



Oclaro and Newport to Exchange Strategic Assets

Oclaro To Become Leading Merchant Supplier of High Power Laser Diodes; Newport to Purchase Oclaro New Focus Business

SAN JOSE, Calif., – June 03, 2009 –Oclaro, Inc. (NASDAQ: OCLR) today announced it has signed a definitive agreement with Newport Corporation (NASDAQ: NEWP). Under the terms of the agreement, Newport will acquire the New Focus business of Oclaro's Advanced Photonics Solutions division in exchange for the Newport Spectra Physics high power laser diodes business. Oclaro will also receive \$3 million in cash proceeds which is expected to fund the substantial portion of related transition and integration costs.

Upon closing, the transaction will enable Oclaro to expand its High Power Laser Diode portfolio with a deeper expertise in systems and packaging to target higher value solutions in new markets. By leveraging the Newport product line, Oclaro's strong brand, chip design, technology innovation and world-class manufacturing infrastructure, Oclaro is positioned to become the largest merchant supplier to the high power laser diodes market. This portfolio has the potential to yield gross margins of 40% or better.

"Oclaro is executing on its strategy to become a predominant force in the fiber optics industry," said Alain Couder, president and CEO, Oclaro, Inc. "Through a series of strategic moves, Oclaro plans to leverage our core competencies to expand our leadership position in selected markets and accelerate the pace of photonics innovation. The high power laser diodes business is ideally aligned with Oclaro's business model, corporate growth strategy and core competencies. The consolidation of the Tucson fab into Oclaro's Caswell and Zurich fabs is expected to increase wafer volumes by about 30% and improve the gross margin for Oclaro's telecom products as well."

Oclaro was recently formed through the merger of Bookham and Avanex, completed in April 2009. The merger combined the optical components expertise of Bookham with the modules and subsystems expertise of Avanex, to create one of the largest suppliers of optical components, modules and subsystems to the fast growing long-haul and metro optical telecommunications markets.

The product line is complementary to Oclaro's single emitter and bars products and offers new growth opportunity for Oclaro in the medical and analytic, printing, and industrial applications in Japan and North America. The Newport Spectra Physics high power laser diode business and the Oclaro New Focus business are comparable in size, each with revenues between \$20 million and \$30 million in the twelve months ended March 31, 2009.



The agreement includes a 4-year supply agreement whereby Oclaro will be sole source supplier of diodes to Newport Spectra Physics for a one year period followed by majority allotment for the next three years. With no customer overlap, Oclaro expects the acquisition to be seamless to both Oclaro and Newport customers. Oclaro will purchase the operating assets of the Spectra Physics Tucson, Arizona facility, as well as the intellectual property of the diodes business, while Newport retains all obligations under the facility lease.

“With Oclaro as our trusted partner, Newport can focus on its own core competencies as a laser systems supplier,” said Dave Allen, vice president and general manager, Spectra Physics Laser Division, Newport Corporation. “We chose Oclaro specifically as our outsourcing partner, due to their world-class chip design and manufacturing infrastructure. Those strengths combined with the Spectra Physics systems understanding and packaging expertise will create a power house in the high power laser diode business, ideally suited as the primary supplier to Newport.”

The acquisition enhances Oclaro’s core competencies and expertise in the design and packaging of optical chips and leverages Oclaro’s existing state-of-the art global manufacturing infrastructure. Due to the process and manufacturing technology compatibility of the Newport Spectra Physics high power laser diode products with Oclaro’s Zurich, Switzerland, and Caswell, England manufacturing sites, Oclaro can lower overall cost, and enhance its operating efficiencies through economies of scale, with greater factory utilization.

The transaction is subject to customary closing conditions and is expected to close early in the fiscal quarter ending September 26, 2009.

About Oclaro

Oclaro, with headquarters in San Jose, California, is a tier 1 provider of high performance optical components, modules and subsystems to the telecommunications market, and is one of the largest providers to metro and long haul network applications. Oclaro, the result of the combination of Bookham, Inc. and Avanex Corporation, leverages proprietary core technologies and vertically integrated product development to provide its broad customer base with cost-effective and innovative optical solutions. The company’s Advanced Photonics Solutions Division is chartered with driving Oclaro’s diversification and growth into new markets, leveraging Oclaro’s strong brand, chip design and manufacturing expertise. Oclaro is a global company, with leading chip fabrication facilities in the U.K., Switzerland and Italy, and manufacturing sites in the US, Thailand and China.

Oclaro, the Oclaro logo and all other Oclaro product names and slogans are trademarks or registered trademarks of Oclaro, Inc. in the USA or other countries.



Forward-Looking Statements

This press release contains statements about management's future expectations, plans or prospects of Oclaro, Inc. and its business that constitute forward-looking statements for the purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995, including statements regarding (i) Oclaro's receipt of \$3 million in cash at the closing of the transaction described in this release, (ii) Oclaro's ability to expand its product portfolio and to target higher value solutions in new markets, (iii) Oclaro's ability to become the largest merchant supplier to the high power laser diodes market, (iv) Oclaro executing on business strategy, (v) plans to leverage Oclaro's core competencies to expand its leadership position in selected markets and accelerate photonics innovation, (vi) future growth in the long-haul and metro optical components market, (vii) opportunities for Oclaro to access certain markets as a result of the acquisition of Newport's laser diode business, (viii) expectations that the acquisition will be seamless to both Oclaro and Newport, (ix) the market position of Oclaro following the acquisition of Newport's laser diode business, (x) expected enhancements to Oclaro's core competencies and expertise as a result of the acquisition of Newport's laser diode business, (xi) the ability of Oclaro to lower overall cost and enhance operating efficiency with greater factory utilization following the acquisition of Newport's laser diode business, (xii) the 40% or better gross margin yield of the high power laser portfolio, (xiii) the increased wafer volume and telecom gross margin improvement, and (xiv) statements containing the words "target," "believe," "plan," "anticipate," "expect," "estimate," "will," "should," "ongoing," and similar expressions. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the impact of continued uncertainty in world financial markets and the resulting reduction in demand for our products, risks relating to the consummation of the contemplated acquisition, including the risk that the closing conditions are not satisfied; the failure to realize synergies and cost-savings from the transaction or delay in realization thereof; the businesses or employees of Oclaro and Newport's laser diode business are not be combined and integrated successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; and operating costs and business disruption following the acquisition, including adverse effects on employee retention and on our business relationships with third parties, the lack of availability of credit or opportunity for equity based financing, as well as the factors described in Oclaro's most recent annual report on Form 10-K, most recent quarterly reports on Form 10-Q and other documents we periodically file with the SEC. These factors include our history of operating losses, continued demand for optical components, the inability of Oclaro on a consolidated basis to achieve strategic objectives, changes in inventory and product mix, inability to maintain gross margins, no further degradation in the exchange rate of the United States dollar relative to U.K., China and Switzerland currencies, as well as the Euro, and the continued ability of the Company to maintain requisite financial resources. The forward-looking statements included in this announcement represent Oclaro's view as of the date of this press release. Oclaro anticipates that subsequent events and developments may cause Oclaro's views and expectations to change. However, Oclaro specifically disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this release. Those forward-looking statements should not be relied upon as representing Oclaro's views as of any date subsequent to the date of this release.

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