subsidiary in a non-U.S. jurisdiction (the "foreign subsidiary") would be realized after considering all positive and negative evidence. Prior to fiscal 2013, because of significant negative evidence including principally continued economic uncertainty in the industry in the foreign jurisdiction specifically and reorganization activity that would adversely affect the foreign subsidiary's future operations and profitability on a continuing basis in future years, the Company determined that it was more likely than not that the deferred tax assets would not be realized. However, during fiscal 2013, the foreign subsidiary had realized cumulative pre-tax income for the preceding three years and had forecasted future pre-tax income sufficient to realize its deferred tax assets. Upon considering the relative impact of all evidence, both negative and positive, and the weight accorded to each, the Company concluded that it was more likely than not that the deferred tax assets of the foreign subsidiary would be realized and that the applicable valuation allowance should be released.

Accordingly, a net deferred tax valuation allowance release of $107.9 million was recorded as an income tax benefit during the year. The Company's conclusion that it is more likely than not that the deferred tax assets will be realized is strongly influenced by its forecast of the foreign subsidiary's future taxable income. The Company believes its forecast of the foreign subsidiary's future taxable income is reasonable; however, it is inherently uncertain. Therefore, if the foreign subsidiary realizes material unforeseen losses, then its ability to realize the deferred tax assets may become uncertain and an additional charge to increase the valuation allowance may be recorded.

A reconciliation of unrecognized tax benefits between July 2, 2011 and June 28, 2014 is as follows (*in millions*):

Balance at July 2, 2011	$ 64.0
Additions based on the tax positions related to the current year	3.4
Reductions for lapse of statute of limitations	(1.9)
Reductions due to foreign currency rate fluctuation	(1.5)
Reductions based on the tax positions related to the prior year	(2.7)
Balance at June 30, 2012	61.3
Additions based on the tax positions related to the current year	23.7
Reductions for lapse of statute of limitations or for audit settlements	(1.2)
Reductions due to foreign currency rate fluctuation	(0.7)
Reductions based on ITC expiration	(2.4)
Balance at June 29, 2013	80.7
Additions based on the tax positions related to the current year	3.2
Additions due to foreign currency rate fluctuation	0.6
Reductions for lapse of statute of limitations	(21.7)
Reductions based on state credit expiration	(1.7)
Reductions based on the tax positions related to the prior year	(0.8)
Balance at June 28, 2014	$ 60.3

The liabilities for unrecognized tax benefits relate primarily to the allocations of revenue and costs among the Company's global operations and the validity of some non-U.S. net operating losses. In addition, utilization of the Company's tax net operating losses may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state and foreign provisions. As a result, loss carryforward limitations may result in the expiration or reduced utilization of a portion of the Company's net operating losses.

Included in the balance of unrecognized tax benefits at June 28, 2014 are $3.4 million of tax benefits that, if recognized, would impact the effective tax rate. Also included in the balance of unrecognized tax benefits at June 28, 2014 are $56.9 million of tax benefits that, if recognized, would result in adjustments to the valuation allowance.

NOTE 12. INCOME TAXES (Continued)

The Company's policy is to recognize accrued interest and penalties related to unrecognized tax benefits within the income tax provision. The amount of interest and penalties accrued as of June 28, 2014 and June 29, 2013 was approximately $24.8 million and $24.1 million, respectively. During fiscal 2014, the Company's accrued interest and penalties increased by $1.7 million primarily because of current year interest accruals and foreign currency rate fluctuations. The unrecognized tax benefits that may be recognized during the next twelve months is approximately $ 22.3 million.

The Company is routinely subject to various federal, state and foreign audits by taxing authorities. The Company believes that adequate amounts have been provided for any adjustments that may result from these examinations.

The following table summarizes the Company's major tax jurisdictions and the tax years that remain subject to examination by such jurisdictions as of June 28, 2014:

Tax Jurisdictions	Tax Years
United States	2010 and onward
Canada	2007 and onward
China	2009 and onward
France	2009 and onward
Germany	2009 and onward
Korea	2009 and onward
United Kingdom	2008 and onward

NOTE 13. STOCKHOLDERS' EQUITY

Repurchase of Common Stock

During the first quarter of fiscal 2014, the Company repurchased 7.4 million shares of its outstanding common stock at $13.45 per share in privately negotiated transactions concurrently with the issuance of its 2033 Notes. The repurchases were not made pursuant to any plan or program. The total purchase price of $100.0 million was reflected as a decrease to common stock based on the stated par value per share with the remainder charged to accumulated deficit.

On May 21, 2014, the Company's Board of Directors authorized a stock repurchase program under which the Company may purchase shares of its common stock worth up to an aggregate purchase price of $100.0 million through open market or private transactions between May 27, 2014 and June 27, 2015. During the fourth quarter of fiscal 2014, the Company repurchased approximately 4.9 million shares of common stock in open market purchases at an average price of $11.37 per share. The total purchase price of $55.2 million was reflected as a decrease to common stock based on the stated par value per share with the remainder charged to accumulated deficit.

All common shares repurchased during fiscal 2014 have been canceled and retired.

Preferred Stock

The Company's Board of Directors has authority to issue up to 1,000,000 shares of undesignated preferred stock and to determine the powers, preferences and rights and the qualifications, limitations or restrictions granted to or imposed upon any wholly unissued shares of undesignated preferred stock and to fix the number of shares constituting any series and the designation of such series, without the consent of the Company's stockholders. The preferred stock could be issued with voting, liquidation, dividend and other rights superior to those of the holders of common stock. The issuance of any preferred stock subsequently issued by the Company's Board of Directors, under some circumstances, could have the effect of delaying, deferring or preventing a change in control.

NOTE 13. STOCKHOLDERS' EQUITY (Continued)

Exchangeable Shares of JDS Uniphase Canada Ltd.

On March 31, 2014 ("the Redemption Date"), the Company exercised its right to redeem 3,157,445 million outstanding exchangeable shares of JDS Uniphase Canada Ltd ("Exchangeable Shares"). On the Redemption Date, holders of Exchangeable Shares were entitled to receive one share of the Company's common stock in exchange for each Exchangeable Share held. As of June 28, 2014 and June 29, 2013, there were zero and 3,488,317 million Exchangeable Shares issued and outstanding, respectively.

NOTE 14. STOCK-BASED COMPENSATION

Stock-Based Benefit Plans

Stock Option Plans

As of June 28, 2014, the Company had 12.9 million shares of stock options and Full Value Awards issued and outstanding to employees and directors under 2005 Acquisition Equity Incentive Plan ("the 2005 Plan"), Amended and Restated 2003 Equity Incentive Plan ("the 2003 Plan") and various other plans the Company assumed through acquisitions. The exercise price for stock options is equal to the fair value of the underlying stock at the date of grant. The Company issues new shares of common stock upon exercise of stock options. Options generally become exercisable over a three-year or four-year period and, if not exercised, expire from five to ten years after the date of grant.

On November 14, 2012, the Company's shareholders approved two amendments to the 2003 Plan. The first amendment increased the number of shares that may be issued under this plan by 10,000,000 shares. The second amendment extended the 2003 Plan's terms for an additional ten year period after the date of approval of the amendment.

As of June 28, 2014, 8.2 million shares of common stock, primarily under the 2003 Plan and the 2005 Plan, were available for grant.

Employee Stock Purchase Plans

In June 1998, the Company adopted the JDS Uniphase Corporation 1998 Employee Stock Purchase Plan, as amended (the "1998 Purchase Plan"). The 1998 Purchase Plan, which became effective August 1, 1998, provides eligible employees with the opportunity to acquire an ownership interest in the Company through periodic payroll deductions and provides a discounted purchase price as well as a look-back period. The 1998 Purchase Plan is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986. However, the 1998 Purchase Plan is not intended to be a qualified pension, profit sharing or stock bonus plan under Section 401(a) of the Internal Revenue Code of 1986 and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The 1998 Purchase Plan will terminate upon the earlier of August 1, 2018 or the date on which all shares available for issuance have been sold. Of the 50.0 million shares authorized under the 1998 Purchase Plan, 4.4 million shares remained available for issuance as of June 28, 2014. The 1998 Purchase Plan provides a 5% discount and a six month look-back period.

Full Value Awards

Full Value Awards refer to RSUs and Performance Units that are granted with the exercise price equal to zero and are converted to shares immediately upon vesting. These Full Value Awards are performance-based, time-based or a combination of both and expected to vest over one to four years. The fair value of the time-based Full Value Awards is based on the closing market price of the Company's common stock on the date of award.

NOTE 14. STOCK-BASED COMPENSATION (Continued)

Stock-Based Compensation

The impact on the Company's results of operations of recording stock-based compensation by function for fiscal 2014, 2013 and 2012 was as follows (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Cost of sales	$ 9.9	$ 9.3	$ 7.7
Research and development	15.6	13.5	11.6
Selling, general and administrative	38.6	33.5	29.3
	$64.1	$56.3	$48.6

Approximately $1.9 million of stock-based compensation was capitalized to inventory at June 28, 2014.

Stock Option Activity

The Company granted no stock options during fiscal 2014, 2013 and 2012. The total intrinsic value of options exercised during the year ended June 28, 2014 was $10.0 million. In connection with these exercises, the tax benefit realized by the Company was immaterial due to the fact that the Company has no material benefit in foreign jurisdictions and a full valuation allowance on its domestic deferred tax assets.

As of June 28, 2014, $0.3 million of unrecognized stock-based compensation cost related to stock options remains to be amortized. That cost is expected to be recognized over an estimated amortization period of 0.6 years.

The following is a summary of stock option activities (*amount in millions except per share amounts*):

	Options Outstanding	
	Number Of Shares	Weighted-Average Exercise Price
Balance as of July 2, 2011	10.9	10.42
Exercised	(1.4)	5.84
Forfeited	(0.6)	7.03
Canceled	(0.7)	26.32
Balance as of June 30, 2012	8.2	10.02
Exercised	(2.0)	7.64
Forfeited	(0.2)	10.86
Canceled	(0.4)	15.69
Balance as of June 29, 2013	5.6	10.56
Exercised	(1.6)	7.91
Canceled	(0.5)	22.24
Balance as of June 28, 2014	3.5	10.13

NOTE 14. STOCK-BASED COMPENSATION (Continued)

The following table summarizes significant ranges of outstanding and exercisable options as of June 28, 2014:

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)
$0.00 - 10.00	1,344,691	2.9	$ 5.19	$ 9.6	1,344,691	2.9	$ 5.19	$ 9.6
10.01 - 20.00	1,925,558	3.9	11.84	2.7	1,851,993	3.9	11.71	2.7
20.01 - 30.00	263,250	4.8	22.82	—	225,750	4.7	23.10	—
30.01 - 100.00	29	—	68.00	—	29	—	68.00	—
	3,533,528	3.6	10.13	$12.3	3,422,463	3.6	9.90	$12.3

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value, based on the Company's closing stock price of $12.35 as of June 28, 2014, which would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable as of June 28, 2014 was 2.8 million.

Employee Stock Purchase Plan Activity

The compensation expense in connection with the Company's ESPP for the year ended June 28, 2014 was $1.8 million. The expense related to the plan is recorded on a straight-line basis over the relevant subscription period.

The following table summarizes the shares issued and the fair market value at purchase date, pursuant to the Company's ESPP during the year ended June 28, 2014:

Purchase date	January 31, 2014	July 31, 2013
Shares issued.	423,633	369,926
Fair market value at purchase date	$ 13.29	$ 14.67

As of June 28, 2014, $0.2 million of unrecognized stock-based compensation cost related to ESPP remains to be amortized. That cost is expected to be recognized through the first quarter of fiscal 2015.

Full Value Awards Activity

During fiscal 2014, 2013 and 2012, the Company's Board of Directors approved the grant of 6.0 million, 6.5 million and 5.0 million Full Value Awards to the Company's Board of Directors and employees and recorded $60.7 million, $49.4 million, and $35.7 million of such compensation expenses, respectively.

As of June 28, 2014, $78.0 million of unrecognized stock-based compensation cost related to Full Value Awards remains to be amortized. That cost is expected to be recognized over an estimated amortization period of 2.0 years.

NOTE 14. STOCK-BASED COMPENSATION (Continued)

A summary of the status of the Company's non-vested Full Value Awards as of June 28, 2014 and changes during the same period is presented below (*amount in millions, except per share amounts*):

	Full Value Awards			
	Performance shares	Non-performance shares	Total number of shares	Weighted-average grant-dated fair value
Non-vested at July 2, 2011	—	6.0	6.0	$10.49
Awards granted	0.5	4.5	5.0	12.31
Awards vested	—	(3.0)	(3.0)	9.01
Awards forfeited	—	(0.8)	(0.8)	11.67
Non-vested at June 30, 2012	0.5	6.7	7.2	12.37
Awards granted	0.7	5.8	6.5	12.40
Awards vested	(0.1)	(3.6)	(3.7)	11.74
Awards forfeited	(0.1)	(0.9)	(1.0)	12.58
Non-vested at June 29, 2013	1.0	8.0	9.0	12.61
Awards granted	0.6	5.4	6.0	13.42
Awards vested	(0.4)	(4.1)	(4.5)	12.26
Awards forfeited	(0.1)	(1.0)	(1.1)	12.94
Non-vested at June 28, 2014	1.1	8.3	9.4	13.19

During fiscal 2014, 2013 and 2012, the Company granted 0.6 million, 0.7 million and 0.5 million MSUs. These MSUs shares represent the target amount of grants and the actual number of shares awarded upon vesting of the MSUs may be higher or lower depending upon the achievement of the relevant market conditions. The majority of MSUs vest in equal annual installments over three years based on the attainment of certain total shareholder return performance measures and the employee's continued service through the vest date. The aggregate grant-date fair value of MSUs granted during fiscal 2014, 2013 and 2012 was estimated to be $9.2 million, $10.7 million and $9.3 million respectively, and was calculated using a Monte Carlo simulation.

Full Value Awards are converted into shares upon vesting. Shares equivalent in value to the minimum withholding taxes liability on the vested shares are withheld by the Company for the payment of such taxes. During fiscal 2014, 2013 and 2012, the Company paid $21.4 million, $15.9 million and $12.8 million, respectively, and classified the payments as operating cash outflows in the Consolidated Statement of Cash Flows.

Valuation Assumptions

The Company estimates the fair value of the MSUs on the date of grant using a Monte Carlo simulation with the following assumptions:

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Volatility of common stock	53.9%	57.5%	68.7%
Average volatility of peer companies	58.6%	58.3%	68.4%
Average correlation coefficient of peer companies	0.292	0.3208	0.3383
Risk-free interest rate	0.8%	0.4%	0.7%

NOTE 14. STOCK-BASED COMPENSATION (Continued)

The Company estimates the fair value of ESPP using a BSM valuation model. The fair value is estimated on the date of grant using the BSM option valuation model with the following weighted-average assumptions:

	Employee Stock Purchase Plans		
	2014	2013	2012
Expected term (in years)	0.5	0.5	0.5
Expected volatility	39.5%	53.9%	52.5%
Risk-free interest rate	0.1%	0.1%	0.2%

Expected Term: The Company's expected term is in line with the six month look-back period of its ESPP.

Expected Volatility: The Company determined that a combination of the implied volatility of its traded options and historical volatility of its stock price based on the expected term of the equity instrument most appropriately reflects market expectation of future volatility. Implied volatility is based on traded options of the Company's common stock with a remaining maturity of six months or greater.

Risk-Free Interest Rate: The Company bases the risk-free interest rate used in the BSM valuation method on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Expected Dividend: The BSM valuation model calls for a single expected dividend yield as an input. The Company has not paid and does not anticipate paying any dividends in the near future.

NOTE 15. EMPLOYEE BENEFIT PLANS

Employee 401(k) Plans

The Company sponsors the JDS Uniphase Corporation Employee 401(k) Retirement Plan (the "401(k) Plan"), a Defined Contribution Plan under ERISA, which provides retirement benefits for its eligible employees through tax deferred salary deductions. The 401(k) Plan allows employees to contribute up to 50% of their annual compensation, with contributions limited to $17,500 in calendar year 2014 as set by the Internal Revenue Service.

For all eligible participants who have completed 180 days of service with JDSU, the 401(k) Plan provided for a 100% match of employees' contributions up to the first 3% of annual compensation and 50% match on the next 2% of compensation. All matching contributions are made in cash and vest immediately. The Company's matching contributions to the 401(k) Plan were $7.5 million, $7.4 million, and $7.1 million in fiscal 2014, 2013 and 2012, respectively.

Deferred Compensation Plan

The Company also provides for the benefit of certain eligible employees in the U.S. a non-qualified retirement plan. This plan is designed to permit employee deferral of a portion of salaries in excess of certain tax limits and deferral of bonuses. This plan's assets are designated as trading securities in the Company's Consolidated Balance Sheets. Refer to "Note 7. Investments and Fair Value Measurements" for more information. Effective January 1, 2011, the Company suspended all employee contribution into the plan.

NOTE 15. EMPLOYEE BENEFIT PLANS (Continued)

Employee Defined Benefit Plans

The Company sponsors significant qualified and non-qualified pension plans for certain past and present employees in the U.K., Switzerland and Germany. The Company also is responsible for the non-pension post-retirement benefit obligation assumed from a past acquisition. Most of the plans have been closed to new participants and no additional service costs are being accrued, except for certain plans in Germany and Switzerland, assumed in connection with acquisitions during fiscal 2010 and the third quarter of fiscal 2014. Benefits are generally based upon years of service and compensation or stated amounts for each year of service. As of June 28, 2014, the U.K. and Switzerland plans were partially funded while the other plans were unfunded. The Company's policy for funded plans is to make contributions equal to or greater than the requirements prescribed by law or regulation. For unfunded plans, the Company pays the post-retirement benefits when due. Future estimated benefit payments are summarized below. No other required contributions to defined benefit plans are expected in fiscal 2014, but the Company, at its discretion, can make contributions to one or more of the defined benefit plans.

The Company accounts for its obligations under these pension plans in accordance with the authoritative guidance which requires the Company to record its obligation to the participants, as well as the corresponding net periodic cost. The Company determines its obligation to the participants and its net periodic cost principally using actuarial valuations provided by third-party actuaries. The obligation the Company records in its Consolidated Balance Sheets is reflective of the total PBO and the fair value of plan assets.

The following table presents the components of the net periodic cost for the pension and benefits plans (*in millions*):

	Pension Benefit Plans		
	2014	2013	2012
Service cost	$ 0.5	$ 0.3	$ 0.2
Interest cost	4.5	4.4	5.5
Expected return on plan assets	(1.4)	(1.2)	(1.4)
Recognized actuarial losses (gains)	0.1	—	(0.4)
Net periodic benefit cost	$ 3.7	$ 3.5	$ 3.9

The Company's accumulated other comprehensive income includes unrealized net actuarial (gains)/losses. The amount expected to be recognized in net periodic benefit cost during fiscal 2015 is $0.5 million.

NOTE 15. EMPLOYEE BENEFIT PLANS (Continued)

The changes in the benefit obligations and plan assets of the pension and benefits plans were (*in millions*):

	Pension Benefit Plans	
	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 121.0	$111.9
Service cost	0.5	0.3
Interest cost	4.5	4.4
Plan participants' contributions	0.1	—
Actuarial (gains)/losses	10.9	6.2
Acquisitions	3.8	—
Benefits paid	(4.9)	(4.9)
Foreign exchange impact	8.0	3.1
Benefit obligation at end of year	$ 143.9	$121.0
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 25.6	$ 23.5
Actual return on plan assets	2.0	2.7
Acquisitions	2.7	—
Employer contributions	5.1	4.8
Plan participants' contributions	0.1	—
Benefits paid	(4.9)	(4.9)
Foreign exchange impact	2.9	(0.5)
Fair value of plan assets at end of year	$ 33.5	$ 25.6
Funded status	$(110.4)	$ (95.4)
Accumulated benefit obligation	$ 142.2	$120.2
Amount recognized in the Consolidated Balance Sheets at end of year:		
Current liabilities	$ 4.2	$ 4.3
Non-current liabilities	106.2	91.1
Net amount recognized at end of year	$ 110.4	$ 95.4
Amount recognized in Accumulated other comprehensive income at end of year:		
Actuarial losses, net of tax	$ (12.3)	$ (4.7)
Net amount recognized at end of year	$ (12.3)	$ (4.7)
Other changes in plan assets and benefit obligations recognized in Other comprehensive (loss) income:		
Net actuarial losses	$ (7.7)	$ (4.4)
Amortization of accumulated net actuarial losses	0.1	—
Total recognized in other comprehensive income (loss)	$ (7.6)	$ (4.4)

As of June 28, 2014 and June 29, 2013, the liability related to the post retirement benefit plan was $1.1 million and $0.9 million respectively. The balances were included in Other non-current liabilities on the Consolidated Balance Sheets.

During fiscal 2014 and fiscal 2013, the Company contributed GBP 0.5 million or approximately $0.7 million in each fiscal year to its U.K. pension plan. These contributions allowed the Company to comply with regulatory funding requirements.

NOTE 15. EMPLOYEE BENEFIT PLANS (Continued)

Assumptions

Underlying both the calculation of the PBO and net periodic cost are actuarial valuations. These valuations use participant-specific information such as salary, age, years of service, and assumptions about interest rates, compensation increases and other factors. At a minimum, the Company evaluates these assumptions annually and makes changes as necessary.

The discount rate reflects the estimated rate at which the pension benefits could be effectively settled. In developing the discount rate, the Company considered the yield available on an appropriate AA corporate bond index, adjusted to reflect the term of the scheme's liabilities as well as a yield curve model developed by the Company's actuaries.

The expected return on assets was estimated by using the weighted average of the real expected long term return (net of inflation) on the relevant classes of assets based on the target asset mix and adding the chosen inflation assumption.

The following table summarizes the weighted average assumptions used to determine net periodic cost and benefit obligation for the Company's U.K., Switzerland and German pension plans:

	Pension Benefit Plans		
	2014	2013	2012
Weighted-average assumptions used to determine net periodic cost:			
Discount rate	3.6%	4.0%	5.4%
Expected long-term return on plan assets	5.2	5.2	6.0
Rate of pension increase	2.2	2.0	1.8
Weighted-average assumptions used to determine benefit obligation at end of year:			
Discount rate	2.9%	3.7%	4.0%
Rate of pension increase	2.1	2.2	2.0

Investment Policies and Strategies

The Company's investment objectives for its funded pension plan are to ensure that there are sufficient assets available to pay out members' benefits as and when they arise and that should the plan be discontinued at any point in time there would be sufficient assets to meet the discontinuance liabilities.

To achieve the objectives, the trustees of the U.K. pension plan are responsible for regularly monitoring the funding position and managing the risk by investing in assets expected to outperform the increase in value of the liabilities in the long term and by investing in a diversified portfolio of assets in order to minimize volatility in the funding position. The trustees invest in a range of frequently traded funds ("pooled funds") rather than direct holdings in individual securities to maintain liquidity, achieve diversification and reduce the potential for risk concentration. The funded plan assets are managed by professional third-party investment managers.

The Swiss pension plan assets are managed by a professional third-party service provider which provides management service in compliance with Swiss regulations. This service provider manages the plan assets of its affiliated companies as a pool and invests in a diversified portfolio of funds to maintain liquidity and reduce risk.

NOTE 15. EMPLOYEE BENEFIT PLANS (Continued)

Fair Value Measurement of Plan Assets

The following table sets forth the U.K. and Swiss plans' assets at fair value and the percentage of assets allocations as of June 28, 2014 (in millions, except percentage data). The fair value of U.K. and Swiss pension assets was approximately $30.5 million and $3.0 million, respectively, as of June 28, 2014.

				Fair value measurement as of June 28, 2014	
	Target Allocation	Total	Percentage of Plan Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:					
Global equity	39%	$13.0	38.8%	$ —	$13.0
Fixed income	40	13.3	39.7	—	13.3
Other	21	7.0	20.9	—	7.0
Cash		0.2	0.6	0.2	—
Total assets		$33.5	100.0%	$0.2	$33.3

The following table sets forth the plan's assets at fair value and the percentage of assets allocations as of June 29, 2013 (in millions, except percentage data).

				Fair value measurement as of June 29, 2013	
	Target Allocation	Total	Percentage of Plan Assets	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:					
Global equity	36 - 44%	$10.7	42.0%	$ —	$10.7
Fixed income	45 - 55	12.1	47.0	—	12.1
Other	8 - 12	2.7	11.0	—	2.7
Cash		0.1	—	0.1	—
Total assets		$25.6	100.0%	$0.1	$25.5

The Company's pension assets consist of multiple institutional funds ("pension funds") of which the fair values are based on the quoted prices of the underlying funds. Pension funds are classified as Level 2 assets since such funds are not directly traded in active markets.

Global equity consists of several index funds that invest primarily in U.K. equities, Switzerland equities and other overseas equities.

Fixed income consists of several funds that invest primarily in index-linked Gilts (over 5 year), sterling-denominated investment grade corporate bonds and overseas government bonds.

Other consists of several funds that primarily invest in global equities, bonds, private equity, global real estate and infrastructure funds.

NOTE 15. EMPLOYEE BENEFIT PLANS (Continued)

Future Benefit Payments

The following table reflects the total expected benefit payments to defined benefit pension plan participants. These payments have been estimated based on the same assumptions used to measure the Company's PBO at year end and include benefits attributable to estimated future compensation increases.

(in millions)	Pension Benefit Plans
2015	$ 5.2
2016	6.0
2017	6.8
2018	7.1
2019	7.1
2020 - 2024	37.8
Thereafter	40.4
Total	$110.4

NOTE 16. RELATED PARTY TRANSACTIONS

KLA-Tencor Corporation ("KLA-Tencor")

During fiscal 2012 and a portion of fiscal 2013, one member of the Board of Directors of JDSU was also a member of the Board of Directors of KLA-Tencor, a publicly held company which provides process control and yield management solutions for semiconductor manufacturing. KLA-Tencor is a customer of the Company. As of August 16, 2012, the member resigned from the Board of Directors of JDSU and KLA-Tencor was no longer a related party.

Transactions and balances with the Company's related parties were as follows (*in millions*):

	Years Ended				Years Ended	
	June 28, 2014	June 29, 2013	June 30, 2012		June 28, 2014	June 29, 2013
Sales:				Accounts Receivable:		
KLA-Tencor(1)	$—	$—	$7.4	KLA-Tencor(1)	$—	$—
	$—	$—	$7.4		$—	$—

(1) There were no material transactions between the Company and KLA-Tencor during the period when KLA-Tencor was a related party of the Company in fiscal 2013.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain real and personal property from unrelated third parties under non-cancelable operating leases that expire at various dates through fiscal 2026. Certain leases require the Company to pay property taxes, insurance and routine maintenance, and include escalation clauses. As of June 28, 2014, future minimum annual lease payments under non-cancellable operating leases were as follows (*in millions*):

2015	$ 26.6
2016	24.6
2017	20.2
2018	16.4
2019	11.7
Thereafter	19.2
Total minimum operating lease payments	$118.7

Included in the future minimum lease payments table above is $13.1 million related to lease commitments in connection with the Company's restructuring and related activities. Refer to "Note 11. Restructuring and Related Charges" for more information.

The aggregate future minimum rentals to be received under non-cancelable subleases totaled $7.8 million as of June 28, 2014. Rental expense relating to building and equipment was $26.6 million, $26.0 million and $27.5 million in fiscal 2014, 2013 and 2012, respectively.

Purchase Obligations

Purchase obligations of $150.0 million as of June 28, 2014, represent legally-binding commitments to purchase inventory and other commitments made in the normal course of business to meet operational requirements. Although open purchase orders are considered enforceable and legally binding, the terms generally allow the option to cancel, reschedule and adjust the requirements based on the Company's business needs prior to the delivery of goods or performance of services. Obligations to purchase inventory and other commitments are generally expected to be fulfilled within one year.

The Company depends on a limited number of contract manufacturers, subcontractors, and suppliers for raw materials, packages and standard components. The Company generally purchases these single or limited source products through standard purchase orders or one-year supply agreements and has no significant long-term guaranteed supply agreements with such vendors. While the Company seeks to maintain a sufficient safety stock of such products and maintains on-going communications with its suppliers to guard against interruptions or cessation of supply, the Company's business and results of operations could be adversely affected by a stoppage or delay of supply, substitution of more expensive or less reliable products, receipt of defective parts or contaminated materials, increases in the price of such supplies, or the Company's inability to obtain reduced pricing from its suppliers in response to competitive pressures.

Financing Obligations—Eningen and Santa Rosa

Eningen

On December 16, 2011, the Company executed and closed the sale and leaseback transaction of certain buildings and land in Eningen, Germany (the "Eningen Transactions"). The Company sold approximately 394,217 square feet of land, nine buildings with approximately 386,132 rentable square feet, and parking areas. The Company leased back approximately 158,154 rentable square feet comprised of two buildings and a portion of a basement of another building (the "Leased Premises"). The lease term is 10 years with the right to cancel a certain portion of the lease after 5 years. The gross cash proceeds received from the transaction were approximately €7.1 million.

NOTE 17. COMMITMENTS AND CONTINGENCIES (Continued)

Concurrent with the sale and lease back, the Company has provided collateral in case of a default by the Company relative to future lease payments for the Leased Premises. Due to this continuing involvement, the related portion of the cash proceeds and transaction costs, associated with the Leased Premises and other buildings which the Company continues to occupy, was recorded under the financing method in accordance with the authoritative guidance on leases and sales of real estate. Accordingly, the carrying value of these buildings and associated land will remain on the Company's books and the buildings will continue to be depreciated over their remaining useful lives. The portion of the proceeds received have been recorded as a financing obligation, a portion of the lease payments are recorded as a decrease to the financing obligation and a portion is recognized as interest expense. Imputed rental income from the buildings sold but not leased back and currently being occupied is recorded as a reduction in the financing obligation.

As of June 28, 2014, of the total financing obligation related to the Eningen Transactions, $0.1 million was included in Other current liabilities, and $5.2 million was included in Other non-current liabilities. As of June 29, 2013, of the total financing obligation related to the Eningen Transactions, $0.1 million was included in Other current liabilities, and $5.0 million was included in Other non-current liabilities.

Santa Rosa

On August 21, 2007, the Company entered into a sale and lease back of certain buildings and land in Santa Rosa, California (the "Santa Rosa Transactions"). The Company sold approximately 45 acres of land, 13 buildings with approximately 492,000 rentable square feet, a building pad, and parking areas. The Company leased back 7 buildings with approximately 286,000 rentable square feet. The net cash proceeds received from the transaction were $32.2 million. The lease terms range from a one-year lease with multiple renewal options to a ten-year lease with two five-year renewal options.

The Company has an ongoing obligation to remediate environmental matters, impacting the entire site, as required by the North Coast Regional Water Quality Control Board which existed at the time of sale. Concurrent with the sale and lease back, the Company has issued an irrevocable letter of credit for $3.8 million as security for the remediation of the environmental matter that remains in effect until the issuance of a notice of no further action letter from the North Coast Regional Water Quality Control Board. In addition, the lease agreement for one building included an option to purchase at fair market value, at the end of the lease term. Due to these various forms of continuing involvement the transaction was recorded under the financing method in accordance with the authoritative guidance on leases and sales of real estate.

Accordingly, the value of the buildings and land will remain on the Company's books and the buildings will continue to be depreciated over their remaining useful lives. The proceeds received have been recorded as a financing obligation, a portion of the lease payments are recorded as a decrease to the financing obligation and a portion is recognized as interest expense. Imputed rental income from the buildings sold but not leased back is recorded as a reduction in the financing obligation.

As of June 28, 2014, $1.2 million was included in Other current liabilities, and $26.2 million was included in Other non-current liabilities. As of June 29, 2013, $1.1 million was included in Other current liabilities, and $27.4 million was included in Other non-current liabilities.

The lease payments due under the agreement reset to fair market rental rates upon the Company's execution of the renewal options.

Guarantees

In accordance with authoritative guidance which requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. In addition, disclosures about the guarantees that an entity has issued, including a tabular reconciliation of the changes of the entity's product warranty liabilities, are required.

NOTE 17. COMMITMENTS AND CONTINGENCIES (Continued)

The Company from time to time enters into certain types of contracts that contingently require the Company to indemnify parties against third-party claims. These contracts primarily relate to: (i) divestiture agreements, under which the Company may provide customary indemnifications to purchasers of the Company's businesses or assets; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company's use of the applicable premises; and (iii) certain agreements with the Company's officers, directors and employees, under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship.

The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated. Because the obligated amounts of these types of agreements often are not explicitly stated, the overall maximum amount of the obligations cannot be reasonably estimated. Historically, the Company has not been obligated to make significant payments for these obligations, and no liabilities have been recorded for these obligations on its balance sheet as of June 28, 2014 and June 29, 2013.

Product Warranties

In general, the Company offers a three-month to one-year warranty for most of its products. The Company provides reserves for the estimated costs of product warranties at the time revenue is recognized. The Company estimates the costs of its warranty obligations based on its historical experience of known product failure rates, use of materials to repair or replace defective products and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise with specific products. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

The following table presents the changes in the Company's warranty reserve during fiscal 2014 and fiscal 2013 (*in millions*):

	Years Ended	
	June 28, 2014	June 29, 2013
Balance as of beginning of year	$ 6.9	$ 8.1
Provision for warranty	7.8	8.9
Utilization of reserve	(6.5)	(7.2)
Adjustments related to pre-existing warranties (including changes in estimates)	(1.9)	(2.9)
Balance as of end of year	$ 6.3	$ 6.9

Legal Proceedings

During the first quarter of fiscal 2012, the Company received an unfavorable arbitrator's decision in a legal dispute unrelated to current or future quarters. The arbitrator's decision was related to, and contrary to the result of, an action which commenced in 2006 in the Western District of Pennsylvania in which the Company was a nominal plaintiff. The Pennsylvania matter was resolved in the Company's favor in 2009 and was subsequently affirmed by a Federal Appeals Court in January 2011. The arbitration award was confirmed at the California State Superior Court in October, 2011. On March 5, 2012 the Pennsylvania District Court denied JDSU's request to vacate the arbitration award, and the parties subsequently reached a settlement agreement on March 22, 2012 pursuant to which the Company paid $7.9 million on April 2, 2012 in full and final settlement of the matter. The related charge is included as a component of SG&A expense in the Company's Consolidated Statement of Operations.

NOTE 17. COMMITMENTS AND CONTINGENCIES (Continued)

The Company is subject to a variety of claims and suits that arise from time to time in the ordinary course of our business. While management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on its financial position, results of operations or statement of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Were an unfavorable final outcome to occur, there exists the possibility of a material adverse impact on the Company's financial position, results of operations or cash flows for the period in which the effect becomes reasonably estimable.

NOTE 18. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

The Company evaluates its reportable segments in accordance with the authoritative guidance on segment reporting. The Company's Chief Executive Officer, Thomas H. Waechter, is the Company's Chief Operating Decision Maker ("CODM") pursuant to the guidance. The CODM allocates resources to the segments based on their business prospects, competitive factors, net revenue and operating results.

The Company is a leading provider of network and service enablement solutions and optical products for telecommunications service providers, cable operators, and network equipment manufacturers ("NEMs"), and enterprises. JDSU's diverse technology portfolio also fights counterfeiting and enables commercial lasers for a range of manufacturing applications.

The Company's reportable segments are:

(i) Network and Service Enablement Business Segment:

NSE network and service enablement solutions provide end-to-end visibility and intelligence necessary for consistent, high-quality network, service, and application performance. These solutions speed time-to-revenue by accelerating the deployment of new products and services, lower operating expenses and improve network performance and reliability. Included in the product portfolio are test tools, platforms, microprobes, software, and services for wireless and fixed networks.

(ii) Communications and Commercial Optical Products Business Segment:

CCOP provides components, modules, subsystems, and solutions used by communications equipment providers for telecommunications and enterprise data communications. These products enable the transmission of video, audio, and text data over high-capacity, fiber-optic cables. The product portfolio includes transmitters, receivers, amplifiers, reconfigurable optical add/drop multiplexers ("ROADMs"), optical transceivers, multiplexers and demultiplexers, switches, optical-performance monitors and couplers, splitters and circulators.

CCOP also provides a broad laser portfolio that addresses the needs of original equipment manufacturers ("OEM") clients for applications such as micromachining, materials processing, bioinstrumentation, consumer electronics, graphics, medical/dental, and optical pumping. JDSU products include diode, direct-diode, diode-pumped solid-state, fiber and gas lasers.

(iii) Optical Security and Performance Products Business Segment:

OSP provides innovative optical security solutions, with a strategic focus on serving the anti-counterfeiting market through advanced security pigments, thread substrates and printed features for the currency, pharmaceutical and consumer electronic segments. OSP also provides thin-film coating solutions for 3D and gesture recognition applications.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The Company evaluates segment performance based on operating income (loss), excluding certain infrequent or unusual items.

NOTE 18. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION (Continued)

The amounts shown as Corporate consist of certain unallocated corporate-level operating expenses. In addition, the Company does not allocate stock-based compensation, acquisition-related charges and amortization of intangibles, restructuring and related charges, non-operating income and expenses, or other non-recurring charges to its segments as highlighted in the table below.

Information on reportable segments is as follows (*in millions*):

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Net revenue:			
Network and Service Enablement	$ 748.3	$ 728.9	$ 755.4
Communications and Commercial Optical Products	794.1	742.2	701.6
Optical Security and Performance Products	200.8	205.8	206.0
Deferred revenue related to purchase accounting adjustment	—	—	(0.6)
Net revenue	$ 1,743.2	$ 1,676.9	$ 1,662.4
Operating income (loss):			
Network and Service Enablement	$ 80.3	$ 83.1	$ 98.3
Communications and Commercial Optical Products	93.5	82.4	72.0
Optical Security and Performance Products	72.0	73.2	72.5
Corporate	(95.0)	(92.9)	(88.9)
Total segment operating income	150.8	145.8	153.9
Unallocated amounts:			
Stock-based compensation	(64.1)	(56.4)	(48.6)
Amortization of intangibles	(59.0)	(76.0)	(80.3)
Loss on disposal of long-lived assets	(2.0)	(3.6)	(1.2)
Restructuring and related charges	(23.8)	(19.0)	(12.4)
Other charges related to non-recurring activities(1)	(3.6)	(15.7)	(11.0)
Interest and other income (expense), net	0.5	(4.1)	12.8
Interest expense	(29.7)	(17.9)	(27.3)
Income (loss) from continuing operations before income taxes	$ (30.9)	$ (46.9)	$ (14.1)

(1) During the third quarter of fiscal 2013, the Company incurred $11.3 million of inventory related charges, included in Cost of sales, primarily related to a write-off of inventory no longer being sold due to a strategic plan to exit NSE's legacy low-speed wireline product line approved in the third quarter of fiscal 2013.

NOTE 18. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION (Continued)

The table below discloses the percentage of the Company's total net revenue attributable to each of our three reportable segments. In addition, it discloses the percentage of the Company's total net revenue attributable to our Optical Communications ("OpComms") products within the CCOP segment, which accounted for more than 10% of our consolidated net revenue in each of the last three fiscal years, and Laser products, which represents the remainder of the CCOP segment:

	Years Ended		
	June 28, 2014	June 29, 2013	June 30, 2012
Network and Service Enablement	42.9%	43.4%	45.4%
Communications and Commercial Optical Products:			
Optical Communications	38.5	37.3	35.3
Laser	7.1	7.0	6.9
Communications and Commercial Optical Products	45.6	44.3	42.2
Optical Security and Performance Products	11.5	12.3	12.4

The Company operates primarily in three geographic regions: Americas, Europe, Middle East and Africa ("EMEA") and Asia-Pacific. The following table presents net revenue and identifiable assets by geographic regions (*in millions*):

	Years Ended					
	June 28, 2014		June 29, 2013		June 30, 2012	
Net revenue:						
Americas	$ 826.0	47.4%	$ 822.5	49.1%	$ 833.2	50.1%
Asia-Pacific	505.4	29.0	473.2	28.2	428.5	25.8
EMEA	411.8	23.6	381.2	22.7	400.7	24.1
Total net revenue	$ 1,743.2	100.0%	$ 1,676.9	100.0%	$ 1,662.4	100.0%

Net revenue was assigned to geographic regions based on the customers' shipment locations. Net revenue for Americas included net revenue from United States of $626.7 million, $630.8 million and $673.6 million, for the fiscal years ended June 28, 2014, June 29, 2013 and June 30, 2012, respectively, based on customers' shipment location.

During fiscal 2014, 2013 and 2012, no customer accounted for more than 10% of net revenue.

Long-lived assets, namely net property, plant and equipment were identified based on the operations in the corresponding geographic areas (*in millions*).

	Years Ended	
	June 28, 2014	June 29, 2013
United States	$144.6	$110.4
Other Americas	15.6	13.4
China	72.6	74.8
Thailand	29.8	23.2
Other Asia-Pacific	9.2	9.6
EMEA	17.0	15.7
Total long-lived assets	$288.8	$247.0

NOTE 19. DISCONTINUED OPERATIONS

During the second quarter of fiscal 2013, the Company closed the sale of the hologram business ("Hologram Business"), previously within the OSP reportable segment, to OpSec Security Inc. and received gross proceeds of $11.5 million in cash.

In accordance with the applicable accounting guidance for the disposal of long-lived assets, the results of the Hologram Business are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented.

Net revenue of the Hologram Business for fiscal 2013 and 2012 was $5.2 million, and $19.7 million, respectively. Net loss from discontinued operations was zero and $29.5 million for fiscal 2013 and 2012, respectively. Net loss from discontinued operations in fiscal 2012 primarily related to impairment charges on long-lived assets. There was no tax effect associated with the discontinued operation.

During fiscal 2013 the Company recorded a gain of $0.6 million as a component of Loss from discontinued operations, net of tax on the Consolidated Statement of Operations in connection with the sale of the Hologram Business, calculated as follows *(in millions):*

Gross Proceeds	$ 11.5
Less: carrying value of net assets	(10.6)
Less: selling costs	(0.3)
Gain	$ 0.6

The carrying value of the net assets sold as of October 12, 2012 are as follows (in millions):

	October 12, 2012
Accounts receivable, net	$ 2.7
Inventories, net	4.4
Property, plant and equipment, net	0.8
Intangibles, net	5.8
Accounts payable and accrued expenses	(1.5)
Other current and non-current liabilities	(1.6)
Net assets sold	$10.6

NOTE 20. QUARTERLY FINANCIAL INFORMATION (Unaudited)

The following table presents the Company's quarterly consolidated statements of operations for fiscal 2014 and 2013 (*in millions, except per share data*):

	June 28, 2014	March 29, 2014	December 28, 2013	September 28, 2013	June 29, 2013	March 30, 2013	December 29, 2012	September 29, 2012
Net revenue	$448.6	$418.0	$447.6	$429.0	$ 421.3	$405.3	$429.4	$420.9
Cost of sales(2)	228.2	222.3	232.8	232.4	229.0	233.0	225.8	231.2
Amortization of acquired technologies(2)	10.9	11.0	9.9	11.4	14.6	17.0	14.6	17.1
Gross profit	209.5	184.7	204.9	185.2	177.7	155.3	189.0	172.6
Operating expenses:								
Research and development	80.0	74.1	72.3	69.6	67.6	65.8	63.5	61.6
Selling, general and administrative	120.9	113.4	109.0	107.1	111.9	107.3	105.4	104.7
Amortization of other intangibles(2)	5.1	5.2	2.8	2.7	3.9	3.1	2.2	3.5
Restructuring and related charges	20.0	3.6	1.0	(0.8)	12.9	0.4	3.0	2.7
Total operating expenses	226.0	196.3	185.1	178.6	196.3	176.6	174.1	172.5
(Loss) income from operations	(16.5)	(11.6)	19.8	6.6	(18.6)	(21.3)	14.9	0.1
Interest and other income (expense), net	0.1	0.6	0.4	(0.6)	(0.4)	(0.9)	(2.4)	(0.4)
Interest expense	(8.4)	(7.7)	(8.4)	(5.2)	(2.5)	(4.2)	(5.1)	(6.1)
(Loss) income from continuing operations before income taxes	(24.8)	(18.7)	11.8	0.8	(21.5)	(26.4)	7.4	(6.4)
(Benefit from) provision for income taxes(3)(4)	0.6	(17.2)	3.0	0.5	(113.0)	1.6	4.1	3.4
(Loss) income from continuing operations, net of tax	(25.4)	(1.5)	8.8	0.3	91.5	(28.0)	3.3	(9.8)
Loss from discontinued operations, net of tax	—	—	—	—	1.0	—	0.8	(1.8)
Net (loss) income	$ (25.4)	$ (1.5)	$ 8.8	$ 0.3	$ 92.5	$ (28.0)	$ 4.1	$ (11.6)
Basic net income (loss) per share from:								
Continuing operations	$ (0.11)	$ (0.01)	$ 0.04	$ 0.00	$ 0.39	$ (0.12)	$ 0.02	$ (0.04)
Discontinued operations	—	—	—	—	—	—	—	(0.01)
Net (loss) income(1)	$ (0.11)	$ (0.01)	$ 0.04	$ 0.00	$ 0.39	$ (0.12)	$ 0.02	$ (0.05)
Diluted net income (loss) per share from:								
Continuing operations	$ (0.11)	$ (0.01)	$ 0.04	$ 0.00	$ 0.38	$ (0.12)	$ 0.02	$ (0.04)
Discontinued operations	—	—	—	—	—	—	—	(0.01)
Net (loss) income(1)	$ (0.11)	$ (0.01)	$ 0.04	$ 0.00	$ 0.38	$ (0.12)	$ 0.02	$ (0.05)
Shares used in per share calculation:								
Basic	234.3	234.0	233.0	235.3	236.9	235.9	234.4	232.8
Diluted net income (loss) per share from:	234.3	234.0	235.8	239.6	241.1	235.9	237.1	232.8

[1] Net income (loss) per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly basic and diluted net income (loss) per share amounts do not equal the annual basic and diluted net income (loss) per share amount for fiscal 2013 or fiscal 2012, respectively.

NOTE 20. QUARTERLY FINANCIAL INFORMATION (Unaudited) (Continued)

(2) During the quarter ended March 30, 2013, the Company approved a strategic plan to exit NSE's legacy low-speed wireline product line, which resulted in a $2.2 million charge for accelerated amortization of related intangibles of which $1.8 million and $0.4 million is included in Amortization of acquired technologies and Amortization of other intangibles in the Consolidated Statement of Operations, respectively. In addition, the Company incurred $11.3 million of inventory related charges included in Cost of sales in the Consolidated Statement of Operations primarily related to the write-off of inventory no longer being sold due to the legacy low-speed wireline product line exit.

(3) For the quarter ended June 29, 2013, the Company determined that it is more likely than not that a portion of the deferred tax assets of non-U.S. jurisdiction will be realized after considering all positive and negative evidence. Accordingly, a deferred tax valuation allowance release of $107.9 million was recorded as an income tax benefit during the quarter.

(4) During the third quarter of fiscal 2014, the Company recognized $21.7 million of uncertain tax benefits related to deferred tax assets due to the expiration of the statute of limitations in a non-U.S. jurisdiction.

NOTE 21. SUBSEQUENT EVENTS

Network Enablement ("NE") and Service Enablement ("SE") Reportable Segments

In July 2014, the Company reorganized its NSE reportable segment into two separate reportable segments, Network Enablement and Service Enablement, beginning with the first quarter of fiscal 2015. Splitting NSE into two reportable segments is intended to provide greater clarity and transparency regarding the markets, financial performance and business models of these two businesses within NSE. NE is a hardware-centric and more mature business consisting primarily of NSE's traditional communications test instrument products. SE is a more software-centric business consisting primarily of software solutions that are embedded within the network and enterprise performance management solutions.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) required by Exchange Act Rules 13a-15(b) or 15d-15(b), our chief executive officer and our chief financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the 1992 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in the 1992 Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of June 28, 2014. The Company's internal control over financial reporting as of June 28, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K under Item 8.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of June 28, 2014 excluded Network Instruments, which was acquired on January 6, 2014. Network Instruments, our wholly-owned subsidiary, constituted approximately 1% of total assets and approximately 1% of total net revenue of the related consolidated financial statement as of and for the year ended June 28, 2014.

(c) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding the Company's executive officers and directors required by this Item is incorporated by reference to the section entitled "Proposal One—Elections of Directors" in the Company's Definitive Proxy Statement in connection with the 2014 Annual Meeting of Stockholders (the "Proxy Statement"), which will be filed with the Securities and Exchange Commission within 120 days after the fiscal year ended June 28, 2014. Information required by Item 405 of Regulation S-K is incorporated by reference to the section entitled "Beneficial Ownership Reporting Compliance" in the Proxy Statement.

The Company has adopted the "JDS Uniphase Code of Business Conduct" as its code of ethics, which is applicable to all employees, officers and directors of the Company. The full text of the JDS Uniphase Code of Business Conduct is available under Corporate Governance Information which can be found under the Investors tab on the Company's website at *www.jdsu.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated by reference to the sections entitled "Executive Compensation," "Director Compensation," "Compensation Program Risk Assessment," "Corporate Governance—Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

Information regarding the Company's stockholder approved and non-approved equity compensation plans is incorporated by reference to the section entitled "Equity Compensation Plans" in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated by reference to the sections entitled "Certain Relationships and Related Person Transactions," and "Code of Ethics," "Director Independence," and "Board Committees and Meetings" under the "Corporate Governance" heading in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the section entitled "Audit and Non-Audit Fees" in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following items are filed as part of this Annual Report on Form 10-K:

1. Financial Statements:

	Page
Report of Independent Registered Public Accounting Firm	58
Consolidated Statements of Operations—Years Ended June 28, 2014, June 29, 2013 and June 30, 2012	59
Consolidated Statements of Comprehensive (Loss) Income—Years Ended June 28, 2014, June 29, 2013 and June 30, 2012	60
Consolidated Balance Sheets—June 28, 2014 and June 29, 2013	61
Consolidated Statements of Cash Flows—Years Ended June 28, 2014, June 29, 2013 and June 30, 2012	62
Consolidated Statements of Stockholders' Equity—Years Ended June 28, 2014, June 29, 2013 and June 30, 2012	63
Notes to Consolidated Financial Statements	64

2. Financial Statement Schedules:

All financial statement schedules have been omitted because the required information is not present in amounts sufficient to require submission of the schedule, not applicable, or because the required information is included in the Consolidated Financial Statements or Notes thereto.

3. Exhibits:

See Item 15(b)

(b) Exhibits:

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Securities and Exchange Commission.

		Incorporated by Reference			Filed
Exhibit No.	**Exhibit Description**	**Form**	**Exhibit**	**Filing Date**	**Herewith**
2.1	Agreement and Plan of Merger, dated December 6, 2013, by and among NI Holdings I, Inc., a Delaware corporation, the Company, Jade Acquisition I, Inc., a Delaware corporation and wholly owned subsidiary of the Company, Thoma Bravo, LLC, a Delaware limited liability company, solely in its capacity as Representative for NI Holdings' stockholders, Thoma Bravo Fund X, L.P., a Delaware limited partnership, and Thoma Bravo Fund X-A., L.P., a Delaware limited partnership.	8-K	1.1	12/11/13	
3.1	Third Restated Certificate of Incorporation	8-K	3.1	11/18/13	
3.5	Amended and Restated Bylaws of JDS Uniphase Corporation	8-K	3.5	5/27/14	
4.1	Indenture, dated as of August 21, 2013, between JDS Uniphase Corporation and Wells Fargo Bank, National Association, as Trustee	8-K	4.1	8/21/13	
4.2	Form of 0.625% Senior Convertible Debentures due 2033	8-K	4.2	8/21/13	
10.2	Amended and Restated 1993 Flexible Stock Incentive Plan (Amended and Restated as of November 9, 2001)	10-Q	10.1	2/11/02	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.3	Amended and Restated 1998 Employee Stock Purchase Plan	10-K	10.3	8/30/11	
10.4	Amended and Restated 1999 Canadian Employee Stock Purchase Plan (Amended and Restated as of July 31, 2002)	10-K	10.4	9/17/02	
10.5	2005 Acquisition Equity Incentive Plan	10-K	10.3	8/30/11	
10.6	2005 Acquisition Equity Incentive Plan Form of Stock Option Award Agreement	10-K	10.6	9/30/05	
10.7	2005 Acquisition Equity Incentive Plan Form of Restricted Stock Unit Award Agreement	10-K	10.7	9/30/05	
10.8	2008 Change of Control Benefits Plan	8-K	10.2	3/22/13	
10.9	Form of Indemnification Agreement	8-K	10.9	8/15/11	
10.10	Amended and Restated 2003 Equity Incentive Plan	10-Q	10.10	2/6/13	
10.16	Employment Agreement for Thomas Waechter	8-K	10.25	12/18/08	
10.17	Form of Deferred Stock Unit Award Agreement	8-K	10.18	10/9/07	
10.20	2003 Equity Incentive Plan Form of Stock Option Award Agreement (for the U.S.)	10-K	10.20	8/31/10	
10.21	2003 Equity Incentive Plan Form of Stock Option Award Agreement (for China)	10-K	10.21	8/31/10	
10.22	2003 Equity Incentive Plan Form of Stock Option Award Agreement (for France)	10-K	10.22	8/31/10	
10.23	2003 Equity Incentive Plan Form of Stock Option Award Agreement (for the Rest of World)	10-K	10.23	8/31/10	
10.24	2003 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement (for the U.S.)	10-K	10.24	8/31/10	
10.25	2003 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement (for China)	10-K	10.25	8/31/10	
10.26	2003 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement (for France)	10-K	10.26	8/31/10	
10.27	2003 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement (for the Rest of World)	10-K	10.27	8/31/10	
10.28	Amendment to Amended and Restated 1998 Employee Stock Purchase Plan	14A	App. E	9/25/09	
10.31	2003 Equity Incentive Plan Form of Market Stock Unit Award Agreement				X
10.32	Amendment to Employment Agreement for Thomas Waechter	8-K	10.1	3/22/13	
10.33	Verbal Agreement with Roy Bie	8-K	n/a	7/3/13	
21.1	Subsidiaries of JDS Uniphase Corporation				X
23.1	Consent of Independent Registered Public Accounting Firm (PricewaterhouseCoopers LLP)				X

Exhibit No.	Exhibit Description	Incorporated by Reference Form	 Exhibit	 Filing Date	Filed Herewith
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 26, 2014

JDS UNIPHASE CORPORATION

By: /s/ REX S. JACKSON

REX S. JACKSON
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ THOMAS H. WAECHTER THOMAS H. WAECHTER	President, Chief Executive Officer (Principal Executive Officer) and Director	August 26, 2014
/s/ REX S. JACKSON REX S. JACKSON	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 26, 2014
/s/ KEITH BARNES KEITH BARNES	Director	August 26, 2014
/s/ RICHARD BELLUZZO RICHARD BELLUZZO	Chairman	August 26, 2014
/s/ TIMOTHY E. CAMPOS TIMOTHY E. CAMPOS	Director	August 26, 2014
/s/ HAROLD L. COVERT HAROLD L. COVERT	Director	August 26, 2014
/s/ PENELOPE HERSCHER PENELOPE HERSCHER	Director	August 26, 2014
/s/ MASOOD JABBAR MASOOD JABBAR	Director	August 26, 2014
/s/ MARTIN A. KAPLAN MARTIN A. KAPLAN	Director	August 26, 2014