

OCLARO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

ASSETS	September 26, 2009	June 27, 2009
Current assets:		
Cash and cash equivalents	\$ 47,184	\$ 44,561
Short-term investments	1,084	9,259
Restricted cash	4,238	4,208
Accounts receivable, net	70,472	58,483
Inventories	62,667	59,527
Prepaid expenses and other current assets	12,301	11,834
Assets held for sale	-	10,442
Total current assets	<u>197,946</u>	<u>198,314</u>
Property and equipment, net	30,327	29,875
Other intangible assets, net	1,883	1,951
Other non-current assets	2,438	3,248
Total assets	<u>\$ 232,594</u>	<u>\$ 233,388</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 34,763	\$ 31,943
Accrued expenses and other liabilities	36,713	39,016
Liabilities held for sale	-	2,028
Total current liabilities	<u>71,476</u>	<u>72,987</u>
Deferred gain on sale-leaseback	14,719	15,088
Other long-term liabilities	4,312	4,923
Total liabilities	<u>90,507</u>	<u>92,998</u>
Stockholders' equity:		
Common stock	1,869	1,862
Additional paid-in capital	1,200,320	1,199,358
Accumulated other comprehensive income	32,422	30,905
Accumulated deficit	(1,092,524)	(1,091,735)
Total stockholders' equity	<u>142,087</u>	<u>140,390</u>
Total liabilities and stockholders' equity	<u>\$ 232,594</u>	<u>\$ 233,388</u>

OCLARO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share amounts)

	Three Months Ended		
	September 26, 2009	June 27, 2009	September 27, 2008
Revenues	\$ 85,110	\$ 66,877	\$ 59,430
Cost of revenues	63,029	50,296	44,777
Gross profit	22,081	16,581	14,653
Operating expenses:			
Research and development	9,014	8,272	6,829
Selling, general and administrative	13,254	10,659	9,065
Amortization of intangible assets	52	58	197
Restructuring and related costs	1,183	5,157	1,486
Legal settlements	-	-	(184)
(Gain) loss on sale of property and equipment	(532)	(4)	16
Total operating expenses	22,971	24,142	17,409
Operating loss	(890)	(7,561)	(2,756)
Other income (expense):			
Other income (expense)	712	15	(600)
Interest income	23	53	243
Interest expense	(113)	(110)	(128)
Foreign currency translation gain (loss), net	(1,276)	(4,670)	6,496
Total other income (expense)	(654)	(4,712)	6,011
Income (loss) from continuing operations before income taxes	(1,544)	(12,273)	3,255
Income tax provision (benefit)	223	1,406	(62)
Income (loss) from continuing operations	(1,767)	(13,679)	3,317
Income (loss) from discontinued operations, net of tax	1,270	(928)	(1,124)
Net income (loss)	\$ (497)	\$ (14,607)	\$ 2,193
Net income (loss) from continuing operations per share:			
Basic	\$ (0.01)	\$ (0.09)	\$ 0.03
Diluted	\$ (0.01)	\$ (0.09)	\$ 0.03
Net income (loss) per share:			
Basic	\$ -	\$ (0.09)	\$ 0.02
Diluted	\$ -	\$ (0.09)	\$ 0.02
Shares used in computing net income (loss) per share:			
Basic	186,199	158,537	100,080
Diluted	186,199	158,537	100,728
Stock-based compensation included in the following:			
Cost of revenues	195	279	363
Research and development	209	238	230
Selling, general and administrative	516	525	525
Income (loss) from discontinued operations, net of tax	-	91	99
Total	920	1,133	1,217

OCLARO, INC.
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(unaudited, in thousands, except per share amounts)

	Three Months Ended		
	September 26, 2009	June 27, 2009	September 27, 2008
Reconciliation of GAAP revenues to non-GAAP revenues:			
GAAP revenues	\$ 85,110	\$ 66,877	\$ 59,430
Revenues from discontinued operations	-	5,148	7,101
Non-GAAP Revenues	<u>\$ 85,110</u>	<u>\$ 72,025</u>	<u>\$ 66,531</u>
Reconciliation of GAAP net income (loss) to non-GAAP net income (loss) and adjusted EBITDA:			
GAAP net income (loss)	\$ (497)	\$ (14,607)	\$ 2,193
Stock-based compensation	920	1,133	1,217
Restructuring and related costs:			
<i>Continuing operations</i>	1,183	5,157	1,486
<i>Discontinued operations</i>	-	229	-
Legal settlements	-	-	(184)
Income tax provision:			
<i>Continuing operations</i>	223	1,406	(62)
<i>Discontinued operations</i>	-	-	50
Gain from bargain purchase	(712)	-	-
Gain on sale of New Focus business	(1,270)	-	-
Non-GAAP net income (loss)	<u>(153)</u>	<u>(6,682)</u>	<u>4,700</u>
Depreciation expense:			
<i>Continuing operations</i>	2,574	2,535	2,904
<i>Discontinued operations</i>	-	66	77
Amortization expense:			
<i>Continuing operations</i>	52	58	197
<i>Discontinued operations</i>	-	-	266
Impairment of short-term investments	-	-	600
Interest income (expense), net	90	57	(120)
Foreign currency translation (gain) loss, net	1,276	4,670	(6,496)
Adjusted EBITDA	<u>\$ 3,839</u>	<u>\$ 704</u>	<u>\$ 2,128</u>
Non-GAAP net income (loss) per share:			
Basic	\$ -	\$ (0.04)	\$ 0.05
Diluted	\$ -	\$ (0.04)	\$ 0.05
Shares used in computing Non-GAAP net income (loss) per share:			
Basic	186,199	158,537	100,080
Diluted	186,199	158,537	100,728

OCLARO, INC.
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(unaudited, in thousands, except per share amounts)

	Three Months Ended		
	September 26, 2009	June 27, 2009	September 27, 2008
Reconciliation of GAAP gross margin rate to non-GAAP gross margin rate:			
GAAP gross profit:			
<i>Continuing operations</i>	\$ 22,081	\$ 16,581	\$ 14,653
<i>Discontinued operations</i>	-	1,410	1,976
Stock-based compensation included in cost of revenues:			
<i>Continuing operations</i>	195	279	363
<i>Discontinued operations</i>	-	24	32
Non-GAAP gross profit	<u>\$ 22,276</u>	<u>\$ 18,294</u>	<u>\$ 17,024</u>
GAAP gross margin rate	25.9%	24.8%	24.7%
Non-GAAP gross margin rate	26.2%	25.4%	25.6%
Reconciliation of GAAP operating loss to non-GAAP operating income (loss):			
GAAP operating loss:			
<i>Continuing operations</i>	\$ (890)	\$ (7,561)	\$ (2,756)
<i>Discontinued operations</i>	1,270	(977)	(1,015)
Gain on sale of New Focus business	(1,270)	-	-
Stock-based compensation	920	1,133	1,217
Restructuring and related costs:			
<i>Continuing operations</i>	1,183	5,157	1,486
<i>Discontinued operations</i>	-	229	-
Legal settlements	-	-	(184)
Amortization of intangible assets:			
<i>Continuing operations</i>	52	58	197
<i>Discontinued operations</i>	-	-	266
Non-GAAP operating income (loss)	<u>\$ 1,265</u>	<u>\$ (1,961)</u>	<u>\$ (789)</u>