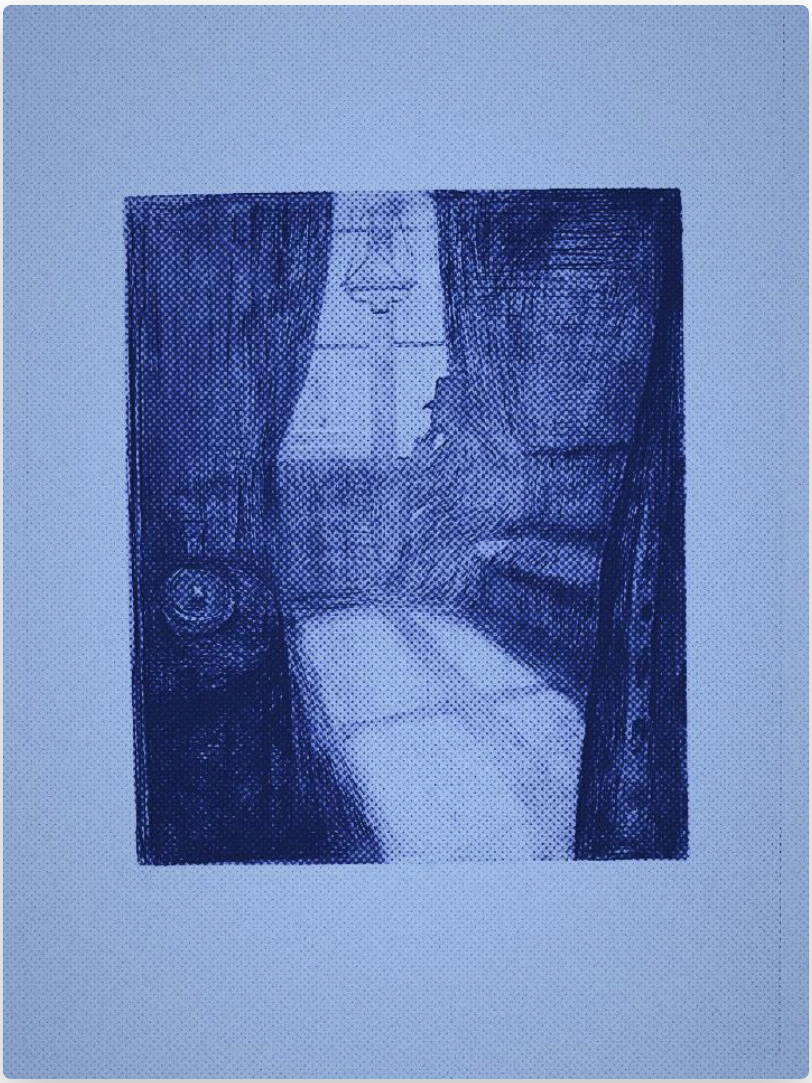
FORM S-1 · REGISTRATION STATEMENT

Oplink Communications Inc

IPO priced 2000-10-05 · $18.00 a share · OPLK



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 14, 2000 REGISTRATION NO. 333- SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

OPLINK COMMUNICATIONS, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER) 3674 CALIFORNIA (PRIMARY STANDARD INDUSTRIAL 77-0411346 (PRIOR TO REINCORPORATION) CLASSIFICATION CODE NUMBER) (I.R.S. EMPLOYER IDENTIFICATION NO.) DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) 3469 NORTH FIRST STREET SAN JOSE, CALIFORNIA 95134 (408) 433-0606 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) JOSEPH Y. LIU CHIEF EXECUTIVE OFFICER OPLINK COMMUNICATIONS, INC. 3469 NORTH FIRST STREET SAN JOSE, CALIFORNIA 95134 (408) 433-0606 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. / / IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, PLEASE CHECK THE FOLLOWING BOX. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
COMMON STOCK, $0.001 PAR VALUE.....	$172,500,000	$45,540

(1) ESTIMATED SOLELY FOR THE PURPOSE OF COMPUTING THE REGISTRATION FEE IN ACCORDANCE WITH RULE 457(O).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

EXPLANATORY NOTE

THIS REGISTRATION STATEMENT CONTAINS TWO FORMS OF PROSPECTUS: ONE TO BE USED IN CONNECTION WITH A UNITED STATES AND CANADIAN OFFERING OF THE REGISTRANT'S COMMON STOCK AND ONE TO BE USED IN A CONCURRENT INTERNATIONAL OFFERING OF THE COMMON STOCK. THE INTERNATIONAL PROSPECTUS WILL BE IDENTICAL TO THE U.S. PROSPECTUS EXCEPT THAT IT WILL HAVE A DIFFERENT FRONT COVER PAGE AND UNDERWRITING SECTION. THE U.S. PROSPECTUS IS INCLUDED HEREIN AND IS FOLLOWED BY THE ALTERNATE FRONT COVER PAGE AND UNDERWRITING SECTION TO BE USED IN THE INTERNATIONAL PROSPECTUS, EACH OF WHICH HAVE BEEN LABELED "ALTERNATIVE PAGES FOR INTERNATIONAL PROSPECTUS."

SUBJECT TO COMPLETION, DATED JULY 14, 2000

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES, AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

[LOGO]

SHARES COMMON STOCK

Oplink Communications, Inc. is offering shares of its common stock. This is our initial public offering and no public market currently exists for our shares. We have applied for approval for quotation of our common stock on the Nasdaq National Market under the symbol "OPLK." We anticipate that the initial public offering price will be between $ and $ per share.

Investing in Our Common Stock Involves Risks. See "Risk Factors" Beginning on Page 4.

Per Share Total

Public Offering Price.....	$	$
Underwriting Discounts and Commissions.....	$	$
Proceeds to Oplink Communications, Inc.....	$	$

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Oplink Communications, Inc. has granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover over-allotments.

Robertson Stephens

Cibc World Markets

J.p. Morgan & Co.

Ubs Warburg Llc

The Date of This Prospectus Is , 2000

[Inside Front Cover Graphic]

Telecommunications Market Segmentation [Graphic depiction of the telecommunications market segments using an inverted triangle sectioned horizontally into four trapezoids, each of the four trapezoids representing one of the market segments. The trapezoids are labeled in descending order: "Networks," "Systems," "Modules" and "Components." Oplink's logo is located adjacent to the "Modules" and "Components" segments denoting Oplink's focus on these market segments.

[The background of this page consists of graphing lines with "Bandwidth Creation; Bandwidth Management" in large letters along the bottom.]

[Gatefold Graphic]

Fiber Optic Components and Integrated Optical Modules

[Oplink Logo]

[Graphic depiction of the ultra-long haul/long haul, metropolitan and access systems. The three systems are labeled: "Ultra-Long Haul/Long Haul," "Metropolitan" and "Access." This diagram is surrounded by pictures of six Oplink products representing four of Oplink's product categories. The four categories are labeled: "Wavelength Expansion Products," "Optical Amplification Products," "Optical Wavelength Performance Monitoring & Protection Products" and "Optical Switching Products." Each product picture has an arrow pointing to the system in which that product is used.]

[Inside Back Cover Graphic]

Wavelength Expansion Products DWDMs and Interleavers [Picture of DWDM and Interleaver] APPLICATIONS: Increase bandwidth efficiency Optical Amplification Products Pump Combiners, Signal/Pump WDMs, Isolators and Tap Couplers [Picture of isolator and integrated hybrid components and polarization beam combiner] APPLICATIONS: EDFA and Raman amplifications Wavelength Performance Monitoring & Protection Products Monitoring/Protection and Supervisory Modules APPLICATIONS: Monitor network performance, provide network [Picture of protection Monitoring/Protection module] Optical Switching Products Optical Switches, Add/Drop and Circulators [Picture of Optical Switch and Add/Drop module] APPLICATIONS: Optical signal switching, optical add/drop YOU SHOULD RELY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION DIFFERENT FROM THAT CONTAINED IN THIS PROSPECTUS. WE ARE OFFERING TO SELL, AND SEEKING OFFERS TO BUY, SHARES OF COMMON STOCK ONLY IN JURISDICTIONS WHERE OFFERS AND SALES ARE PERMITTED. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE ONLY AS OF THE DATE OF THIS PROSPECTUS, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS OR OF ANY SALE OF OUR COMMON STOCK. IN THIS PROSPECTUS, THE "COMPANY," "OPLINK," "WE," "US," AND "OUR" REFER TO OPLINK COMMUNICATIONS, INC.

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UNTIL , 2000, ALL DEALERS, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, THAT EFFECT TRANSACTIONS IN THESE SECURITIES MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS REQUIREMENT IS IN ADDITION TO THE DEALER'S OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS AN UNDERWRITER IN THIS OFFERING AND WHEN SELLING PREVIOUSLY UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

Summary

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION IN THIS PROSPECTUS, INCLUDING RISK FACTORS, REGARDING OUR COMPANY AND THE COMMON STOCK BEING SOLD IN THIS OFFERING.

Our Company

We design, manufacture and supply fiber optic components and integrated optical modules that increase the performance of optical networks. We sell our products worldwide to communication equipment suppliers including: ADVA AG, Alcatel Optronics, Cisco Systems, Corning Incorporated, JDS Uniphase Corporation, Lucent Technologies, NEC Electronics, Nortel Networks Corporation and Sycamore Networks. Our customers use our broad line of products to enable their fiber optics systems to perform the following applications:

- WAVELENGTH EXPANSION--using dense wavelength division multiplexing, or DWDM, to transmit large amounts of data through multiple wavelengths of light.

- OPTICAL AMPLIFICATION--amplifying optical signals without the need to enhance the signals electronically.

- WAVELENGTH PERFORMANCE MONITORING AND PROTECTION--controlling the direction of light signals by monitoring wavelength performance within an optical network.

- OPTICAL SWITCHING--redirecting light signals to multiple points without requiring the signal to be converted into an electrical one.

These applications address the unique requirements of all segments of communication networks including: ultra-long haul, for cross-country connections; long haul, for long distance connections between cities; metropolitan, for connections within urban areas; and access, for connections to individual businesses and homes. Our highly-trained engineering and marketing staff works closely with our customers early in their product development cycles to design components and integrated optical modules that meet their particular requirements. We combine our design expertise with our manufacturing capabilities in the United States and China to rapidly produce large volumes of high performance products.

Data traffic has increased rapidly during the past several years furthering demand for greater capacity, or bandwidth, on existing communication networks. Limitations of these networks and recent breakthroughs in optical component technology have led to the widespread deployment of fiber optic technology, which is able to transport larger amounts of data. These breakthroughs include new technologies that expand the bandwidth of existing optical fiber networks and that provide intelligence, or the ability to monitor and manage optical signals. Fiber optic components and integrated optical modules are the core elements of optical systems that provide these capabilities within a network. We believe that manufacturers that provide a broad line of sophisticated and customized components and modules in large volume will be in a strong position to capture market share in the rapidly growing fiber optic market.

Our objective is to become a leading supplier of advanced components and integrated optical modules for the fiber optic communications industry. Key elements of our strategy include:

- expanding our manufacturing capacity in both the United States and China as well as enhancing our manufacturing capabilities through automation;

- building new and expanding existing customer relationships to increase market penetration by focusing on custom design and quality;

- expanding and enhancing our existing line of optical components and integrated optical modules for all segments of the optical network;

- continuing to develop optical products with features that allow service providers to effectively manage their optical networks;

- continuing to attract talented personnel; and - pursuing selective acquisitions of businesses and technologies.

The Offering

Common stock offered..... shares Common stock to be outstanding after the offering..... shares Use of proceeds..... For expansion of manufacturing facilities, marketing and distribution activities, research and development activities, working capital and other general corporate purposes and acquisitions. See "Use of Proceeds." Proposed Nasdaq National Market symbol..... OPLK The common stock outstanding after this offering is based on shares outstanding as of March 31, 2000 and excludes:

- 12,462,924 shares issuable upon exercise of outstanding options as of March 31, 2000 with a weighted average exercise price of $1.1706;

- 587,817 shares reserved for future issuance under our stock option plans; and - 174,452 shares of common stock issuable upon exercise of outstanding warrants as of March 31, 2000 with a weighted average exercise price of $0.2975.

Unless otherwise indicated, the information in this prospectus:

- assumes no exercise of the underwriters' over-allotment option;

- reflects, except in the consolidated financial statements and notes thereto, the conversion of all outstanding shares of our convertible preferred stock into shares of common stock upon completion of this offering; and - assumes our reincorporation in Delaware before completion of this offering, and the associated changes in our charter documents.

SUMMARY CONSOLIDATED FINANCIAL DATA (in thousands, except share and per share data)

	FISCAL YEAR ENDED JUNE 30,					NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1998	1999	1999	2000
CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
Revenues	$ --	$ 10	$ 426	$ 2,493	$ 9,094	$ 5,276	$ 20,661
Gross profit (loss)	--	7	(451)	(471)	1,869	590	3,241
Loss from operations	(111)	(436)	(1,406)	(3,429)	(2,745)	(1,721)	(6,519)
Net loss	(108)	(426)	(1,397)	(3,486)	(2,744)	(1,720)	(6,199)
Net loss per share: Basic and diluted				$ (9.35)	$ (4.76)	$ (4.48)	$ (3.91)
Weighted average shares: Basic and diluted				229,808	731,671	612,847	1,586,534
Pro forma net loss per share					$ (0.10)		$ (0.13)
Weighted average shares					36,426,738		47,717,720

	MARCH 31, 2000	
	ACTUAL	PRO FORMA AS ADJUSTED
CONSOLIDATED BALANCE SHEET DATA:		
Cash and cash equivalents	$37,444	$37,881
Working capital	45,069	45,486
Total assets	63,443	83,535
Long term liability	1,021	1,021
Convertible preferred stock	58,373	--
Total stockholder's (deficit) equity	(5,565)	72,468

- Pro forma balance sheet data gives effect to (i) the conversion of all outstanding shares of our preferred stock into shares of our common stock upon the closing of this offering; and (ii) the issuance of 6,720,000 shares of our common stock to the holders of all outstanding capital stock of Telelight Communications Inc. in connection with our acquisition of Telelight on April 6, 2000.

- Pro forma as adjusted balance sheet data gives effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

Corporate Information

We were incorporated in California in September 1995 and plan to reincorporate in Delaware prior to the completion of this offering. Our principal executive offices are located at 3469 North First Street, San Jose, California 95134-1803, and our telephone number at that address is (408) 433-0606. Our website is located on the world wide web at "oplink.com." Information contained in our website is not part of this prospectus.

Risk Factors

ANY INVESTMENT IN OUR SHARES OF OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE FOLLOWING INFORMATION ABOUT THESE RISKS, TOGETHER WITH THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE YOU DECIDE TO BUY OUR COMMON STOCK. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCUR, OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION WOULD LIKELY SUFFER. IN THESE CIRCUMSTANCES, THE MARKET PRICE OF OUR COMMON STOCK COULD DECLINE, AND YOU MAY LOSE ALL OR PART OF THE MONEY YOU PAID TO BUY OUR COMMON STOCK.

Risks Related to Our Financial Condition

WE HAVE INCURRED SIGNIFICANT LOSSES, AND OUR FAILURE TO INCREASE OUR REVENUES COULD PREVENT US FROM ACHIEVING PROFITABILITY.

We have incurred significant losses since our inception and expect to incur losses in the future. We incurred net losses of $6.2 million for the nine months ended March 31, 2000 and have not achieved profitability on a quarterly or annual basis. As of March 31, 2000, we had an accumulated deficit of $13.8 million. We have a large amount of fixed expenses, and we expect to continue to incur significant and increasing manufacturing, sales and marketing, product development and administrative expenses. As a result, we will need to generate significantly greater revenues while containing costs and operating expenses to achieve profitability. Our revenues may not continue to grow, and we may never generate sufficient revenues to achieve profitability. Please see "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of our financial condition.

WE DEPEND UPON A SMALL NUMBER OF CUSTOMERS FOR A SUBSTANTIAL PORTION OF OUR REVENUES, AND ANY DECREASE IN REVENUES FROM, OR LOSS OF, THESE CUSTOMERS WITHOUT A CORRESPONDING INCREASE IN REVENUES FROM OTHER CUSTOMERS WOULD HARM OUR OPERATING RESULTS.

We depend upon a small number of customers for a substantial portion of our revenues. Our top four customers together accounted for 75.0% of our revenues in the nine months ended March 31, 2000. Lucent Technologies, JDS Uniphase, Sycamore Networks and Marubun Corporation accounted for 36.0%, 15.8%, 12.6% and 10.6% of our revenues for the nine months ended March 31, 2000. We expect that we will continue to depend upon a small number of customers for a substantial portion of our revenues.

Our revenues generated from these customers, individually or in the aggregate, may not reach or exceed historic levels in any future period. For example, we may not be the sole source of supply to our customers, and they may choose to purchase our products from other vendors. Furthermore, we could experience a downturn in the business of our existing customers, which could result in significantly decreased sales to these customers and harm our results of operations. In this regard, Lucent has indicated that it may decrease and eventually discontinue incorporating one of our products into some of its products over the next two years. Lucent's purchases of these products in the nine months ended March 31, 2000 accounted for 26.6% of our revenues. Lucent may not introduce or sell significant quantities of other products that incorporate this product. Loss or cancellations of orders from, or any downturn in the business of, any of these customers could harm our revenues.

BECAUSE WE HAVE A LIMITED OPERATING HISTORY, WE MAY BE UNABLE TO ACCURATELY FORECAST OUR REVENUES, AND OUR QUARTERLY REVENUES AND OPERATING RESULTS MAY FLUCTUATE SIGNIFICANTLY FROM QUARTER TO QUARTER.

As a result of our limited operating history, it is difficult to forecast our revenues accurately, and we have limited meaningful historical financial data upon which to plan future operating expenses. We did not commence sales of our products until late 1996 and only recently began selling our products in large volume. Our revenues, expenses and operating results have varied significantly from quarter to quarter in the past and may fluctuate significantly in the future. The factors, many of which are more fully discussed in other risk factors, that are likely to cause these variations include, among others:

- fluctuations in demand for, and sales of, our products;

- cancellations of orders and shipment rescheduling;

- our ability to significantly expand our manufacturing capacity at our facilities in San Jose, California and China;

- the availability of raw materials used in our products and increases in the price of these raw materials;

- the ability of our manufacturing operations in China to timely produce and deliver products and components in the quantity and of the quality we require;

- our ability to achieve acceptable production yields;

- the practice of communication equipment suppliers to sporadically place large orders with short lead times;

- the mix of products and the average selling prices of the products we sell;

- competitive factors, including introductions of new products and product enhancements by competitors, entry of new competitors into the optical networking components market and pricing pressures;

- our ability to develop, introduce, manufacture and ship new and enhanced optical networking products in a timely manner without defects;

- costs associated with and the outcomes of any intellectual property or other litigation to which we are, or may become, a party; and - economic conditions specific to the communications and related industries and the development and size of the markets for our products.

A high percentage of our expenses, including those related to manufacturing, engineering, research and development, sales and marketing and general and administrative functions, are essentially fixed in the short term. As a result, if we experience delays in generating and recognizing revenues, our quarterly operating results are likely to be harmed. As we expand our manufacturing capacity, we will incur expenses in one quarter relating to the expansion that may not result in off-setting revenues until a subsequent quarter. New product introductions can also result in a mismatching of research and development expenses and sales and marketing expenses that are incurred in one quarter with revenues that are not recognized until a subsequent quarter when the new product is introduced. If growth in our revenues does not exceed the increase in our expenses, our results of operations will be harmed.

Due to the factors noted above and other risks discussed in this section, we believe that quarter-to-quarter comparisons of our operating results will not be meaningful. You should not rely on our results for one quarter as any indication of our future performance. It is likely that, in future quarters, our operating results may be below the expectations of securities analysts or investors. If this occurs, the price of our common stock is likely to decrease.

Risks Related to Our Business

IF WE FAIL TO RAPIDLY EXPAND OUR MANUFACTURING CAPACITY, WE MAY NOT BE ABLE TO DELIVER SUFFICIENT QUANTITIES OF PRODUCTS TO OUR CUSTOMERS IN A TIMELY MANNER, WHICH WOULD HARM OUR OPERATING RESULTS.

We manufacture all of our products in our facilities in San Jose, California and Zhuhai and Fuzhou, China and currently are expanding our manufacturing capacity at our San Jose and Zhuhai facilities. We must devote significant resources to expand our manufacturing capacity. The expansion at different facilities will be expensive, will require management's time and may disrupt our operations. Additional risks associated with rapidly increasing manufacturing capacity include:

- a lack of availability of manufacturing personnel;

- difficulties in achieving adequate yields from new manufacturing lines;

- inability to quickly implement an adequate set of financial controls to track levels of inventory;

- our failure to acquire additional facilities in desirable locations on commercially reasonable terms; and - our inability to procure the necessary equipment.

We are just beginning to receive orders for significant quantities of products while simultaneously increasing our manufacturing capacity. Communication equipment suppliers typically require that their vendors commit to provide specified quantities of products over a given period of time. We could be unable to pursue many large orders if we do not have sufficient manufacturing capacity to enable us to commit to provide customers with specified quantities of products. If we are unable to commit to deliver sufficient quantities of our products to satisfy a customer's anticipated needs, we will lose the order and the opportunity for significant sales to that customer for a lengthy period of time.

IF WE FAIL TO EFFECTIVELY MANAGE THE RAPID EXPANSION OF OUR OPERATIONS, INCLUDING THE ANTICIPATED SIGNIFICANT INCREASE IN THE NUMBER OF OUR EMPLOYEES, OUR OPERATING RESULTS COULD BE HARMED.

We currently operate facilities in San Jose, California and in China. We are continuing to expand the scope of our operations domestically and internationally and to increase the number of our employees substantially. As of June 30, 2000, we had a total of 570 full-time employees in San Jose and 717 full-time employees in China. We plan to hire a significant number of employees over the next several quarters in connection with the expansion of our manufacturing operations. The growth in employees and our operations, combined with the challenges of expanding and managing geographically-dispersed operations, has placed, and will continue to place, a significant strain on our management systems and resources. We expect that we will need to continue to improve our financial and managerial controls, reporting systems and procedures, and will need to continue to expand, train and manage our workforce worldwide. Any failure to effectively manage this expansion could harm our operating results.

IF WE FAIL TO EFFECTIVELY MANAGE OUR INVENTORY LEVELS, OUR OPERATING RESULTS COULD BE HARMED.

Because we experience long lead times for raw materials and are often required to purchase significant amounts of raw materials far in advance of product shipments, we may not effectively manage our inventory levels, which could harm our operating results. If we underestimate our requirements, we may have inadequate inventory, which could result in delays in shipments and loss of customers. If we purchase raw materials in anticipation of orders that do not materialize, we will have to carry or write off excess inventory and our gross margins will decline. Even if we receive these orders, the additional manufacturing capacity that we add to meet the customer's requirements may be underutilized in a subsequent quarter. We are in the early stages of implementing automated manufacturing management systems, and at present most of the data, including some inventory levels, are tracked manually. The current limitations of our manufacturing management systems increase the risk that we may fail to effectively manage our inventory. As we grow, we will need to implement new systems, which we may fail to do on a timely basis. The risks associated with managing our inventory are increased by the fact that we ship products to our largest customer, Lucent, on a consignment basis, such that we carry the shipped products as inventory until Lucent accepts the products for use.

BECAUSE WE DEPEND ON THIRD PARTIES TO SUPPLY SOME OF OUR RAW MATERIALS AND EQUIPMENT, WE MAY NOT BE ABLE TO OBTAIN SUFFICIENT QUANTITIES OF THESE MATERIALS AND EQUIPMENT, WHICH COULD LIMIT OUR ABILITY TO FILL CUSTOMER ORDERS AND HARM OUR OPERATING RESULTS.

We depend on third parties to supply the raw materials and equipment we use to manufacture our products. To be competitive, we must obtain from our suppliers, on a timely basis, sufficient quantities of raw materials at acceptable prices. We obtain most of our critical raw materials from a single or limited number of suppliers and generally do not have long-term supply contracts with them. As a result, our suppliers could terminate the supply of a particular material at any time without penalty. Difficulties in obtaining raw materials in the future may limit our product shipments. In this regard, we experienced difficulties in obtaining GRIN lenses in the quarters ended March 31 and June 30, 2000.

Some of our raw material suppliers are single sources, and finding alternative sources may involve significant expense and delay, if these sources can be found at all. For example, all of our GRIN lenses, which are incorporated into substantially all of our products, are obtained from Nippon Sheet Glass. Our failure to obtain these materials or other single or limited-source raw materials could delay or reduce our product shipments, which could result in lost orders, increase our costs, reduce our control over quality and delivery schedules and require us to redesign our products. If a significant supplier became unable or unwilling to continue to manufacture or ship materials in required volumes, we would have to identify and qualify an acceptable replacement. A material delay or reduction in shipments, any need to identify and qualify replacement suppliers or any significant increase in our need for raw materials that cannot be met on acceptable terms could harm our business.

We also depend on a limited number of manufacturers and vendors that make and sell the complex equipment we use in our manufacturing process. In periods of high market demand, the lead times from order to delivery of this equipment could be as long as nine months. If there are delays in the delivery of this equipment or if there are increases in the cost of this equipment, it could harm our operating results.

OUR MARKETS ARE HIGHLY COMPETITIVE, AND IF WE ARE UNABLE TO COMPETE SUCCESSFULLY OUR REVENUES COULD DECLINE, WHICH WOULD HARM OUR OPERATING RESULTS.

The market for fiber optic components is intensely competitive. We believe that our principal competitors are the major manufacturers of optical components and modules, including vendors selling to third parties and business divisions within communication equipment suppliers. Our principal competitors in the components market include Avanex Corporation, Ciena Corporation, Corning, DiCon Fiberoptics, Furukawa Electrical, JDS Uniphase, which recently acquired E-TEK Dynamics and announced its intended acquisition of SDL, Lucent, New Focus, Nortel, Sumitomo and Tyco Electronics. We believe that we primarily compete with diversified suppliers, such as Corning, JDS Uniphase, Lucent and Nortel, for the majority of our product line and to a lesser extent with niche players that offer a more limited product line. Competitors in any portion of our business may also

rapidly become competitors in other portions of our business. In addition, our industry has recently experienced significant consolidation, and we anticipate that further consolidation will occur. This consolidation has further increased competition.

Many of our current and potential competitors have significantly greater financial, technical, marketing, purchasing, manufacturing and other resources than we do. As a result, these competitors may be able to respond more quickly to new or emerging technologies and to changes in customer requirements, to devote greater resources to the development, promotion and sale of products, or to deliver competitive products at lower prices.

Several of our existing and potential customers are also current and potential competitors of ours. JDS Uniphase, for example, generated 15.8% of our revenues in the nine months ended March 31, 2000. These companies may develop or acquire additional competitive products or technologies in the future and thereby reduce or cease their purchases from us. In light of the consolidation in the optical networking industry, we also believe that the size of the suppliers will be an increasingly important part of a purchaser's decision-making criteria in the future. We cannot assure you that we will be able to compete successfully with existing or new competitors or that the competitive pressures we face will not result in lower prices for our products, loss of market share, or reduced gross margins, any of which could harm our business.

New technologies are emerging due to increased competition and customer demand. The introduction of new products incorporating new technologies or the emergence of new industry standards could make our existing products noncompetitive. For example, new technologies are being developed in the design of wavelength division multiplexers that compete with the thin film filters that we incorporate in our products. These technologies include arrayed waveguide grating, or AWG, which is being developed by Lucent and NTT, and Fiber Bragg Grating, or FBG, which is being developed by Ciena. If our competitors adopt new technologies before we do, we could lose market share and our business would suffer.

OUR WAVELENGTH EXPANSION PRODUCTS HAVE ACCOUNTED FOR THE VAST MAJORITY OF OUR REVENUES, AND OUR REVENUES COULD BE HARMED IF THE PRICE OF OR DEMAND FOR THESE PRODUCTS DECLINES OR IF THESE PRODUCTS FAIL TO ACHIEVE BROADER MARKET ACCEPTANCE.

Although we currently offer a broad spectrum of products, sales of our wavelength expansion products accounted for the vast majority of our revenues in the nine months ended March 31, 2000. These products include, among others, dense wavelength division multiplexers, or DWDMs, and noise reduction filters. We believe that our future growth and a significant portion of our future revenues will depend on the commercial success of our wavelength expansion products. Customers that have purchased wavelength expansion products may not continue to purchase these products from us. Any decline in the price of, or demand for, our wavelength expansion products, or their failure to achieve broader market acceptance, could harm our revenues.

THE OPTICAL NETWORKING COMPONENT INDUSTRY IS EXPERIENCING DECLINING AVERAGE SELLING PRICES, WHICH COULD CAUSE OUR GROSS MARGINS TO DECLINE AND HARM OUR OPERATING RESULTS.

The optical networking component industry is experiencing declining average selling prices, or ASPs, as a result of increasing competition and greater unit volumes as communication service providers continue to deploy fiber optic networks. We anticipate that ASPs will continue to decrease in the future in response to product introductions by competitors, price pressures from significant customers and greater manufacturing efficiencies achieved through increased automation in the manufacturing process. These ASP declines have contributed and may continue to contribute to a decline in our gross margins, which could harm our results of operations.

OUR FAILURE TO ACHIEVE ACCEPTABLE MANUFACTURING YIELDS IN A COST-EFFECTIVE MANNER COULD DELAY PRODUCT SHIPMENTS TO OUR CUSTOMERS AND HARM OUR OPERATING RESULTS.

Because manufacturing our products involves complex and precise processes and the majority of our manufacturing costs are relatively fixed, manufacturing yields are critical to our results of operations. Lower than expected manufacturing yields could delay product shipments and harm our operating results. Factors that affect our manufacturing yields include the quality of raw materials used to make our products, quality of workmanship and our manufacturing processes. Our or our suppliers' inadvertent use of defective materials could significantly reduce our manufacturing yields. Furthermore, because of the large labor component in and complexity of the manufacturing process, quality of workmanship is critical to achieving acceptable yields. We cannot assure you that we will be able to hire and train a sufficient number of qualified personnel to cost-effectively produce our products with the quality and in the quantities required by our customers. Changes in our manufacturing processes or those of our suppliers could also impact our yields. In some cases, existing manufacturing techniques, which involve substantial manual labor, may not allow us to cost-effectively meet our manufacturing yield goals so that we maintain acceptable gross margins while meeting the cost targets of our customers. We will need to develop new manufacturing processes and techniques that will involve higher levels of automation in order to increase our gross margins and help achieve the targeted cost levels of our customers. We may not achieve manufacturing cost levels that will allow us to achieve acceptable gross margins or fully satisfy customer demands.

OUR PRODUCTS MAY HAVE DEFECTS THAT ARE NOT DETECTED UNTIL FULL DEPLOYMENT OF A CUSTOMER'S EQUIPMENT, WHICH COULD RESULT IN A LOSS OF CUSTOMERS, DAMAGE TO OUR REPUTATION AND SUBSTANTIAL COSTS.

Our products are deployed in large and complex optical networks and must be compatible with other system components. Our products can only be fully tested for reliability when deployed in networks for long periods of time. Our customers may discover errors, defects or incompatibilities in our products after they have been fully deployed and operated under peak stress conditions. Our products may also have errors, defects or incompatibilities that are not found until after a system upgrade is installed. Errors, defects, incompatibilities or other problems with our products could result in:

- loss of customers;

- loss of or delay in revenues;

- loss of market share;

- damage to our brand and reputation;

- inability to attract new customers or achieve market acceptance;

- diversion of development resources;

- increased service and warranty costs;

- legal actions by our customers; and - increased insurance costs.

If any of these occur, our operating results could be harmed.

IF WE ARE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY, OUR ABILITY TO SUCCEED WILL BE HARMED.

Our ability to compete successfully and achieve future growth will depend, in part, on our ability to protect our proprietary technology. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. However, the steps we have taken may not prevent the misappropriation of our intellectual property, particularly in foreign countries, such as China, where the laws may not protect our proprietary rights as fully as in the United States. We currently hold 10 patents and have 22 pending patent applications in the United States. We cannot assure you that patents will be issued from pending or future applications or that, if patents are issued, they will not be challenged, invalidated or circumvented. Rights granted under these patents may not provide us with meaningful protection or any commercial advantage. If we are unable to protect our proprietary technology, our ability to succeed will be harmed. We may in the future initiate claims or litigation against third parties for infringement of our proprietary rights. These claims could result in costly litigation and the diversion of our technical and management personnel.

WE ARE CURRENTLY DEFENDANTS IN TWO PATENT DISPUTES AND MAY BE INVOLVED IN OTHER INTELLECTUAL PROPERTY DISPUTES IN THE FUTURE, WHICH WILL DIVERT MANAGEMENT'S ATTENTION, AND COULD CAUSE US TO INCUR SIGNIFICANT COSTS AND PREVENT US FROM SELLING OR USING THE CHALLENGED TECHNOLOGY.

Participants in the communications and optical components markets in which we sell our products have experienced frequent litigation regarding patent and other intellectual property rights. Numerous patents in these industries are held by others, including our competitors and academic institutions. We have no means of knowing that a patent application has been filed until the patent is issued. Optical component suppliers may seek to gain a competitive advantage or other third parties may seek an economic return on their intellectual property portfolios by making infringement claims against us.

In November 1999, E-TEK Dynamics filed a lawsuit against us in the United States District Court for the Northern District of California alleging infringement of E-TEK's patent relating to fiber optic couplers based on our manufacture and sale of our DWDM products. E-TEK seeks an award for

damages and injunctive relief. Our DWDM products generated a majority of our revenues for the nine months ended March 31, 2000. An adverse ruling in this matter would materially adversely affect our financial condition. In addition, in June 2000, Chorum Technologies, Inc. filed a lawsuit against us and our wholly-owned subsidiary, Telelight Communications Inc., in the United States District Court for the Northern District of Texas alleging, among other things, infringement of two U.S. patents allegedly owned by Chorum relating to fiber optical interleaving, based on our manufacture of and offer to sell various fiber optic interleaver products. Chorum seeks an award for damages and injunctive relief. For additional information concerning these matters, see "Business--Legal and Regulatory Matters."

Defending these lawsuits, and any additional litigation to which we may become a party in the future as a result of alleged infringement of others' intellectual property, will likely be costly and time consuming and will divert the efforts and attention of our management and technical personnel. Patent litigation is highly complex and can extend for a protracted period of time, which can substantially increase the cost of litigation. Accordingly, the expenses and diversion of resources associated with either of these matters, or any other intellectual property litigation to which we may become a party, could seriously harm our business and financial condition. Any intellectual property litigation also could invalidate our proprietary rights and force us to do one or more of the following:

- obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all;

- stop selling, incorporating or using our products that use the challenged intellectual property;

- pay substantial money damages; or - redesign the products that use the technology.

If we are forced to take any of these actions, it could result in a substantial reduction in our revenue and could result in losses over an extended period of time.

IF WE ARE UNABLE TO DEVELOP NEW PRODUCTS AND PRODUCT ENHANCEMENTS THAT ACHIEVE MARKET ACCEPTANCE, SALES OF OUR PRODUCTS COULD DECLINE, WHICH WOULD HARM OUR OPERATING RESULTS.

The communications industry is characterized by rapid technological change, frequent new product introductions, changes in customer requirements and evolving industry standards. As a result, our products could quickly become obsolete as new technologies are introduced and incorporated into new and improved products. Our future success depends on our ability to anticipate market needs and to develop products that address those needs. Our failure to predict market needs accurately or to develop new products or product enhancements in a timely manner will harm market acceptance and sales of our products. In this regard, we are currently developing bandwidth creation products as well as bandwidth management products. If the development of these products or any other future products takes longer than we anticipate, or if we are unable to develop and introduce these products to market, our revenues could suffer and we may not gain market share. Even if we are able to develop and commercially introduce these new products, the new products may not achieve widespread market acceptance.

WE DEPEND ON THE CONTINUED GROWTH AND SUCCESS OF THE COMMUNICATIONS INDUSTRY, WHICH IS EXPERIENCING RAPID CONSOLIDATION AND REALIGNMENT AND MAY NOT CONTINUE TO DEMAND FIBER OPTIC PRODUCTS, THEREBY REDUCING DEMAND FOR OUR PRODUCTS AND HARMING OUR OPERATING RESULTS.

We depend on the continued growth and success of the communications industry, including the continued growth of the Internet as a widely-used medium for commerce and communication and the continuing demand for increased bandwidth over communications networks. Trends that are currently driving growth in the communications industry may not continue in a manner favorable to us and technological or other developments in the communications industry may not favor growth in the markets served by our products. Furthermore, the rate at which communication service providers and other fiber optic network users have built new fiber optic networks or installed new systems in their existing fiber optic networks has fluctuated in the past and these fluctuations may continue in the future. These fluctuations may result in reduced demand for new or upgraded fiber optic systems that utilize our products and, therefore, may result in reduced demand for our products.

The communications industry is also experiencing rapid consolidation and realignment, as industry participants seek to capitalize on the rapidly changing competitive landscape developing around the Internet and new communications technologies such as fiber optic and wireless communications networks. As the communications industry consolidates and realigns to accommodate technological and other developments, our customers may consolidate or align with other entities in a manner that harms our business.

BECAUSE NONE OF OUR CUSTOMERS IS OBLIGATED TO PURCHASE OUR PRODUCTS, THEY MAY CANCEL OR DEFER THEIR PURCHASES ON SHORT NOTICE AND AT ANY TIME, WHICH COULD HARM OUR OPERATING RESULTS.

We do not have contracts with our customers that provide any assurance of future sales, and sales are typically made pursuant to individual purchase orders, often with extremely short lead times. Accordingly, our customers:

- may stop purchasing our products at any time without penalty;

- are free to purchase products from our competitors;

- are not required to make minimum purchases; and - may cancel orders that they place with us.

Sales to any single customer may vary significantly from quarter to quarter. Our customers generally do not place purchase orders far in advance. In addition, our customer purchase orders have varied significantly from quarter to quarter. Our customers base their purchase orders on a decision to deploy their systems in a particular geographic area and may not order additional products until they make their next major deployment decision. This means that customers who account for a significant portion of our revenues in one quarter may not place any orders in the succeeding quarter, which makes it difficult to forecast revenue in future periods. Moreover, our expense levels are based in part on our expectations of future revenue, and we may be unable to adjust costs in a timely manner in response to revenue shortfalls. This can result in significant quarterly fluctuations in our operating results.

OUR LENGTHY AND VARIABLE QUALIFICATION AND SALES CYCLE MAKES IT DIFFICULT TO PREDICT THE TIMING OF A SALE OR WHETHER A SALE WILL BE MADE, WHICH MAY HARM OUR OPERATING RESULTS.

Our customers typically expend significant efforts in evaluating and qualifying our products and manufacturing process prior to placing an order. This evaluation and qualification process frequently results in a lengthy sales cycle, typically ranging from nine to twelve months and sometimes longer. While our customers are evaluating our products and before they place an order with us, we may incur substantial sales, marketing, research and development expenses, expend significant management efforts, increase manufacturing capacity and order long lead-time supplies. Even after this evaluation process, it is possible a potential customer will not purchase our products for deployment. In addition, product purchases are frequently subject to unplanned processing and other delays, particularly with respect to larger customers for which our products represent a very small percentage of their overall purchase activity. Long sales cycles may cause our revenues and operating results to vary significantly and unexpectedly from quarter to quarter, which could cause volatility in our stock price.

WE DEPEND ON KEY PERSONNEL TO MANAGE OUR BUSINESS EFFECTIVELY IN A RAPIDLY CHANGING MARKET, AND IF WE ARE UNABLE TO HIRE ADDITIONAL PERSONNEL, OUR ABILITY TO SELL OUR PRODUCTS COULD BE HARMED.

Our future success depends upon the continued services of our executive officers, particularly Joe Liu, our Chief Executive Officer, Alex Hsu, our President, and other key engineering, finance, sales, marketing, manufacturing and support personnel. In addition, we depend substantially upon the continued services of key management personnel at our Chinese subsidiaries. None of our officers or key employees is bound by an employment agreement for any specific term, and these personnel may terminate their employment at any time. In addition, we do not have "key person" life insurance policies covering any of our employees.

As a result of the expansion of our operations, we must hire a significant number of additional employees in the near future, particularly engineering, sales and manufacturing personnel. Our ability to continue to attract and retain highly-skilled personnel will be a critical factor in determining whether we will be successful in the future. Competition for highly-skilled personnel is intense, especially in the San Francisco Bay area. We may not be successful in attracting, assimilating or retaining qualified personnel to fulfill our current or future needs. In addition, many of the members of our management team have only been with us for a relatively short period of time. For example, Mr. Jingyu Xu, Senior Vice President of Engineering, joined us in November 1999, and Messrs. Zhimin Liu, our Chief Scientist, and Bruce Horn, our Chief Financial Officer, joined us in April 2000. If our new management team does not work effectively together, it could seriously harm our business.

A SUBSTANTIAL PORTION OF OUR MANUFACTURING OPERATIONS ARE LOCATED IN CHINA, WHICH EXPOSES US TO THE RISK THAT OUR FAILURE TO COMPLY WITH THE LAWS AND REGULATIONS OF CHINA, OR EVENTS IN THAT COUNTRY, WILL DISRUPT OUR OPERATIONS.

A substantial portion of our manufacturing operations are located in China and are subject to the laws and regulations of China. Our operations in China may be adversely affected by changes in the laws and regulations of China, such as those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. China's central or local government may impose new, stricter regulations or interpretations of existing regulations which would require additional expenditures. China's economy differs from the economies of many countries in terms of structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, self-sufficiency and rate of inflation, among others. Our results of operations and financial condition may be harmed by changes in the political, economic or social conditions in China.

In addition, events out of our control in China, such as political unrest, war, labor strikes and work stoppages, could disrupt our operations. There is currently political tension between the United States and China, which could lead to a break down in trade relations. There is also significant tension between China and Taiwan, which could result in hostilities. If any of these events occurs, it would be difficult for us to establish manufacturing operations at an alternative location on comparable terms.

Our operations in China also expose us to the following general risks associated with international operations:

- difficulties and costs of staffing and managing foreign operations with personnel who have expertise in optical network technology;

- unexpected changes in regulatory or certification requirements for optical systems or networks;

- disruptions in the transportation of our products and other risks related to the infrastructure of foreign countries;

- fluctuations in the value of currencies; and - economic instability.

BECAUSE SOME OF OUR THIRD-PARTY SALES REPRESENTATIVES AND DISTRIBUTORS CARRY PRODUCTS OF ONE OR MORE OF OUR COMPETITORS, THEY MAY NOT RECOMMEND OUR PRODUCTS OVER COMPETITORS' PRODUCTS.

A majority of our revenues are derived from sales through our domestic and international sales representatives and distributors. Our sales representatives and distributors are independent organizations that generally have exclusive geographic territories and generally are compensated on a commission basis. We expect that we will continue to rely on our independent sales representatives and distributors to market, sell and support many of our products. Some of our third-party sales representatives and distributors carry products of one or more of our competitors. As a result, these sales representatives and distributors may not recommend our products over competitors' products.

IF WE DO NOT EXPAND OUR SALES ORGANIZATION, WE MAY FACE DIFFICULTIES IN INCREASING MARKET AWARENESS AND SALES OF OUR PRODUCTS, WHICH COULD PREVENT US FROM ACHIEVING AND MAINTAINING PROFITABILITY.

We currently have a small sales force. We will need to hire additional qualified sales personnel domestically and internationally to increase market awareness and sales of our products. Competition for qualified sales personnel in our industry is intense and we might not be able to hire and train the kind and number of sales personnel we need to be successful. If we are unable to expand our sales organization, we may not be able to increase market awareness or sales of our products, which could prevent us from achieving and maintaining profitability.

BECAUSE SOME OF OUR MANUFACTURING OPERATIONS ARE LOCATED IN ACTIVE EARTHQUAKE FAULT ZONES, WE FACE THE RISK THAT A LARGE EARTHQUAKE COULD HARM OUR OPERATIONS.

A substantial portion of our manufacturing operations are located in San Jose, California, an active earthquake fault zone. This region has experienced large earthquakes in the past and may likely experience them in the future. A large earthquake in the San Jose area could disrupt our manufacturing operations for an extended period of time, which would limit our ability to supply our products to our customers in sufficient quantities on a timely basis, harming our customer relationships.

Our Failure to Comply with Governmental Regulations Could Subject Us to Liability.

Our failure to comply with a variety of federal, state and local laws and regulations in the United States and China could subject us to criminal, civil and administrative penalties. Our products are subject to U.S. export control laws and regulations that regulate the export of products and disclosure of technical information to foreign countries. These laws and regulations may require licenses for export to some of our products and disclosure of technology to some countries, including China, where a substantial portion of our manufacturing operations occur, and foreign citizens, including a number of our employees. We plan to file an application shortly to obtain a commodity classification confirming that we may export our products and disclose our technology to foreign countries, including China, and citizens, including Chinese nationals, without export licenses. In the event this classification is not obtained, we have alternatively filed applications to obtain licenses permitting us to disclose our technology to specified employees. However, we cannot assure you that we will obtain these classification and licenses. Furthermore, the Department of Commerce has initiated an inquiry as to whether one of our employees received information in violation of licensing requirements. We may be found to have violated export restrictions with respect to this individual and in the past, which could result in criminal, civil and administrative penalties, including the denial of export privileges. In addition, we are subject to laws relating to the storage, use, discharge and disposal of toxic or otherwise hazardous or regulated chemicals or materials used in our manufacturing processes. While we believe that we are currently in compliance in all material respects with these laws and regulations, if we fail to store, use, discharge or dispose of hazardous materials appropriately, we could be subject to substantial liability or could be required to suspend or adversely modify our manufacturing operations. In addition, we could be required to pay for the cleanup of our properties if they are found to be contaminated, even if we are not responsible for the contamination. We employ a number of foreign

nationals in our U.S. operations and as a result we are subject to various laws related to the status of those employees with the Immigration and Naturalization Service. Our failure to comply with the forgoing laws or any other laws and regulations could subject us to liability.

IF WE ARE UNABLE TO RAISE ANY NEEDED ADDITIONAL CAPITAL, WE MAY NOT BE ABLE TO GROW OUR BUSINESS, WHICH COULD LOWER THE VALUE OF YOUR INVESTMENT.

The development and marketing of new products and the expansion of our manufacturing facilities and associated support personnel will require a significant commitment of resources. We may continue to utilize significant amounts of capital to incur significant operating losses. If the market for optical networking components develops at a slower pace than we anticipate, or if we fail to establish significant market share and achieve a significantly increased level of revenue. If cash from available sources is insufficient, or if cash is used for acquisitions or other unanticipated uses, we may need to raise additional capital. Additional capital may not be available on terms favorable to us, or at all. If we are unable to raise additional capital when we require it our business could be seriously harmed. In addition, any additional issuance of equity or equity-related securities will be dilutive to our stockholders.

OUR BUSINESS STRATEGY INVOLVES ACQUIRING OTHER BUSINESSES AND MAKING STRATEGIC INVESTMENTS. IF WE ARE UNABLE SUCCESSFULLY TO INTEGRATE ACQUIRED BUSINESSES OR MANAGE OUR INVESTMENTS, OUR OPERATING RESULTS MAY DECLINE.

We have in the past and expect in the future to pursue acquisitions of businesses, products and technologies, or the establishment of joint venture arrangements that could expand our business. The negotiation of potential acquisitions or joint ventures, as well as the integration of an acquired or jointly developed business, technology, service or product could cause diversion of management's time and our resources. Future acquisitions could result in:

- additional operating expenses without additional revenues;

- potential dilutive issuances of equity securities;

- the incurrence of debt and contingent liabilities;

- amortization of goodwill and other intangibles;

- research and development write-offs; and - other acquisition-related expenses.

We may not be able to successfully integrate acquired businesses or joint ventures with our operations. In addition, we may not receive the intended benefits of any future acquisition or joint venture. If future acquisitions disrupt our operations, our business may suffer.

Risks Related to Our Common Stock and This Offering

THERE HAS BEEN NO PRIOR MARKET FOR OUR COMMON STOCK AND A PUBLIC MARKET FOR OUR SECURITIES MAY NOT DEVELOP OR BE SUSTAINED, WHICH COULD MAKE IT MORE DIFFICULT FOR YOU TO SELL YOUR STOCK.

Prior to this offering, you could not buy or sell our common stock publicly. We cannot assure you that an active public market for our common stock will develop or be sustained after this offering, which could make it more difficult for you to sell your stock. In addition, the market price for our common stock might fall below the initial public offering price. The initial public offering price was determined based on negotiations between us and the representatives of the underwriters, based on factors that may not be indicative of future market performance. The initial public offering price may bear no relationship to the price at which the common stock will trade subsequent to the completion of this offering. The financial markets in the United States have experienced significant price and volume fluctuations and market prices of technology companies have been and continue to be extremely volatile. Volatility in the price of our common stock may be caused by factors outside our control.

THERE MAY BE SALES OF A SUBSTANTIAL AMOUNT OF OUR COMMON STOCK AFTER THIS OFFERING BY OUR STOCKHOLDERS AND THESE SALES COULD CAUSE OUR STOCK PRICE TO DECLINE.

Our current stockholders hold 67,280,611 shares of our common stock, including shares issuable upon conversion of outstanding preferred stock upon consummation of this offering, and options and we had warrants to purchase an aggregate of shares outstanding as of June 30, 2000. Our executive officers, directors and substantially all of our stockholders, who held an aggregate of shares of our common stock, or over % of our total outstanding shares on , 2000, had executed lock-up agreements that prevent them from selling or otherwise disposing of our common stock for a period of 180 days from the date of this prospectus without the prior written approval of FleetBoston Robertson Stephens, Inc. These lock-up agreements will expire on , 2000, and an aggregate of shares will be eligible for sale, in some cases subject only to the volume, manner of sale and notice requirements of Rule 144 under the Securities Act. In addition, the holders of outstanding preferred stock are entitled to registration of the shares of common stock issuable upon conversion of their preferred stock under certain circumstances.

Sales of a substantial number of shares of our common stock after this offering could cause our stock price to fall. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional stock in the future at a price that we deem appropriate.

You Will Be Relying on the Judgment of Our Management Regarding Our Use of Proceeds.

We have not designated any specific use for the net proceeds from our sale of common stock described in this prospectus. Rather, we expect to use the net proceeds for the expansion of our manufacturing facilities, marketing and distribution activities, working capital and other general corporate purposes and acquisitions. Consequently, our management will have significant flexibility in applying the net proceeds of this offering. You will be relying on the judgment of our management regarding the application of the proceeds. Our management will have the ability to change the application of the proceeds of this offering without stockholder approval.

INSIDERS WILL CONTINUE TO HAVE SUBSTANTIAL CONTROL OVER US AFTER THIS OFFERING AND COULD DELAY OR PREVENT A CHANGE IN OUR CORPORATE CONTROL, WHICH MAY NEGATIVELY AFFECT YOUR INVESTMENT.

Our founders, officers, directors and their affiliates will, in the aggregate, beneficially own approximately % of our outstanding shares after this offering, or % if the underwriters' over-allotment option is exercised in full. As a result, these groups acting together will be able to control, or acting independently will be able to substantially influence, the outcome of all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This ability may have the effect of delaying or preventing a change in control, or causing a change in control which may not be favored by our other stockholders. See "Principal Stockholders."

NEW INVESTORS IN OUR COMPANY WILL EXPERIENCE IMMEDIATE DILUTION, AND YOUR INVESTMENT MAY BE NEGATIVELY AFFECTED.

The initial public offering price of our common stock is substantially higher than the book value per share of our outstanding common stock. Accordingly, if you purchase our common stock in this offering, you will incur immediate dilution of approximately $ in the book value per share of our common stock from the price you pay for our common stock. Based on the initial public offering price of our common stock, our current stockholders will have an aggregate unrealized gain of approximately $ as a result of the offering.

WE EXPECT TO EXPERIENCE SIGNIFICANT VOLATILITY IN OUR STOCK PRICE DUE TO THE NATURE OF THE INDUSTRY IN WHICH WE OPERATE, WHICH COULD CAUSE YOU TO LOSE ALL OR PART OF YOUR INVESTMENT.

We expect the market price of our common stock to fluctuate significantly in response to a number of specific factors, some of which are beyond our control, including:

- quarterly variations in our operating results;

- changes in financial estimates by securities analysts and our failure to meet any estimates;

- changes in market values of comparable companies;

- announcements by us or our competitors of new products or of significant acquisitions, strategic partnerships or joint ventures;

- any loss by us of a major customer;

- the outcome of, and costs associated with, any litigation to which we are or may become a party;

- additions or departures of key management or engineering personnel; and - future sales of our common stock.

PROVISIONS OF OUR CHARTER DOCUMENTS AND DELAWARE LAW MAY HAVE ANTI-TAKEOVER EFFECTS THAT COULD PREVENT ANY CHANGE IN CONTROL, WHICH COULD NEGATIVELY AFFECT YOUR INVESTMENT.

Provisions of Delaware law and of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions permit us to:

- issue preferred stock with rights senior to those of the common stock without any further vote or action by the stockholders;

- provide for a classified board of directors;

- eliminate the right of the stockholders to call a special meeting of stockholders;

- eliminate the right of stockholders to act by written consent; and - impose various procedural and other requirements which could make it difficult for stockholders to effect certain corporate actions.

Any of the foregoing provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock.

Note Regarding Forward-looking Statements

This prospectus contains forward-looking statements that involve risks and uncertainties. These statements relate to our future plans, objectives, expectations and intentions, and the assumptions underlying or relating to any of these statements. These statements may be identified by the use of words such as "expect," "anticipate," "intend," "plan," "will" and similar expressions. Our actual results could differ materially from those discussed in these statements. Factors that could contribute to such differences include those discussed in "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus.

Use of Proceeds

The net proceeds we will receive from the sale of the shares of common stock offered by us are estimated to be $, or $ if the underwriters' over-allotment option is exercised in full, after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us based on the initial public offering price of $ per share.

The principal purposes of this offering are:

- to obtain additional capital;

- to create a public market for our common stock;

- to increase our visibility and credibility; and - to facilitate future access to the public equity markets.

We intend to use the net proceeds we receive from the offering for expansion of manufacturing facilities, marketing and distribution activities, research and development activities, working capital and other general corporate purposes and acquisitions. However, we have no specific agreements or commitments and are not currently engaged in any negotiations with respect to any acquisitions.

Accordingly, our management will retain broad discretion as to the allocation of the net proceeds of this offering. We intend to invest the net proceeds of this offering in short-term, interest-bearing investment grade securities until they are used.

Dividend Policy

We have never declared or paid dividends on our capital stock and do not anticipate paying any dividends in the foreseeable future. We currently intend to retain our earnings, if any, for the development of our business.

Capitalization

The following table sets forth our capitalization as of March 31, 2000:

- on an actual basis;

- on a pro forma basis to reflect the conversion of all shares of our convertible preferred stock outstanding as of March 31, 2000 into 55,051,672 shares of common stock upon completion of this offering and the issuance of 6,720,000 shares of our common stock to the holders of all outstanding capital stock of Telelight in connection with our acquisition of Telelight on April 6, 2000; and

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    - on a pro forma as adjusted basis to reflect our receipt of the net
      proceeds from the sale of       shares of common stock by us at a public
      offering price of $         per share less estimated underwriting
      discounts and commissions and estimated offering expenses.
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MARCH 31, 2000 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

Cash and equivalents	$37,444	$37,881	$ --
Capital lease obligations, non current	$ 1,021	$ 1,021	$1,021
Convertible Preferred Stock:			
$.001 par value, 55,091,672 authorized; issued and outstanding; 55,051,672 in 2000, zero pro forma, and zero pro forma as adjusted	58,373	--	--
Stockholders' (deficit) equity:			
Common Stock, $.001 par value, 80,000,000 shares authorized; issued and outstanding; 4,469,259 in 2000; 66,240,931 pro forma, and pro forma as adjusted	4	66	--
Additional paid-in capital	15,170	100,361	--
Deferred compensation	(6,965)	(6,965)	--
Accumulated deficit	(13,774)	(20,994)	--
Total stockholders' (deficit) equity	(5,565)	72,468	--
Total capitalization	$53,829	$73,489	--

The outstanding share information excludes:

- 12,462,924 shares of common stock issuable on exercise of outstanding options under our stock option plans as of March 31, 2000 with a weighted average exercise price of $1.17 per share;

- 174,452 shares of common stock issuable upon exercise of outstanding warrants as of March 31, 2000 with a weighted average exercise price of $0.2975;

- 587,817 shares of stock available for future grants under our 1995 and 1998 stock option plans as of March 31, 2000;

- 2,000,000 shares of stock to be reserved for issuance under our 2000 Employee Stock Purchase Plan that will become effective upon the closing of this offering; and - 10,000,000 shares of stock to be reserved for issuance under our 2000 Equity Incentive Plan that will become effective upon the closing of this offering.

You should read this table with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes. See also "Management--Employee and Director Benefit Plans" and "Description of Capital Stock."

Dilution

Our pro forma net tangible book value at March 31, 2000 was approximately $53.5 million, or $0.81 per share after giving effect to the conversion of all outstanding shares of our convertible preferred stock into shares of common stock upon completion of this offering; and the issuance of 6,720,000 shares of our common stock to the holders of all outstanding capital stock of Telelight in connection with our acquisition of Telelight on April 6, 2000. Pro forma net tangible book value per share is equal to our total tangible assets less our total liabilities, divided by the total number of shares of our common stock outstanding. After giving effect to the sale of the shares of our common stock offered in this offering at an assumed initial public offering price of $ per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at March 31, 2000 would have been approximately $ million or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of our common stock in this offering. The following table illustrates the per share dilution to the new investors:

After giving effect to the sale of the shares of common stock by us at the initial public offering price of $ per share, less the underwriting discounts and commissions and our estimated offering expenses, our pro forma net tangible book value at March 31, 2000, would be $ million, or $ per share. This represents an immediate increase in the pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares at the initial public offering price of $ per share. The following table illustrates this per share dilution:

Assumed initial public offering price per share..... $ Pro forma net tangible book value per share at March 31, 2000..... $ Increase per share attributable to new investors.....

Pro forma net tangible book value per share after this offering.....

Dilution per share to new investors in this offering..... $

The following table shows on a pro forma basis at , 2000, after giving effect to the conversion of all outstanding shares of our preferred stock into an aggregate of shares of common stock upon the closing of this offering, the exercise of warrants to purchase shares of common stock at an exercise price of $ per share prior to this offering. The table also shows the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid per share by existing stockholders and by new investors purchasing common stock in this offering:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....		%	$	%	$
New investors.....					
Total.....		%	$	%	

The above information is based on shares outstanding as of , 2000. It excludes:

- shares of common stock reserved for issuance upon exercise of outstanding options at , 2000 with a weighted average exercise price of $ per share;

- shares of common stock issuable upon exercise of an outstanding warrant with an exercise price of $ per share; and - shares available for issuance under our 1995 Stock Option Plan, 1998 Stock Plan, 2000 Employee Stock Purchase Plan and 2000 Equity Incentive Plan.

Assuming the exercise of all options and warrants outstanding as of , 2000, our pro forma net tangible book value at , 2000 would be $ million, or $ per share, which would represent an immediate increase in the pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors.

Selected Consolidated Financial Data

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected consolidated statement of operations data for the fiscal years ended June 30, 1997, 1998 and 1999 and selected consolidated balance sheet data as of June 30, 1998 and 1999 are derived from, and qualified by reference to, the audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data for the fiscal years ended June 30, 1995 and 1996 and the selected consolidated balance sheet data as of June 30, 1995, 1996 and 1997 are derived from unaudited financial statements not included in this prospectus.

The selected consolidated statement of operations data for the nine months ended March 31, 1999 and 2000 and the selected consolidated balance sheet data as of March 31, 2000 are derived from unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared by us on a basis consistent with our audited consolidated financial statements and, in the opinion of management, include all adjustments,

consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position as of and for those periods. Historical results are not necessarily indicative of results that may be expected for any future period.

	YEAR ENDED JUNE 30,					NINE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1998	1999	1999	2000
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)						
CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
Revenues	$ --	$ 10	$ 426	$ 2,493	$ 9,094	$ 5,276	$ 20,661
Cost of revenues	--	3	877	2,964	7,225	4,686	17,420
Gross profit (loss)	--	7	(451)	(471)	1,869	590	3,241
Operating expenses							
Research and development	--	57	524	455	626	412	1,362
Sales and marketing	--	--	238	527	802	515	1,392
General and administrative	111	386	193	683	826	509	2,259
Amortization of deferred compensation	--	--	--	--	3,044	1,899	4,747
Total operating expenses	111	443	955	1,665	5,298	3,335	9,760
Loss from operations	(111)	(436)	(1,406)	(2,136)	(3,429)	(2,745)	(6,519)
Interest and other income (expense), net	3	10	9	(12)	(57)	1	320
Net loss	$ (108)	$ (426)	$ (1,397)	$ (2,148)	$ (3,486)	$ (2,744)	$ (6,199)
Net loss per share--basic and diluted	$ --	$ --	$ --	$ (9.35)	$ (4.76)	$ (4.48)	$ (3.91)
Weighted average shares	--	--	--	229,808	731,671	612,847	1,586,534
Pro forma net loss per share--basic and diluted					$ (0.10)	$ (0.13)	
Weighted average shares					36,426,738	47,717,720	

	JUNE 30,				MARCH 31,	
	1995	1996	1997	1998	1999	2000
CONSOLIDATED BALANCE SHEET DATA:						
Cash and cash equivalents	$ 358	$ 711	$ 106	$ 933	$ 4,757	$37,444
Working capital (deficit)	356	(411)	182	1,512	5,637	45,069
Total assets	511	1,302	1,361	3,061	11,711	63,443

Long term liabilities	--	--	--	--	--	1,021
Total convertible preferred stock	600	600	2,646	6,373	12,083	58,373
Total stockholders' deficit	(108)	(534)	(1,924)	(4,089)	(4,525)	(5,565)

Selected Unaudited Pro Forma Combined Financial Data

The following unaudited pro forma combined statement of operations data presents the results of our operations for the year ended June 30, 1999 and the nine months ended March 31, 2000, combined with the statement of operations of Telelight for the same periods, giving effect to the acquisition as if it occurred at the beginning of the period presented. The unaudited pro forma combined balance sheet gives effect to the acquisition as if it occurred on March 31, 2000, and combines our unaudited balance sheet as of March 31, 2000 with the unaudited balance sheet of Telelight as of the same date. The unaudited pro forma combined financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been consummated at the dates indicated, nor is it necessarily indicative of the future operating results or financial position of the combined companies.

	YEAR ENDED JUNE 30, 1999	NINE MONTHS ENDED MARCH 31, 2000
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)	
PRO FORMA COMBINED STATEMENT OF OPERATIONS DATA:		
Revenues	$ 9,134	$ 21,252
Cost of revenues	9,103	19,241
Gross profit	31	2,011
Operating expenses:		
Research and development	809	1,564
Sales and marketing	802	1,403
General and administrative	1,053	2,535
Amortization of deferred compensation	3,044	4,747
Goodwill amortization	2,905	2,179
Total operating expenses	8,613	12,428
Loss from operations	(8,582)	(10,417)
Interest and other income (expense), net	(37)	345
Net loss	$ (8,619)	$ (10,072)
Net loss per share	$ (1.16)	$ (1.21)
Weighted average shares	7,451,671	8,306,534

MARCH 31, 2000 (IN THOUSANDS) PRO FORMA COMBINED BALANCE SHEET DATA:

Cash and cash equivalents	$ 37,881
Working capital	45,486
Total assets	83,535
Long term liabilities	1,021
Convertible preferred stock	58,373
Stockholders' equity	14,926

Management's Discussion and Analysis of Financial Condition and Results of Operations

THE FOLLOWING DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH "SELECTED CONSOLIDATED FINANCIAL DATA" AND OUR FINANCIAL STATEMENTS AND RELATED NOTES INCLUDED ELSEWHERE IN THIS PROSPECTUS. IN ADDITION TO HISTORICAL INFORMATION, THE DISCUSSION IN THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED BY THESE FORWARD-LOOKING STATEMENTS DUE TO FACTORS INCLUDING, BUT NOT LIMITED TO, THOSE FACTORS SET FORTH UNDER "RISK FACTORS" AND ELSEWHERE IN THIS PROSPECTUS.

Overview

We design, manufacture and supply fiber optic components and integrated optical modules that increase the performance of optical networks. We provide a broad line of products to communication equipment suppliers to enable bandwidth creation and management within an optical network. We were incorporated in September 1995 and began shipping product for sale in the latter half of 1996. In April 1999, we established manufacturing operations in Zhuhai, China. In April 2000, we acquired Telelight Communications Inc., a designer and manufacturer of fiber optic components with operations in Sunnyvale, California and Fuzhou, China.

We generate revenues from the sale of fiber optic components and integrated optical modules. To date, we have developed over 20 types of primary components. In addition, we have integrated these components through various combinations and are able to provide over 100 customized solutions for our customers. Our products are generally categorized into the following four major groups: wavelength expansion, optical amplification, wavelength performance monitoring and protection and optical switching. The vast majority of our revenues are derived from our wavelength expansion products, in particular, dense wavelength division multiplexers, or DWDMs, and noise reduction filters.

We sell our products through our direct sales force, sales representatives and distributors. For the nine months ended March 31, 2000, we sold our products to over 100 communication equipment suppliers. A relatively small number of these suppliers have accounted for a significant portion of our revenues to date, and we expect this trend to continue for the foreseeable future. For the nine months ended March 31, 2000, sales to Lucent Technologies, JDS Uniphase, Sycamore Networks and Marubun Corporation were 36.0%, 15.8%, 12.6% and 10.6% of revenues. Sales to Lucent are made to three different groups within the Lucent organization, each making their own purchase decisions. Sales to the Optical Network Group, the Optical Electronics Group and Bell Labs comprised 27.1%, 8.4% and 0.5% of our sales for the nine months ended March 31, 2000. Lucent has indicated that it may decrease and eventually discontinue incorporating one of our products into some of its products over the next two years, which represents 26.6% of our revenues for the nine months ended March 31, 2000. Sales to

Marubun, a distributor in Japan, primarily consist of sales to NEC and Hitachi. For the year ended June 30, 1999, and the nine months ended March 31, 2000, sales to international customers represented 22.5% and 21.0% of revenues. All of our sales are transacted in U.S. dollars.

Except for sales to Lucent, we recognize revenues from product sales at the time the product is shipped to our customers, including our distributors, provided there are no significant uncertainties with respect to customer acceptance or collection. Our distributors do not have the right to return or exchange products. Substantially all shipments to Lucent are on a consignment basis, and we do not recognize revenues until Lucent accepts the products for use. In most cases, Lucent will accept products and we will recognize revenues within one to two months of shipment. We continue to report products shipped to Lucent as our inventory until they are accepted.

We have manufacturing operations in San Jose, California and Zhuhai and Fuzhou, China. We have expanded and plan to continue to expand our manufacturing capacity as our business grows. We are currently expanding our facilities in San Jose and Zhuhai. In addition, we have acquired rights to a parcel of land in China which we intend to use for future expansion of our manufacturing facilities.

COST OF REVENUES. Our cost of revenues consists of raw material, salaries and related personnel expense, manufacturing overhead, and provisions for excess and obsolete inventories and warranties. We expect cost of revenues, as a percentage of revenues, to fluctuate from period to period. Our gross margins will primarily be affected by production yield, our pricing policies, mix of products sold, costs incurred in establishing additional manufacturing lines and facilities, and manufacturing volume. The fiber optic component industry is typically characterized by rapidly declining average selling prices, increasing unit volumes and declining margins.

RESEARCH AND DEVELOPMENT EXPENSES. Our research and development expenses consist primarily of salaries and related personnel costs, fees paid to consultants and outside service providers, patent filing costs, non-recurring engineering charges and prototype costs, all of which relate to the design, development, testing, pre-manufacturing and enhancement of our products. We expense our research and development costs as they are incurred. We believe that developing customer solutions at the prototype stage is critical to our strategic product development objectives. We further believe that, in order to meet the changing requirements of our customers, we will need to fund investments in several concurrent product development projects. As a result, we expect our research and development expenses to increase in absolute dollar amount and as a percentage of revenues in the future.

SALES AND MARKETING EXPENSES. Our sales and marketing expenses consist primarily of salaries and related expenses for marketing, sales, customer service and application engineering support personnel, commissions paid to the internal sales personnel and representatives, as well as costs associated with promotional and other marketing expenses. We intend to expand our direct sales operations, as well as engage additional sales representatives and distributors to increase market awareness and revenues. As we hire additional sales and marketing personnel, initiate additional marketing programs to support our products and establish sales offices, we expect that sales and marketing expenses will increase in absolute dollar amount over the next year but remain approximately at the current percentage of revenues.

GENERAL AND ADMINISTRATIVE EXPENSES. Our general and administrative expenses consist primarily of salaries and related expenses for executive, finance, accounting, and human resources personnel, professional fees and other corporate expenses. As we add personnel and incur additional costs related to the growth of our business and our operation as a public company, we expect general and administrative expenses to increase in absolute dollar amount but decrease as a percentage of revenues.

DEFERRED COMPENSATION. Deferred compensation is recognized in connection with the granting of stock options to employees and consultants. During the period from July 1, 1998 to March 31, 2000, we recorded deferred compensation within stockholders' equity of approximately $14.8 million, representing the difference between the estimated fair value of the common stock for accounting purposes and the exercise price of these options at the date of grant. These amounts are being amortized over the vesting period of the applicable options, which is generally a maximum of four years from the date of hire. We expect to record additional deferred compensation for the quarter ended June 30, 2000 and through the effective date of this offering.

ACQUISITION OF TELELIGHT. We acquired Telelight on April 6, 2000 in a merger transaction accounted for as a purchase business combination. The results of operations of Telelight will be included in our consolidated financial statements beginning on the date of the acquisition. The purchase price of Telelight consisted of 6,720,000 shares of our common stock valued at $26.9 million. We also incurred direct acquisition costs of approximately $200,000 resulting in an aggregate purchase price of $27.1 million. Telelight was founded in 1998 to design, develop and sell fiber optic components which are designed to increase capacity and bandwidth of fiber optic communications networks. We will record goodwill and other purchased intangible assets of approximately $19.0 million associated with the Telelight acquisition. Goodwill and other intangible assets are being amortized on a straight-line basis over their estimated useful lives of four years.

Results of Operations

The following table sets forth, for the periods presented, certain data from our consolidated statement of operations expressed as a percentage of revenues:

	FISCAL YEAR ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	205.9	118.9	79.4	88.8	84.3
Gross profit (loss)	(105.9)	(18.9)	20.6	11.2	15.7
Operating expenses					
Research and development	123.0	18.3	6.9	7.8	6.6
Sales and marketing	55.9	21.1	8.8	9.8	6.7
General and administrative	45.3	27.4	9.1	9.6	10.9
Amortization of deferred compensation	--	--	33.5	36.0	23.0
Total operating expenses	224.2	66.8	38.3	43.2	47.2
Loss from operations	(330.1)	(85.7)	(37.7)	(52.0)	(31.5)
Interest and other income (expense), net	2.1	(0.5)	(0.6)	--	1.5
Net loss	(328.0)%	(86.2)%	(38.3)%	(52.0)%	(30.0)%

Results of Operations for the Nine Months Ended March 31, 1999 and 2000

REVENUES. Revenues increased $15.4 million, or 292%, from $5.3 million in the nine months ended March 31, 1999 to $20.7 million for the nine months ended March 31, 2000. This increase in revenues was primarily due to increased shipments of our wavelength expansion products to new and existing customers. This increase was offset by a decrease in the price of a product sold to Lucent and a decrease in the average selling price of some of our other products.

GROSS PROFIT (LOSS). Gross profit increased $2.7 million, or 449%, from $590,000 in the nine months ended March 31, 1999 to $3.2 million for the nine months ended March 31, 2000. This resulted in an increase in gross margins from 11.2% to 15.7%. The increase in our gross margin was primarily the result of increased unit shipments of our products and economies of scale resulting from higher production volumes. This increase was partially offset by a decrease in the average selling price of some of our products and the recording of a provision for excess and obsolete inventory of $2.7 million compared to a provision of $326,000 in the nine months ended March 31, 1999.

RESEARCH AND DEVELOPMENT. Research and development expenses increased $950,000, or 231%, from $412,000 for the nine months ended March 31, 1999 to $1.4 million for the nine months ended March 31, 2000. The increase in research and development expenses was primarily due to increases in personnel-related costs and prototype expenses.

SALES AND MARKETING. Sales and marketing expenses increased $877,000, or 170%, from $515,000 for the nine months ended March 31, 1999 to $1.4 million for the nine months ended March 31, 2000. The increase in sales and marketing expense was primarily due to increases in sales and marketing personnel and related costs, commission expenses to our internal and external sales representatives and tradeshow, advertising and other customer-related costs.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased $1.8 million, or 344%, from $509,000 for the nine months ended March 31, 1999 to $2.3 million for the nine months ended March 31, 2000. The increase in general and administrative expenses was primarily due to increases in personnel and related costs, professional services and bad debt reserves.

AMORTIZATION OF DEFERRED COMPENSATION. Through March 31, 2000, we have recorded a total of $14.8 million in deferred compensation. Amortization of deferred compensation expenses increased $2.8 million, or 150%, from $1.9 million for the nine months ended March 31, 1999 to $4.7 million for the nine months ended March 31, 2000.

INTEREST AND OTHER INCOME (EXPENSE), NET. Interest and other income for the nine months ended March 31, 1999 was $1,000 as compared to $320,000 for the nine months ended March 31, 2000. This increase is due to larger cash balances from the proceeds of our preferred stock financing in February 1999.

PROVISION FOR INCOME TAXES. We incurred operating losses for the nine months ended March 31, 1999 and 2000 and therefore had no provision for income taxes in either period. As of June 30, 1999, we had $3.7 million in net operating losses, which are available to offset future income subject to an annual limitation of $500,000. If not used, the net operating losses will expire between 2004 and 2019.

Results of Operations for the Fiscal Years Ended June 30, 1997, 1998 and 1999

REVENUES. Our revenues were $426,000, $2.5 million and $9.1 million for the fiscal years 1997, 1998 and 1999. These changes represent an increase of 485% from 1997 to 1998 and 265% from 1998 to 1999. The increases in revenue are primarily attributable to increased volume shipment of new and existing products.

GROSS PROFIT (LOSS). Our gross profit (loss) was $(451,000), $(471,000) and $1.9 million for the fiscal years 1997, 1998 and 1999. Our gross profit of $1.9 million for fiscal year 1999 represented 20.6% of revenues. The improvement in our gross margin from fiscal year 1998 to 1999 was primarily the result of increased unit shipments of our products, combined with a decrease in the cost of materials that are used in our products and economies of scale associated with higher production levels.

RESEARCH AND DEVELOPMENT. Research and development expenses were $524,000, $455,000 and $626,000 for the fiscal years 1997, 1998 and 1999. These changes represent a decrease of 13% from fiscal years 1997 to 1998 and an increase of 38% from fiscal years 1998 to 1999. The decrease in research and development expense from fiscal 1997 to fiscal 1998 was primarily due to prototype expenses. The increase in research and development expenses from fiscal 1998 to fiscal 1999 was primarily due to increases in personnel-related costs and prototype expenses.

SALES AND MARKETING. Sales and marketing expenses were $238,000, $527,000 and $802,000 for the fiscal years 1997, 1998 and 1999. These changes represent an increase of 121% from fiscal years 1997 to 1998 and an increase of 52% from fiscal years 1998 to 1999. The increase in sales and marketing expense for each period was primarily due to increases in sales and marketing personnel and related costs, commission expenses and tradeshow, advertising and other customer-related costs.

GENERAL AND ADMINISTRATIVE. General and administrative expenses were $193,000, $683,000 and $826,000 for the fiscal years 1997, 1998 and 1999. These changes represent an increase of 254% from fiscal years 1997 to 1998 and an increase of 21% from fiscal years 1998 to 1999. The increase in general and administrative expenses for each period was primarily due to increases in personnel and related costs and professional services.

AMORTIZATION OF DEFERRED COMPENSATION. Through June 30, 1999, we recorded a total of $6.5 million in deferred stock compensation. We recognized amortization of stock compensation of $3.0 million for the fiscal year 1999, and none during the fiscal year 1998 or 1997.

INTEREST AND OTHER INCOME (EXPENSE), NET. Interest and other income (expense) for the fiscal years 1997, 1998 and 1999 was $9,000 of income as compared to $12,000 and $57,000 of expense. The increase in expense from fiscal 1997 as compared to fiscal 1998 and 1999 was primarily due to increases in interest expense associated with borrowings.

PROVISION FOR INCOME TAXES. We incurred operating losses during the fiscal years 1997, 1998 and 1999 and had no provision for income taxes in any of these periods. As of June 30, 1999, we had $3.7 million in net operating losses, which are available to offset future income subject to an annual limitation of $500,000. If not used, the net operating losses will expire between 2004 and 2019.

Quarterly Results of Operations

The following table presents our operating results for the last seven quarters. The information for each of these quarters is unaudited but has been prepared on the same basis as the audited consolidated financial statements appearing elsewhere in this prospectus. In the opinion of management, all necessary adjustments, consisting only of normal recurring adjustments, have been included to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and the related notes appearing elsewhere in this prospectus. These operating results are not necessarily indicative of the results of any future period:

	THREE MONTHS ENDED (DOLLARS IN THOUSANDS)						
	SEPT. 30, 1998	DEC. 31, 1998	MAR. 31, 1999	JUNE 30, 1999	SEPT. 30, 1999	DEC. 31, 1999	MAR. 31, 2000
Revenues	$1,576	$1,657	$ 2,043	$3,818	$4,432	$ 6,817	$ 9,412
Cost of revenues	1,482	1,506	1,698	2,539	3,274	5,322	8,824
Gross profit	94	151	345	1,279	1,158	1,495	588
Operating expenses:							
Research and development	75	156	181	214	218	289	855
Sales and marketing	163	163	189	287	311	481	600
General and administrative	156	144	209	317	719	612	928
Amortization of deferred compensation	--	--	1,899	1,145	533	1,270	2,944
Total operating expenses	394	463	2,478	1,963	1,781	2,652	5,327
Loss from operations	(300)	(312)	(2,133)	(684)	(623)	(1,157)	(4,739)
Interest and other income (expense), net	(2)	(13)	16	(58)	35	23	262
Net Loss	$ (302)	$ (325)	$(2,117)	$ (742)	$ (588)	$(1,134)	$(4,477)
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	94.0	90.9	83.1	66.5	73.9		

78.1	93.8									
Gross profit		6.0	9.1	16.9	33.5	26.1	21.9	6.2		
Operating expenses:										
Research and development		4.8	9.4	8.9	5.6	4.9	4.2	9.1		
Sales and marketing		10.3	9.8	9.3	7.5	7.0	7.1	6.4		
General and administrative		9.9	8.7	10.2	8.3	16.2	9.0	9.9		
Amortization of deferred compensation		0.0	0.0	93.0	30.0	12.0	18.6	31.3		
Total operating expenses		25.0	27.9	121.4	51.4	40.1	38.9	56.7		
Loss from operations		(19.0)	(18.8)	(104.5)	(17.9)	(14.0)	(17.0)	(50.5)		
Interest and other income (expense), net		(0.1)	(0.8)	0.8	(1.5)	0.8	0.3	2.8		
Net Loss		(19.1)%	(19.6)%	(103.7)%	(19.4)%	(13.2)%	(16.7)%	(47.7)%		

Revenues increased in each of the seven quarters ended March 31, 2000. These quarterly increases were primarily due to the increased volume shipments of our wavelength expansion products to new and existing customers. These increases were offset by a decrease in the average selling price of some of our products and, in particular, by a decrease in the price of a product sold to Lucent during the quarters ended September 30, 1999 and December 31, 1999.

Both gross profit and gross margins increased in each of the four quarters ended June 30, 1999 primarily as a result of higher unit shipment volumes and the economies of scale associated with the higher production levels. Gross profit and gross margins decreased in the quarter ended September 30, 1999 from the prior quarter due to a significant drop in the average selling price of a product sold to Lucent. Gross profits increased in the quarter ended December 31, 1999 compared to the quarter ended September 30, 1999 primarily due to higher unit shipments partially offset by a further decrease in the average selling price of a product sold to Lucent. Gross margin decreased in this quarter primarily due to the lower average selling price of a product sold to Lucent. Gross profit and gross margins for the quarter ended March 31, 2000 decreased from the prior quarter primarily as a result of a significant increase in the provision for excess obsolete inventory. We expect gross margins to fluctuate in the future as average selling prices decline in our current products, as we incur higher manufacturing costs, as production yields fluctuate, as the mix of products changes, as we introduce new products which may have higher margins, and as we increase our production capacity.

Research and development, sales and marketing and general and administrative expenses have increased over the seven quarters ended March 31, 2000 primarily due to the addition of personnel, costs incurred for the development of new products, increases in sales commissions, promotional expenses, professional fees and bad debt reserves.

Due to the factors noted above and other factors noted under "Risk Factors," we believe that quarter-to-quarter comparisons of our operating results will not be meaningful. You should not rely on our results for any one quarter as an indication of our future performance.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through venture capital and private issuances of our convertible preferred stock, which totaled approximately $58.4 million in aggregate net proceeds through March 31, 2000. In February 2000, we raised $44.0 million from venture capital and private investors through the issuance of convertible preferred stock. As of March 31, 2000, we had cash and cash equivalents of $37.4 million and working capital of $45.1 million.

Our operating activities used cash of $2.8 million in fiscal 1997, $2.1 million in fiscal 1998, $537,000 in fiscal 1999, and $9.2 million during the nine months ended March 31, 2000. Cash used in operating activities was primarily attributable to net losses incurred during fiscal 1997, 1998, 1999 and the nine months ended March 31, 2000 of $1.4 million, $2.1 million, $3.5 million, and $6.2 million. In fiscal 1997, cash used in operating activities was also attributable to increases in accounts receivable, inventories, and prepaid expenses of $184,000, $215,000, and $200,000, and decreases in accrued liabilities of $922,000, partially offset by depreciation and amortization expense of $162,000. In fiscal 1998, cash used in operating activities was also attributable to increases in accounts receivable and prepaid expenses of $509,000 and $174,000, partially offset by increases in accounts payable and accrued liabilities of $280,000 and $210,000, and depreciation expense of $179,000. In fiscal 1999, cash used in operating activities was also attributable to increases in accounts receivable, inventories and prepaid expenses of $1.2 million, $2.0 million and $480,000, partially offset by increases in accounts payable and accrued liabilities of $2.8 million and $574,000, and depreciation expense and amortization of stock compensation of $267,000 and $3.0 million. During the nine months ended March 31, 2000, cash used in operating activities was also attributable to increases in accounts receivable, inventories and prepaid expenses of $2.7 million, $7.1 million, and $2.4 million, and increases in accounts payable of $3.3 million, accrued liabilities of $1.7 million, depreciation and amortization of $501,000, and amortization of deferred stock compensation of $4.7 million.

Our investing activities used cash of $199,000 in fiscal 1997, $411,000 in fiscal 1998, $1.4 million in fiscal 1999 and $4.9 million during the nine months ended March 31, 2000. Our investing activities primarily reflect the purchase of property and equipment. During the next 12 months we expect to expense approximately $60 million related primarily to the expansion of our manufacturing facilities. We expect to use cash generated from the offering for these expenditures.

Our financing activities provided cash of $2.4 million in fiscal 1997, $3.3 million in fiscal 1998, $5.7 million in fiscal 1999, and $46.8 million during the nine months ended March 31, 2000. The increase in cash in each of these periods was primarily from the net proceeds from the issuances of our convertible preferred stock.

Our principal source of liquidity at March 31, 2000 consisted of $37.4 million in cash and cash equivalents. We believe that the proceeds from this offering, together with our current cash and cash equivalent balances, and any cash generated from operations will be sufficient to meet our operating and capital requirements for at least the next 12 months. However, it is possible that we may require additional financing within this period. We have no current plans, and we are not currently negotiating, to obtain additional financing following the completion of this offering. The factors described above

will affect our future capital requirements and the adequacy of our available funds. In addition, even if we raise sufficient funds to meet our anticipated cash needs during the next 12 months, we may need to raise additional funds beyond this time. We may be required to raise those funds through public or private financings, strategic relationships or other arrangements. We cannot assure you that such funding, if needed, will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be dilutive to stockholders, and debt financing, if available, may involve restrictive covenants. If we fail to raise capital when needed, our failure could have a negative impact on our ability to pursue our business strategy and achieve and maintain profitability.

Qualitative and Quantitative Market Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. Some of the securities that we may invest in may be subject to market risk. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, money market funds, government and non-government debt securities and certificates of deposit. As of March 31, 2000, all of our investments were in money market funds, certificates of deposits or high quality commercial paper.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board, or FASB, issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS No. 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income (loss), depending on the type of hedging relationship that exists.

In July 1999, the FASB issued SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 deferred the effective of SFAS No. 133 until fiscal years beginning after June 15, 2000. We do not believe that the adoption of SFAS No. 137 will have a material impact on our operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin, or SAB, No. 101, "Revenue Recognition in Financial Statements, "which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. We believe that we have complied with the guidance of SAB 101.

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44, or FIN 44, "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of Opinion No. 25 for (a) the definition of employee for purposes of applying Opinion No. 25, (b) the criteria for

determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequences of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions cover specific events that occur after either December 15, 1998, or January 12, 2000. We believe that the impact of FIN 44 will not have a material effect on our financial position or results of operations.

In various areas, including revenue recognition, accounting standards and practices continue to evolve. Additionally, the SEC is preparing to issue interpretative guidance relating to SAB 101, and the FASB's Emerging Issues Task Force continues to address revenue related accounting issues. We believe we are in compliance with all of the rules and related guidance as they currently exist. However, any changes to generally accepted accounting principles in these areas could impact our future accounting for our operations.

Business

Overview

We provide a broad line of high performance fiber optic components and integrated optical modules worldwide to communication equipment suppliers. Our bandwidth creation products substantially increase the capacity of fiber optic networks. Our bandwidth management products provide communication service providers with network intelligence, or the ability to manage optical signals to enhance network performance. By combining our technical expertise with our extensive micro-optic manufacturing capability and capacity in the United States and China, we produce large volumes of components as well as customize integrated products to meet the specific design needs of our customers. Our customers include: ADVA, Alcatel, Cisco, Corning, JDS Uniphase, Lucent, NEC, Nortel and Sycamore.

Industry Background

Increase in Bandwidth Demand

The rapid growth of Internet activities such as conducting electronic commerce and transmitting large data and video files has caused a significant increase in data traffic across communication networks. According to Ryan, Hankin & Kent, or RHK, a leading market research and consulting firm, Internet traffic will increase from 0.4 million terabytes, or trillions of bytes, per month at the end of 1999, to over 15 million terabytes per month in 2003, a compound annual growth rate of 156%. The growth in Internet usage has created significant demand for improved network capacity, or bandwidth. To accommodate this increase in demand, communication service providers are upgrading their network systems by incorporating the latest technologies.

Evolution of the Optical Network

Communication networks were originally designed to handle voice rather than high-speed data traffic. These networks were based on the transmission of electronic signals over copper wires and are limited in their ability to handle large quantities of data. As a result, communication service providers are increasingly adopting fiber optic technology. Fiber optic technology can more effectively handle large quantities of data by transmitting signals using pulses of light rather than electric signals. Fiber optic equipment consists of both passive and active components. Passive optical components guide, mix, filter, route, adjust and stabilize optical signals transmitted through an optical network and generally do not require power to operate. Active components, in contrast, require power and use electrical signals to create, modulate or amplify the original optical signal. While fiber optic technology has existed for decades, recent technological advances in design and production of both passive and active components have enabled communications equipment suppliers to introduce next-generation fiber optic systems to communication networks. These components increase the capacity of existing optical networks and enable the management of optical signals within the network.

BANDWIDTH CREATION. Communication equipment suppliers may increase the capacity of their customers' networks and transmit optical signals over greater distances through the use of bandwidth creation technologies.

- OPTICAL AMPLIFICATION. Prior to the development of fiber amplifiers, signal attenuation, or loss, limited the distance to approximately 60 miles over which an optical signal could be transmitted without regeneration. As a result, amplification equipment was installed in numerous physical locations throughout the network to provide regeneration of optical signals. This equipment, known as opto-electrical regenerators, essentially converts optical signals into electrical signals which are then amplified and converted back to optical signals allowing them to travel longer distances. This technology is expensive to deploy, difficult to maintain and inefficient. Advances in optical amplification component technology now make it possible to transmit an optical signal over a longer distance without opto-electrical conversion by using modules known as erbium-doped fiber amplifiers, or EDFAs, and Raman amplifiers. EDFAs combine a section of fiber with traces of an element which excites light signals as they pass through, resulting in the amplification of the signal. Unlike the EDFA, Raman amplifiers use the transmission fiber itself for amplification and do not require any specialty fiber.

- DENSE WAVELENGTH DIVISION MULTIPLEXING. Due to the increased demand for bandwidth capacity, communication equipment suppliers are developing optical systems that allow more data to be transmitted over an existing fiber without the addition of new fiber. This is being accomplished through components that utilize wavelength division multiplexing technology, or WDM, which simultaneously transmits multiple wavelengths instead of just one wavelength over a single fiber. Optical signals traveling over different wavelengths are consolidated using multiplexing devices at one end, then transmitted over a single fiber. At the other end of the fiber the optical signal is demultiplexed, or separated, much like a prism separating different colors of light. This technology has

been further enhanced by the introduction of dense wavelength division multiplexing, or DWDM, which permits wavelengths to be more closely spaced, thereby allowing more wavelengths to be transmitted simultaneously.

BANDWIDTH MANAGEMENT. Bandwidth management technologies enable communication equipment suppliers to add intelligence to their systems, which allows communication service providers to monitor the performance, and control the direction, of light signals throughout the optical network.

- WAVELENGTH MONITORING. As fiber optic networks become more complex, wavelength monitoring is critical to maintaining a high quality of service. Currently, optical signals are transmitted over a limited number of wavelengths. While adding more wavelengths in a single optical fiber can significantly increase the network capacity, managing a large and increasing number of wavelengths on optical fibers poses a constant challenge to the communication service providers. These monitoring issues can be resolved by integrating optical components with electronics, providing intelligence to fiber optic systems. The added intelligence to the network enables communication service providers to make decisions that improve traffic flow and network efficiency.

- OPTICAL SWITCHING. Today's optical networks are simple point-to-point transmission systems in which switching, or changing the direction of an optical signal, is performed electronically rather than optically. As networks grow more complex towards all optical systems, there is a growing demand for fiber optic components that can switch without an opto-electrical conversion.

Segmentation of the Communications Network

Communication service providers rely upon communication equipment suppliers to provide systems that address the specific technical, pricing and performance requirements of their networks. Network requirements will differ throughout the various segments of a network, therefore systems from different equipment suppliers are often installed. Optical component manufacturers provide the underlying technologies for these systems. The four segments of the network include:

- ultra-long haul, for cross-country connections;

- long haul, for long distance connections between cities;

- metropolitan, for connections within urban areas; and - access, for connections to individual homes and businesses.

The ultra-long haul and long haul network segments currently represent the largest markets today for optical equipment. Optical technologies in the metropolitan and access network segments are becoming increasingly prevalent.

Challenges Faced by Fiber Optic Component Manufacturers

Communication equipment suppliers rely upon fiber optic component manufacturers to quickly design, manufacture and supply advanced optical technologies. Even large communication equipment suppliers that manufacture their own components are finding that demand for components exceeds their own supply capabilities and are increasingly seeking third-party providers to supplement their supply. Component manufacturers face the following issues in trying to meet this demand.

- NEED FOR OPTICAL COMPONENT INTEGRATION. Communication equipment suppliers strive to reduce the overall cost, size, amount and manufacturing complexity of equipment used to build optical networks. The number of components that they must utilize to improve system performance has substantially increased due to the growing complexity of optical network systems. Thus, component manufacturers need to integrate more optical components into single compact modules. Such integrated components may often provide higher performance and functionality than individual products that are linked together, however, integration often adds more design complexity.

- NEED FOR OPTICAL COMPONENT MANUFACTURING CAPACITY. Rapid technological advances coupled with high demand for the latest optical components and integrated optical modules has reduced product lifecycles and shortened the time for deployment within networks. Optical component manufacturers are increasingly compelled to achieve a significant ramp-up in manufacturing capacity and reduce time-to-market for new component design in order to meet the demand of equipment suppliers.

- NEED FOR OPTICAL COMPONENT QUALITY AND RELIABILITY. While end users are demanding more bandwidth for voice and data services, they are typically unwilling to accept service levels that are below that which they have grown accustomed to with traditional voice service. Managing high volumes of voice and data traffic utilizing early-stage optical technology poses a unique problem to communication service providers that face the threat of significant revenue loss and customer churn if they do not provide a high level of service quality. Component manufacturers are increasingly expected to enhance and grow their technical expertise to achieve product quality and reliability that meets or exceeds technical standards.

- NEED FOR A BROAD LINE OF COMPONENTS AND EXPERTISE. As the complexity of optical networks increases, their performance can be enhanced by integrating more optical components into network equipment. Equipment suppliers prefer to rely on optical component manufacturers that possess technical expertise and knowledge across a broad range of components, and are able to efficiently integrate multiple component types into a custom solution. In addition, equipment suppliers that seek to streamline vendor qualification procedures and concentrate volume purchases may choose to use fewer component providers.

Solutions

We provide a broad line of high performance fiber optic components and integrated optical modules worldwide to communication equipment suppliers. Through internal research and development and selective acquisitions we have developed over 20 types of primary components which can be integrated through various combinations to create over 100 custom solutions. For all segments of the network we provide our customers with high quality passive components and integrated optical modules that are used for bandwidth creation and management. In situations where a customer requires a combination of multiple components within a module, our highly trained engineering and marketing staff works closely with them to design a reliable integrated solution. We work with our customers early in their development cycle and design our products to meet their particular requirements. This provides us with the ability to capture the volume production requirements of our customers when their systems are ready for commercial deployment. We support our customers' volume and time-to-market requirements with advanced micro-optic manufacturing and packaging facilities in both the United States and China.

The Oplink Strategy

Our objective is to be a leading supplier of high performance fiber optic components and integrated optical modules. The key elements of this strategy include:

EXPAND OUR MANUFACTURING CAPACITY AND ENHANCE MANUFACTURING CAPABILITIES THROUGH AUTOMATION. We plan to aggressively increase our manufacturing capacity in San Jose, California and Zhuhai, China. In addition, we intend to continue to invest in our manufacturing process and introduce automation techniques. We believe this will increase process yield, throughput and quality.

BUILD NEW AND EXPAND EXISTING CUSTOMER RELATIONSHIPS. Because of our early interaction with our customers during their product development stages, our experienced staff of engineers, have built relationships with premier communication equipment suppliers, including: ADVA, Alcatel, Cisco, Corning, JDS Uniphase, Lucent, NEC, Nortel and Sycamore. To better serve our existing customer base and attract new customers, we intend to significantly increase our technical marketing and support teams.

EXPAND AND ENHANCE OUR EXISTING LINE OF PRODUCTS FOR ALL SEGMENTS OF THE OPTICAL NETWORK. Our innovative fiber optic products enable both bandwidth creation and management. Through internal research and development and selective acquisitions we have built, and plan to continue to build, a broad product line of passive fiber optic components and integrated optical modules to meet the requirements of our customers. By offering a broad array of products we are able to serve numerous equipment providers across all segments of the network.

CONTINUE TO DEVELOP OPTICAL PRODUCTS WITH INTELLIGENCE FEATURES. We believe that some our products, including our wavelength performance monitors and wavelength protection modules, are differentiated by their intelligence features. The intelligence of an optical product is created by adding an electronic interface which provides monitoring and controlling capabilities to optical networks. We are currently adding this capability to other products including our reconfigurable wavelength add/drop and wavelength switching families of products. We plan to continue to enhance existing and introduce new intelligent optical modules to our product line within the bandwidth management segment of our business. We believe that this will allow us to capitalize on the industry trend towards all-optical networks and enhanced network functionality.

CONTINUE TO ATTRACT TALENTED PERSONNEL. The market for experienced photonics and optics design and application engineers is highly competitive. We have design and manufacturing centers in San Jose, California and several locations in China. These areas have significant numbers of locally available experienced optics design engineers. We plan to continue recruiting high quality talent at our existing locations. We believe that the combination of our local knowledge and the availability of experienced talent in China is a competitive advantage that will enable us to meet the expected growth of our business and respond more quickly to large volume orders.

PURSUE SELECTIVE ACQUISITIONS OF BUSINESSES AND TECHNOLOGIES. We intend to continue to leverage our reputation to aggressively pursue strategic acquisitions that can provide us with key intellectual property, strategic products and highly-qualified engineering personnel to rapidly increase our technological expertise and expand the breadth of our product portfolio.

Products and Technologies

We provide a broad line of fiber optic components and integrated optical modules designed to satisfy the needs of communication equipment suppliers. We categorize our products by the functionalities provided within a network, from bandwidth creation to bandwidth management. Some of our products have attributes which combine both of these functions. While all of our bandwidth creation components can be categorized as passive optical components, some of our bandwidth management components utilize electronic interfaces to provide intelligence and to enhance their function in a network.

Bandwidth Creation Products

Communication equipment suppliers use our bandwidth creation products to expand the capacity of their customers' networks and enable optical signals to travel over greater distances.

WAVELENGTH EXPANSION PRODUCTS. In fiber optic communications, different signals are transmitted over multiple wavelengths. With increases in the number of wavelengths and data rates, spacing between the wavelengths narrows and it becomes increasingly important to separate and direct them into their respective receivers. We offer wavelength expansion products that function as highly

sensitive filters that enable combination and separation of a particular wavelength. Wavelength expansion products include wavelength multiplexing (combining), de-multiplexing (separating), wavelength interleaving and locking. We offer the following products to handle these tasks.

- DENSE WAVELENGTH DIVISION MULTIPLEXERS. A dense wavelength division multiplexer, or DWDM, is an integrated optical module that combines two or more wavelengths for transmission over a single fiber (multiplexing) or separates these wavelengths (demultiplexing) at the receiving end. Our DWDM technology uses thin film filter technology to separate optical signals.

- DWDM INTERLEAVERS. A DWDM interleaver is an optical component that combines and separates signals into complementary adjacent wavelengths, effectively doubling the capacity of the optical network system.

- WAVELENGTH LOCKERS. A wavelength locker is an opto-electrical component that is used to stabilize the wavelengths of lasers used in DWDM transmission systems. Wavelength lockers ensure that the wavelength of a source laser does not interfere with an adjacent wavelength signal.

- NOISE REDUCTION FILTERS. A noise reduction filter is a filter array module used in conjunction with a particular DWDM module to reduce optical signal noise.

- CHROMATIC DISPERSION COMPENSATORS. A chromatic dispersion compensator is a module that reduces the negative effect of different wavelengths reaching their destinations at different times.

- DISPERSION SLOPE COMPENSATORS. A dispersion slope compensator is a module that reduces the negative effect of different wavelengths reaching their destinations at different times in an irregular fashion.

OPTICAL AMPLIFICATION PRODUCTS. Optical fiber amplifiers are widely deployed in optical communication networks to enhance the optical signal power. Optical signals typically lose power and eventually are lost after travelling a long distance along an optical fiber. This power loss is referred to as attenuation. Through recent advances in technology, the optical signal can be amplified with EDFAs or with Raman amplifiers, neither of which require opto-electrical conversion. The amplifiers are arranged along fiber cable lines at regular intervals to enable the optical signal to reach its destination as a clear and readable message. While amplifiers range in complexity, a typical amplifier consists of a fiber and several of the components listed below.

- ISOLATORS. Isolators are fiber optic devices that transmit light in only one direction, thus preventing reflected light signals from returning to its laser source. Reflected light can interfere with a laser's process and create noise, which can impair system performance in optical networks.

- TAP COUPLERS. Tap couplers transfer optical signals between fibers. They are widely used for system monitoring purposes and have very low insertion loss, or the power loss incurred when adding additional components to a fiber cable.

- WDM PUMP/SIGNAL COMBINERS. Micro-optic WDM pump/signal combiners are components that provide power for the optical amplifier. They are used to efficiently combine light signals with pump laser sources that energize signals in optical amplifiers.

- INTEGRATED HYBRID COMPONENTS. Optical amplifier systems can combine optical components, including isolators, tap couplers and WDM pump/signal combiners. The main advantage of hybrid components is that they minimize the amplifier package size and reduce manufacturing cost.

- GAIN FLATTENING FILTERS. Gain flattening filters are used to ensure signals are amplified by equal amounts. Our thin film technology employs multiple layers of optical materials on glass to adjust optical output at different wavelengths to meet the needs of next-generation high power amplifiers.

- WDM PUMP COMBINERS. WDM pump combiners are used to increase the power of an optical amplifier by combining multiple pump lasers into one common pump source for amplification.

- POLARIZATION BEAM COMBINERS. Polarization beam combiners are optical components that combine two of the same or different wavelengths with opposing polarization to increase the power output of the optical amplifier.

- VARIABLE OPTICAL ATTENUATORS. Variable optical attenuators, or VOAs, are optical devices that reduce the power of the optical signal in DWDM networks to ensure that all optical signals within a network have equal power. The amount of power reduction of a particular optical signal can be adjusted to match the power of other optical signals in the network.

Bandwidth Management Products

Communication equipment suppliers use our bandwidth management products to add intelligence to their systems which allows communication service providers to monitor the performance, and control the direction, of light signals throughout the optical network.

WAVELENGTH PERFORMANCE MONITORING AND PROTECTION PRODUCTS. The ability to monitor wavelengths within an optical network enables service providers to maintain quality of service even in the event of an interruption in the signal path, such as a cut in the fiber. It is significantly more difficult to monitor signal flow in optical systems as compared to electrical systems. Monitoring requires that optical signals be extracted from the fiber without interfering with the optical signal travelling through the same fiber. We offer products that enable service providers to monitor network performance and make necessary decisions for traffic flow and network efficiency.

- SUPERVISORY CHANNEL MONITORS. Our supervisory channel monitors are integrated solutions that combine multiple network performance monitoring functions in a single package and integrate our WDMs and couplers. These modules enable communication service providers to identify line connectivity.

- WAVELENGTH PERFORMANCE MONITORS. Our multi-channel wavelength performance monitors are integrated solutions that combine tap couplers, splitters and third-party photodetectors that convert light signals into electrical signals. These modules allow communication service providers to monitor whether or not wavelengths are being transmitted properly through the network.

- WAVELENGTH PROTECTION MODULES. Our multi-channel wavelength protection modules are integrated solutions that combine tap couplers, splitters, switches and third-party photodetectors. These modules integrate network protection functions and monitor the optical signal quality, such as optical power, wavelength and signal-to-noise ratio. In addition, these modules can provide fast routing and switching capabilities in response to unexpected errors in the optical network. They also enable communication service providers to instantly monitor the network performance at each individual optical wavelength, allowing increased management of traffic flow and network efficiency.

OPTICAL SWITCHING PRODUCTS. As optical networks become more complex, there is an increasing demand to provide switching capability to direct optical signals across multiple points in the network. We supply optical fiber switching products that provide all-optical signal switching between fibers with up to eight different end destinations.

- SWITCHES. Optical switches are devices that can direct optical signals to different end destinations.

- OPTICAL ADD/DROP MULTIPLEXERS. Optical add/drop multiplexers, or OADMs, are used when part of the information from an optical signal carried on the network is demultiplexed, or dropped, at an intermediate point and different information is multiplexed, or added, for subsequent transmission. The remaining traffic passes through the multiplexer without additional processing. The OADM is typically used for rerouting a number of specific optical wavelengths with different end destinations.

- RECONFIGURABLE OADMS. Reconfigurable OADMs combine OADM functionality with optical switches and add flexibility to the network by allowing the dynamic add/drop of variable optical wavelengths with different end destinations.

- CIRCULATORS. Circulators consist of sophisticated micro-optic components that are used to direct optical signals between different fibers. Circulators are also used in optical amplifying applications.

The following is a representative sample of some of our products. We are currently shipping all of these products except for those denoted as "in development."

PRODUCTS FUNCTION BENEFIT MARKET

	WAVELENGTH EXPANSION PRODUCTS		
200GHz DWDM	- Provide up to 40 DWDM channels	- Low cost	- Ultra-long haul
		- High performance	- Long haul
		- High reliability	- Metro
			- Access
100GHz DWDM (in development)	- Provide up to 80 DWDM channels	- High reliability	- Ultra-long haul
		- Advanced performance characteristics	- Long haul
			- Metro
Noise Reduction Filters	- Noise reduction used in conjunction with a particular DWDM	- Low insertion loss - Compact package - Low cost	- Long haul
100GHz Interleavers (in development)	- Enable DWDM with high number of channels - Double bandwidth capacity	- Compact size - No electrical cooling - Low insertion loss	- Long haul - Metro

Wavelength Lockers (in development)	- Ensure optical signal wavelength accuracy and stability for DWDM	- High flexibility - Compact size	- Long haul - Metro
Chromatic Dispersion and Dispersion Slope Compensators (in development)	- Compensate light signal shape in high speed transmission	- Wide dynamic range - Compact size	- Ultra-long haul - Long haul
OPTICAL AMPLIFICATION PRODUCTS			
Isolators	- Reduce noise and improve system performance	- Low cost - Compact size	- Ultra-long haul - Long haul - Metro
Tap Couplers	- Enable signal monitoring	- Very low cost - Wide bandwidth - Low insertion loss	- Ultra-long haul - Long haul - Metro - Access
Integrated Hybrid Component: Isolator+WDM+Tap	- Improve EDFA performance	- Compact size - High reliability	- Ultra-long haul - Long haul - Metro
Gain Flattening Filters (GFF)	- Improve amplifier performance across large number of channels	- Temperature insensitive - Low error level - High reliability	- Long haul
Polarization Beam Combiners	- Increase amplifier power by combining beams of the same wavelength	- Sustain high laser beam power - Low insertion loss	- Ultra-long haul - Long haul
Variable Optical Attenuator (in development)	- Balance optical power in fibers	- Low cost - Compact size	- Long haul - Metro - Access
WAVELENGTH PERFORMANCE MONITORING AND PROTECTION PRODUCTS			
Supervisory Channel Monitors	- Monitor transmission line integrity	- Compact size - Integrated functions - Low cost	- Long haul - Metro
Wavelength Monitoring and Wavelength Protection Modules	- Monitor optical signal quality - Provide protection switching when needed	- Compact package - Fast response - High performance	- Long haul - Metro
OPTICAL SWITCHING PRODUCTS			
Switches 1X2, 2X2 and 1X8	- Direct optical signals between fibers - Provide reliable network protection	- Compact size - Low insertion loss - Low cost - Fast switching time	- Long haul - Metro
Optical Add/Drop Multiplexers (OADMs)	- Enable signal add/drop function at multiple points	- Wide wavelength range - Low insertion loss	- Long haul - Metro
Reconfigurable OADMs (in development)	- Dynamic signal add/drop function	- Flexible add/drop wavelength - Low insertion loss	- Long haul - Metro
Circulators	- Direct signals between fibers - Perform optical add/drop	- Compact size - High reliability	- Ultra-long haul - Long

- Low insertion loss - Metro

Customers

We sell our products worldwide to communication equipment suppliers. In certain cases, we sell our products to other component manufacturers for resale. During the nine months ended March 31, 2000, we sold our products to over 100 companies worldwide.

During the nine months ended March 31, 2000, sales to Lucent, JDS Uniphase, Sycamore Networks and Marubun accounted for 36.0%, 15.8%, 12.6% and 10.6% of revenue. We expect that the majority of our revenues will continue to depend on sales to a small number of customers. In addition, some of our customers are companies with which we presently compete or in the future may compete.

Customer Case Studies

We work closely with our customers to meet their unique needs. The following are examples of successful collaborations with our customers to develop innovative products.

- We worked closely with one of our major customers to quickly develop a solution enabling them to monitor and protect signals in their DWDM systems. The customer required a module that could tap into the network with minimal intrusion, monitor wavelengths in an optical signal and, in the case of signal loss, perform fiber switching to reroute the signal. All of these functions had to be packed in a very small box. We quickly developed a custom solution by integrating numerous components into a module which met the customer's specifications. This integrated product provides on-time signal monitoring by contemporaneously analyzing wavelength, power level and signal-to-noise ratio information. It also performs network protection functions in less than 15 milliseconds, which exceeds the industry standard of 50 milliseconds.

- A global communication equipment supplier planned to increase the speed of their networking systems by migrating from copper to optical technology. Because they did not have the optical expertise to achieve this migration, they relied upon our technical experts to design and consult on the technology. We worked closely with the customer to create a product that could seamlessly be integrated with the customer's existing system. The customer was among the first few companies to launch next-generation metro DWDM systems. Our contributions help to shorten their time-to-market. As a result, we have become one of their major suppliers of DWDM and other fiber optic components.

Customer Agreements

In July 1999, we entered into an agreement with Corning providing that we will purchase all of our external requirements for various materials from Corning as long as Corning offers the materials to us on terms at least as favorable as those offered to us by another supplier. Corning has agreed to purchase

various components from us and we will offer to supply Corning any quantity of various components that is within our manufacturing capacity so long as Corning purchases a minimum value of components from us each year. In addition, if, prior to April 1, 2002, Corning requests a license to one or more of our patents that were applied for or granted before April 1, 1999, we have agreed to negotiate in good faith with Corning to enter into this license. The agreement terminates on January 1, 2004, unless we and Corning agree to extend it.

In July 1999 and November 1999, we entered into three consignment supply agreements with Lucent Technologies pursuant to which we agreed to sell Lucent various modules on a blanket order consignment basis. The agreements provide that Lucent will notify us periodically of the number of modules it will require us to ship on consignment. Lucent has agreed to purchase any modules it withdraws from the consigned inventory at an agreed price. To the extent we offer to sell modules that are similar in quality and volume to any other customer at a lower price, we have agreed to offer Lucent the lower price. Lucent may terminate any or all consignment orders, in whole or in part, at any time and without cause.

Backlog

We define backlog to include orders for which we expect to recognize revenue within the succeeding twelve months. As of March 31, 2000, our backlog was $54.2 million. Sales are made pursuant to purchase orders, which are frequently subject to revision or cancellation. Our backlog includes products that have been shipped or scheduled for shipment to Lucent but not yet accepted for use. Because of the possibility of changes in delivery or acceptance schedules, cancellations of orders, distributor returns or price reductions, our backlog, as of any particular date, may not be representative of actual sales for any succeeding period.

Marketing, Sales and Customer Support

We market and sell our products through both direct sales and distribution channels, including three domestic and 13 international sales representatives and distributors. Our sales representatives and distributors are independent organizations that generally have exclusive geographic territories within North America, Europe and Asia. We also employ 18 people in sales, marketing and customer service and support who manage key customer accounts and support our direct sales force, representatives and distributors.

Our marketing team promotes our products within the communications industry as well as gathers and analyzes market research. Our marketing professionals help us to identify and define next-generation products by working closely with our customers and our research and development engineers. They also coordinate our participation in trade shows and design and implement our advertising effort.

Product Development

As of June 30, 2000, we had 38 engineers, 12 of whom hold Ph.D. degrees, and 98 technicians and operators, involved in research and development of our products. Our engineering team has extensive design, package, processing and software experience in the fields of fiber optic components, integrated optic interfaces and systems. To date, we have been granted 10 patents by, and have 22 patent applications pending with, the U.S. Patent and Trademark Office for various technologies and products, including DWDM interleavers, DWDM modules, multi-channel optic filter arrays, high reliability fused couplers, circulators, compact optical switches and polarization beam combiners.

Our primary product development center is located in San Jose, California. We also maintain product development centers in Zhuhai and Fuzhou, China. Our research and development expense was $1.4 million, $626,000, $455,000 and $524,000 for the nine months ended March 31, 2000 and fiscal years ended June 30, 1999, 1998 and 1997. We have increased, and intend to continue to increase, our research and development budget and staff to enhance our current fiber optic components and modules, and to develop new technologies and products to serve the next-generation communication markets.

Manufacturing

We currently manufacture the majority of our components and modules at our headquarters in San Jose, California. We also manufacture our products at our manufacturing facilities in Zhuhai and Fuzhou, China.

Each of our facilities maintain complete in-house manufacturing capabilities including component and module design, integration, production and testing. We plan to continue to invest resources in manufacturing management, engineering and quality control. We also plan to continue to develop automated manufacturing systems to provide higher throughput, improve yields and reduce our manufacturing costs.

We have recently increased our manufacturing capacity by expanding the size of our San Jose facility from approximately 25,000 square feet to approximately 100,000 square feet. In addition, we are expanding our manufacturing facilities in Zhuhai from approximately 30,000 square feet to approximately 110,000 square feet. The component and module designs, assembly procedures, manufacturing processes and quality standards from our U.S. headquarters are substantially replicated at our China facilities, and all of the tests are specified to meet strict industry quality standards.

A number of critical raw materials used in manufacturing our products are acquired from single or limited source suppliers. The inability to obtain sufficient quantities of those materials may result in delays, increased costs and reductions in our product shipments. Between January 1997 and August 1999, we entered into several development agreements with Barr Associates, Inc. pursuant to which Barr agreed to design, develop and build multiple vacuum deposition systems for us at an agreed upon price. These systems are used to produce bandpass filters, an integral component of our DWDMs.

Under the terms of these agreements, we are entitled to purchase 100% of the bandpass filters produced by Barr on these systems at a discount. Our discount will continue until our accumulated total discount on filters produced in all systems equals the total amount of our investment in the systems.

Quality

We have established a quality management system to assure that the products we provide to our customers meet or exceed industry standards. This system is based on the international standard ISO 9001. Our U.S. headquarters have been ISO 9001 certified in research and manufacturing since July 1998. Our Zhuhai facility has been ISO 9002 certified in manufacturing since January 2000.

Competition

The markets in which we sell our products are highly competitive. Our overall competitive position depends upon a number of factors, including:

- price;

- availability, performance and reliability of our products;

- the breadth of our product line;

- the ability to win designs through prototyping;

- manufacturing capacity;

- the quality of our manufacturing processes;

- the compatibility of our products with existing communications networks; and - our ability to participate in the growth of emerging technologies.

We believe that our principal competitors are the major manufacturers of optical components and modules, including both vendors selling to third parties and business divisions within communication equipment suppliers. Our principal competitors in the components market include Avanex Corporation, Ciena Corporation, Corning, DiCon Fiberoptics, Furukawa Electrical, JDS Uniphase, which recently acquired E-TEK Dynamics and announced its intended acquisition of SDL, Lucent, New Focus, Nortel, Sumitomo and Tyco Electronics. We believe that we primarily compete with diversified suppliers, such as Corning, JDS Uniphase, Lucent and Nortel, for the majority of our product line and to a lesser extent with niche players that offer a more limited product line.

Many of these companies have substantially greater financial, engineering and manufacturing resources as well as greater name recognition and stronger customer relationships. Some of our customers are companies with which we presently compete or in the future may compete. In addition,

some of our customers have been or could be acquired by, or enter into strategic relations with, our competitors. We anticipate that further consolidation will occur in our industry, thereby possibly increasing competition in our target markets.

Intellectual Property

To date, we have been granted 10 patents by, and have 22 patent applications pending with, the U.S. Patent and Trademark Office covering various technologies and products. While we rely on patent, copyright, trade secret and trademark law and restrictions on disclosure to protect our technology, we believe that factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements and reliable product maintenance are essential to establishing and maintaining a technology leadership position. We cannot assure you that others will not develop technologies that are similar or superior to our technology.

Protecting our intellectual property is critical to the success of our business. Despite our efforts to protect our proprietary rights, various unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Policing unauthorized use of our products is difficult, and there can be no assurance that the steps taken by us will prevent misappropriation of our technology. Moreover, the laws of some foreign countries, including China, do not protect our proprietary rights as fully as in the United States.

Substantial litigation regarding intellectual property rights exists in the optical communications industry. We expect that fiber optic components and modules may be increasingly subject to third-party infringement claims as the number of competitors in our industry segments grows and the functionality of products in different industry segments overlaps. In addition, we believe that many of our competitors in the optical communications industry have filed or intend to file patent applications covering aspects of their technology on which they may claim our technology infringes. We are currently involved in patent infringement actions with E-TEK Dynamics and Chorum Technologies. For a description of these actions, see "--Legal and Regulatory Matters." We cannot make any assurances that other third parties will not claim infringement by us with respect to our technology. Any such claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert management's attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us, if at all. A successful claim of product infringement against us and failure or inability by us to license the infringed or similar technology could seriously harm our financial condition.

Employees

As of June 30, 2000, we had 570 full-time employees located in the United States, 133 of whom were engaged in product development, 358 in manufacturing, 26 in quality, 18 in sales, marketing, application support and customer service, and 35 in general and administration. As of June 30, 2000,

we had 717 full-time employees located in China, four of whom were engaged in product development, 658 in manufacturing, 21 in quality, and 34 in general and administration. None of our employees are represented by a labor union. We have not experienced any work stoppages and we consider our relations with our employees to be good.

Facilities

In the United States, we lease a total of approximately 116,000 square feet in three buildings located in San Jose, California. Of the 116,000 square feet:

- we lease a 62,000 square foot manufacturing facility and 16,000 square feet of administrative, sales and marketing space pursuant to a lease that expires in February 2005; and - we lease a 38,000 square foot research and development facility pursuant to a lease that expires in October 2002.

In China, we lease a total of approximately 140,000 square feet in two facilities located in Zhuhai and Fuzhou, China. Our Zhuhai facilities total approximately 130,000 square feet, with the manufacturing facility totaling approximately 110,000 square feet and 20,000 square feet of office and dormitory space. The lease for these facilities expires in March 2005. In Fuzhou we maintain an approximately 10,000 square foot research and development and manufacturing facility pursuant to a lease expiring on August 2007. In addition, in May 2000, we acquired rights to a parcel of land in China which we intend to use for future expansion of our manufacturing facilities. We have the right to use this land until May 2050.

Legal Proceedings and Regulatory Matters

Legal Proceedings

On November 12, 1999, E-TEK Dynamics, Inc., recently acquired by JDS Uniphase, filed a lawsuit against us, in the United States District Court for the Northern District of California (Case No. C99-04921 CRB) alleging that we have infringed E-TEK's U.S. Patent No. 5,652,814 relating to fiber optic couplers based on our manufacture and sale of our DWDM products. E-TEK is seeking an award for unspecified damages, including treble damages, for intentional and willful infringement, contributory infringement, inducement to infringe, and injunctive relief. Our DWDM products generated a majority of our revenues for the nine months ended March 31, 2000. An adverse ruling in this matter would materially adversely affect our financial condition. We are defending ourselves vigorously in this lawsuit.

On June 16, 2000, Chorum Technologies, Inc. filed a complaint, C.A. No. 3-00CV0458-M, against us and our subsidiary, Telelight Communications Inc., in the U.S. District Court for the Northern District of Texas (Dallas Division). In the complaint Chorum alleges that we have infringed two U.S. patents allegedly owned by Chorum relating to fiber optical interleaving, based on our manufacture of and offer to sell various products including the CFOI-100 series of fiber optical interleavers. Chorum also

alleges that our use of the name "TrueSlicer" in connection with the public announcement of the CFOI-100 products is confusingly similar to Chorum's alleged "Slicer" and "Optical Slicer" marks, and therefore violates section 43(a) of the Lanham Act and various unspecified Texas state laws. Chorum seeks actual and enhanced damages, injunctive relief, costs and attorney fees, and other relief. We have not yet responded to the complaint, but intend to defend ourselves vigorously.

The outcomes of the foregoing lawsuits are inherently uncertain. Our defense of these lawsuits, regardless of their eventual outcomes, will likely be costly and time consuming and will divert the efforts and attention of our management and technical personnel. Patent litigation is highly complex and can extend for a protracted period of time, which can substantially increase the cost of litigation. Accordingly, the expenses and diversion of resources associated with either of these matters could seriously harm our business and financial condition. In the event of an adverse ruling in either matter:

- we may be liable for significant monetary damages;

- we may be enjoined from manufacturing, selling or offering to sell certain of our products, including, in respect of the E-TEK litigation, products that are currently generating a majority of our revenues, and products we are developing; and - we may have to engage in a redesign of these products and products we are developing.

If an injunction were granted that prevents us from selling these products, we may have to seek a license to continue to sell and offer these products and products we are developing. We may not be able to secure any license on commercially reasonable terms, if at all. If we were to settle any of the foregoing matters and secure a license to continue to sell and offer our products and those we are developing, the licensing fees could be substantial. A redesign of our products would result in an interruption in sales that could extend for some time. We do not have insurance that would indemnify us for any liability that may be imposed in connection with the legal actions described above. Accordingly, if any of the foregoing events occur, it could result in a substantial reduction in our revenue and could result in losses over an extended period of time, which would have a material adverse effect on our results of operations.

Regulatory Matters

Our products are subject to U.S. export control laws and regulations that regulate the export of products and disclosure of technical information to foreign countries. These laws and regulations may require licenses for export to some of our products and disclosure of technology to some countries, including China, where a substantial portion of our manufacturing operations occur, and foreign citizens, including a number of our employees. We plan to file an application shortly to obtain a commodity classification confirming that we may export our products and disclose our technology to foreign countries, including China, and citizens, including Chinese nationals, without export licenses. In the event this classification is not obtained, we have alternatively filed applications to obtain licenses permitting us to disclose our technology to specified employees. However, we cannot assure you that we will obtain these classification and licenses. Furthermore, the Department of Commerce has initiated

an inquiry as to whether one of our employees received information in violation of licensing requirements. We may be found to have violated export restrictions with respect to this individual and in the past, which could result in criminal, civil and administrative penalties, including the denial of export privileges.

Management

Executive Officers and Directors

Our executive officers and directors as of July 12, 2000, are as follows:

Name Age Position

Joseph Y. Liu	50	Chief Executive Officer and Director
Alex Hsu	51	President, Global Manufacturing Operations
Bruce Horn	49	Chief Financial Officer and Treasurer
Wei-Zhong Li	40	Chief Technology Officer
Jingyu Xu	57	Senior Vice President, Engineering
Haiguang Lu	39	Vice President, Manufacturing
Qin Zhang	36	Vice President, Marketing
Ian Jenks(1)	46	Chairman of the Board of Directors
Chieh Chang	48	Director
Herbert Chang(1)(2)	38	Director
Edward Labuda(2)	63	Director
Leonard J. LeBlanc(2)	59	Director
David Spreng(1)	38	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

JOSEPH Y. LIU is one of our founders and has served as our Chief Executive Officer since September 1999. Mr. Liu was our Chairman of the Board from our inception in 1995 through May 2000 and currently serves as a member of our Board of Directors. From 1994 to 1995, Mr. Liu was the General Partner of Techlink Technology Ventures. Prior to 1994, Mr. Liu spent ten years as Chairman and Chief Executive Officer of Techlink Semiconductor and Equipment Corp., a semiconductor equipment and technology company. Mr. Liu also serves as a director of several privately held companies involved in semiconductor integrated circuit design and manufacturing. Mr. Liu received his B.S. from Chinese Cultural University, Taiwan and his M.S. from California State University, Chico.

ALEX HSU has served as our President, Global Manufacturing Operations since August 1999. Prior to joining Oplink, Mr. Hsu held several executive officer positions with UMAX Technologies, Inc., an imaging and computer products company, from 1993 to 1999. His positions included Executive Vice President, General Manager of the Imaging Product Division and Networking Communication Division and Vice President of Operations. From 1989 to 1993, Mr. Hsu held various executive positions at the Acer Group, including the Vice President of Operations and General Manager of the

New Micro Marketing International, a computer manufacturing and distribution company from, 1992 to 1993, President of Acer Technologies in Malaysia from 1990 to 1993, and Vice President of Acer, Inc. from 1989 to 1990.

BRUCE HORN has served as our Chief Financial Officer and Treasurer since April 2000. Prior to joining Oplink, Mr. Horn was a consultant at The Brenner Group, a consulting firm, from February 2000 to April 2000. From January 1993 to April 2000, Mr. Horn was the Vice President of Finance and Chief Financial Officer and from March 1991 to January 1993 he was Director of Finance and Chief Financial Officer of Larscom Incorporated, a telecommunications company. Mr. Horn received his B.A. in Accounting from the University of Northern Iowa, and his M.B.A. in Finance from California State University at Hayward.

WEI-ZHONG LI has served as our Chief Technical Officer since December 1997. Prior to joining Oplink, from May 1995 to December 1997, Mr. Li held technical positions with various companies in the fiber optical field, including Synchronous Communication, Inc., a communications equipment manufacturing company, Kaifa Technology, Inc., a fiber optics company, MP Inc., a fiber optics company, and E-TEK Dynamics, Inc, a fiber optics company. Mr. Li received his B.S. and M.S. degrees in Electrical Engineering from Beijing Institute of Technology, China. Mr. Li was the inventor for three approved patents and has filed seven patents that are pending in the U.S. Patent and Trademark Office. He is also the author of nine technical papers in the fiber optic and microwave communications fields.

JINGYU XU has served as our Senior Vice President of Engineering since November 1999. Prior to joining Oplink, Mr. Xu was the Director of Component Technology of Chorum Technologies, a fiber optics company, from February 1998 to October 1999. From February 1990 to January 1998, Mr. Xu held various research and development and engineering positions at E-TEK Dynamics, Inc., including the positions of Director of Engineering Research and Development. Mr. Xu received his B.S. from Ferdeon University, and his M.S. from Shanghai Jiaotung University, in China.

HAIGUANG LU has served as our Vice President of Manufacturing since February 1998. Prior to joining Oplink, Mr. Lu was a Production Manager at E-TEK Dynamics, Inc. from February 1993 to February 1998. Mr. Lu received his B.S. in Applied Physics and his M.S. in Fiber Optics at Shanghai Jiaotong University. Mr. Lu received his M.S. in Electrical Engineering at City College of New York.

QIN ZHANG has served as our Vice President of Marketing since February 1998. Prior to joining Oplink, Mr. Zhang was the President of Advanced Photon Technologies, a fiber optics company, from June 1997 to February 1998. From November 1995 to May 1997, Mr. Zhang was an Account Manager at E-TEK Dynamics, Inc. Mr. Zhang received his B.S. and his M.S. in Electrical Engineering from Huazhong University of Science & Technology, and his Ph.D. in Electrical Engineering from Brown University.

IAN JENKS has been a member of our board of directors since April 2000 and the Chairman of the Board since May 2000. From 1995 to 1998, Mr. Jenks was the President of the Lasers and Fiber Optics groups of Uniphase Corporation, a fiber optics company. Mr. Jenks also serves on the board of directors of several privately-held companies. Mr. Jenks received his B.S. in Aeronautical Engineering from Bristol University in the United Kingdom.

CHIEH CHANG has been a member of our board of directors since September 1995. Mr. Chang currently serves as Chief Executive Officer of Programmable Microelectronics Company, Inc., a fabless semiconductor design company. From April 1992 to August 1996, Mr. Chang was the Director of Technology at Cirrus Logic, Inc., a semiconductor company. Mr. Chang received his B.S. in Electrical Engineering from the National Taiwan University and his M.S. in Electrical Engineering from UCLA.

HERBERT CHANG has been a member of our board of directors since January 1997. Since April 1996, Mr. Chang has been President of InveStar Capital, Inc., a technology venture capital management firm based in Taiwan. From 1994 to 1996, Mr. Chang was Senior Vice President at WK Technology Fund, a venture capital fund. Mr. Chang serves on the boards of directors of Silicon Image, Inc., a manufacturer of semiconductors for high-speed communications applications, and Marvell Technology Group Ltd., a manufacturer of integrated circuits for communications-related markets. Mr. Chang received his B.S. from National Taiwan University and his M.B.A. from National Chiao-Tung University in Taiwan.

EDWARD LABUDA has been a member of our board of directors since July 2000. Since 1994, Mr. Labuda has been the Executive Director of the Lasers and Electro-Optics Society of the Institute of Electrical and Electronics Engineering. From 1990 to 1994, Mr. Labuda was the Vice President and Chief Operating Officer of the Lightwave Strategic Business Unit at AT&T Microelectronics, a communications company. Mr. Labuda received his B.S. in Physics from Case-Western University, his M.S. in Electrical Engineering from New York University and his Ph.D. in Electrical Engineering from Polytechnic Institute of New York.

LEONARD J. LEBLANC has been a member of our board of directors since July 2000. Mr. LeBlanc was the Executive Vice President and Chief Financial Officer of Vantive Corporation, a customer relationship management software and solution company, from August 1998 to January 2000. From March 1996 to July 1997, Mr. LeBlanc was the Executive Vice President of Finance and Administration and Chief Financial Officer at Infoseek Corporation, an Internet search and navigation company. From September 1993 to December 1994, Mr. LeBlanc served as Senior Vice President, Finance and Administration of GTECH Corporation, a manufacturer of lottery equipment and systems. From May 1987 to September 1993, Mr. LeBlanc served as Executive Vice President, Finance and Administration and Chief Financial Officer of Cadence Design Systems, Inc., an electronic design automation software company. Mr. LeBlanc received his B.S. and M.S. from the College of Holy Cross, and his masters degree in finance from George Washington University.

DAVID SPRENG has been a member of our board of directors since February 2000. Mr. Spreng was President of IAI Ventures, Inc., a venture capital company, from March 1996 until September 1998. He has also served in various capacities at Investment Advisers, Inc. from 1989 to 1998. Since September 1998, Mr. Spreng has served as the managing member for Crescendo Venture Management, LLC. Mr. Spreng is also a director of Tut Systems, a telecommunications equipment company, and Allied Riser Communications, a fiber optics-based telecommunications company. Mr. Spreng also serves on the board of several privately-held companies. Mr. Spreng received his B.S. in Finance and Accounting from the University of Minnesota.

Board of Directors

Our board of directors currently consists of seven members. Upon the closing of this offering, the terms of office of the board of directors will be divided into three classes. As a result, a portion of our board of directors will be elected each year. The division of the three classes, the initial directors and their respective election dates will be as follows:

- the class I directors will be Ian Jenks and David Spreng, and their term will expire at the annual meeting of stockholders to be held in 2001;

- the class II directors will be Chieh Chang and Herbert Chang, and their term will expire at the annual meeting of stockholders to be held in 2002; and - the class III directors will be Joseph Y. Liu, Edward Labuda and Leonard J. LeBlanc, and their term will expire at the annual meeting of stockholders to be held in 2003.

At each annual meeting of stockholders after the initial classification, the successors to directors whose terms will then expire, will be elected to serve from the time of election and qualification until the third annual meeting following their election. In addition, our certificate of incorporation will provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of the board of directors may have the effect of delaying or preventing changes in our control or management.

Board Committees

COMPENSATION COMMITTEE. We established a compensation committee in July 1999. The compensation committee currently consists of Messrs. Ian Jenks, Herbert Chang and David Spreng. The compensation committee reviews and recommends to the board of directors the compensation of all of our officers and directors, including stock compensation and loans, and establishes and reviews general policies relating to the compensation and benefits of our employees.

AUDIT COMMITTEE. We established an audit committee in July 1999. The audit committee currently consists of Messrs. Herbert Chang, Edward Labuda, and Leonard LeBlanc. The audit committee reviews our internal accounting procedures and consults with and reviews the services provided by our independent accountants.

Compensation Committee Interlocks and Insider Participation

None of the current members of our compensation committee is now or has ever been one of our officers or employees. None of our executive officers currently serves, or in the past has served, as a member of the board of directors or compensation committee of any entity that has one or more

executive officers serving on our board or compensation committee. Prior to the formation of the compensation committee, compensation decisions were made by our entire board of directors.

Director Compensation

We do not currently compensate our directors in cash for their service as members of the board of directors, although directors are eligible to be reimbursed for expenses incurred in connection with attending board of directors and committee meetings. During fiscal 2000, we granted options to purchase 50,000 shares of our common stock at an exercise price of $5.00 per share to each of Ian Jenks and David Spreng. Each of these options vests 25% of the shares after one year and the remainder of the shares on a monthly basis over the next three years. Our 2000 Equity Incentive Plan also provides for the automatic grant of non-statutory stock options to nonemployee directors. For further information regarding the provisions of the 2000 Equity Incentive Plan, see "--Benefit Plans."

Limitations on Directors' Liability and Indemnification

Our certificate of incorporation and bylaws provide that we will indemnify our directors and officers and may indemnify our employees and other agents to the fullest extent permitted by law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;

- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemptions; or - any transaction from which the director derived an improper personal benefit.

The limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

We believe that indemnification under our bylaws covers at least negligence on the part of indemnified parties. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in their capacity as an officer, director, employee or other agent, regardless of whether the bylaws would permit indemnification.

We intend to enter into agreements to indemnify our directors and executive officers prior to completing this offering, in addition to the indemnification provided for in our bylaws. These agreements, among other things, will provide for indemnification for judgments, fines, settlement amounts and expenses, including attorneys' fees incurred by the director, or executive officer in any action or proceeding, including any action by or in our right, arising out of the person's services as a

director or executive officer, any of our subsidiaries or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

The limitation on liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty and may reduce the likelihood of derivative litigation against our directors and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Executive Compensation

The following table presents the compensation earned, awarded or paid for services rendered to us in all capacities for the fiscal year ended June 30, 2000 by:

- our Chief Executive Officer;

- those persons who were, at June 30, 2000, our five other most highly compensated executive officers; and - our former Chief Executive Officer.

Summary Compensation Table

			LONG-TERM COMPENSATION	
	ANNUAL COMPENSATION		SECURITIES	
NAME AND PRINCIPAL POSITION	SALARY	BONUS	UNDERLYING OPTIONS	OTHER COMPENSATION

Joseph Y. Liu..... $129,846 -- 2,800,000 -- Chief Executive Officer(1) Alex Hsu..... $136,993 -- 920,000 -- President, Global Manufacturing Operations(2) Haiguang Lu..... $129,404 -- -- $ 2,308(4) Vice President, Manufacturing Wei-Zhong Li..... $124,635 -- -- -- Chief Technology Officer Qin Zhang..... $124,635 -- -- -- Vice President, Marketing Jingyu Xu..... $ 91,539 $13,500 500,000 $ 20,000(5) Senior Vice President, Engineering Derek Statham..... $ 37,500 -- -- $ 80,000(6) Former Chief Executive Officer(3) (1) Joseph Y. Liu was hired in September 1999.

(2) Alex Hsu was hired in August 1999.

(3) Derek Statham served as Chief Executive Officer of Oplink during fiscal 2000 until September 1999.

(4) Represents a cash payment in exchange for the cancellation of certain personal vacation plans on behalf of Oplink.

(5) Represents a relocation allowance.

(6) Represents severance payments in connection with his termination of employment with Oplink.

Option Grants in Last Fiscal Year

The following table contains information regarding the number and value of stock options granted during the fiscal year ended June 30, 2000 to our Chief Executive Officer and two of the other most highly compensated executive officers set forth in the Summary Compensation Table above. The other three most highly compensated executive officers and our former chief executive officer were not granted stock options during fiscal year 2000.

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK APPRECIATION FOR OPTION TERM(3)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES DURING PERIOD(1)	EXERCISE PRICE PER SHARE(2)	EXPIRATION DATE	5%	10%
Joseph Y. Liu.....	2,800,000	33.0%	$3.00	01/14/10		
Alex Hsu.....	800,000	9.4%	$0.30	09/02/09		
	120,000	1.4%	$3.00	01/14/10		
Jingyu Xu.....	400,000	4.7%	$0.30	12/07/09		
	100,000	1.2%	$3.00	02/11/10		

(1) The percentage of total options granted is based on an aggregate of 8,475,400 options granted by us during the fiscal year ended June 30, 2000, to our employees.

(2) Options were granted with an exercise price per share equal to the fair market value of our common stock on the date of grant, as determined by our board of directors.

(3) The potential realizable value is based on the assumption that our common stock appreciates at specified annual rates, compounded annually, from the date of grant until the expiration of the ten-year term. These numbers are calculated based on Securities and Exchange Commission requirements and do not reflect our projections or estimates of future stock price growth. Potential realizable values are computed by:

- multiplying the number of shares of common stock underlying each option by the assumed initial public offering price of $ per share;

- assuming that the aggregate stock value derived from that calculation compounds at the annual specified rate shown in the table until the expiration of the options; and - subtracting from that result the aggregate option exercise price.

Actual gains, if any, on stock option exercises and common stock holdings are dependent on the time of such exercise and the future performance of our common stock.

Aggregate Option Exercises During Last Fiscal Year and Fiscal Year-end Option Values

The following table presents information concerning option exercises by our current and former Chief Executive Officer and five other most highly compensated executive officers for the fiscal year ended June 30, 2000.

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT JUNE 30, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JUNE 30, 2000(1)
NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED(1)	EXERCISABLE	UNEXERCISABLE	EXERCISABLE UNEXERCISABLE
Joseph Y. Liu.....	240,000	$	85,000	2,715,000	
Alex Hsu.....	50,000	$	50,000	820,000	
Wei-Zhong Li.....	615,000	$	277,313	747,687	
Haiguang Lu.....	600,000	$	106,717	653,283	
Qin Zhang.....	480,000	$	226,717	653,283	
Jingyu Xu.....	58,331	$	7,963	433,706	
Derek Statham.....	400,000	$	--	--	

(1) There was no public trading market for our common stock as of June 30, 2000. Accordingly, these values have been calculated on the basis of an assumed initial public offering price of $ per share, less the applicable exercise price.

Change of Control Arrangements

We have entered into change of control arrangements with four of our directors, Ian Jenks, Ed Labuda, Leonard J. LeBlanc and David Spreng, that provide for full acceleration of all unvested options in the event of a change of control. We have also entered into an agreement with Bruce Horn, our Chief Financial Officer, that provides for acceleration of 25% of the unvested options in the event of a change of control prior to April 24, 2001. The form of option grant notice for automatic grants to non-employee directors under our 2000 Equity Incentive Plan also provides for full acceleration of all unvested options in the event of a change of control for all such grants following the closing of this offering.

Employee and Director Benefit Plans

1995 Stock Plan

Our 1995 Stock Plan provides for the grant of incentive stock options to employees, including officers and employee directors, and for the grant of nonstatutory stock options and stock purchase rights to employees, directors and consultants. The 1995 Stock Plan was adopted by our board of directors and approved by our stockholders in September 1995.

As of June 30, 2000, a total of 38,416 shares of our common stock were available for future grant under the 1995 Stock Plan. This amount includes amounts returned to the 1995 Stock Plan. The 1995 Stock Plan has 3 million shares of our common stock reserved for issuance, of which options to acquire 695,390 shares have been issued and are outstanding as of June 30, 2000 and a total of 2,266,194 shares have been issued and are outstanding pursuant to the exercise of options and stock purchase rights granted under the 1995 Stock Plan.

ADMINISTRATION. The 1995 Stock Plan is administered by our board of directors or a committee consisting of our board of directors. The administrator of our 1995 Stock Plan has the power to determine, among other things:

- the fair market value of the common stock;

- the selection of the officers, consultants and employees to whom the option and the stock purchase rights may from time to time be granted;

- whether and to what extent options and stock repurchase rights or any combination thereof, are granted under such plan;

- the number of shares to be covered by each such award granted under such plan;

- the form of agreement for use;

- the terms and conditions, not inconsistent with the terms of such plan, including but not limited to the share price;

- the terms and restrictions applicable to stock purchase rights and the restricted stock purchased by exercising such stock purchase rights; and - any other determinations with respect to awards under such plan as the administrator deems appropriate.

OPTIONS. The exercise price of all incentive stock options granted under the 1995 Stock Plan must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of nonstatutory stock options and stock purchase rights granted under the 1995 Stock Plan must be at least equal to 85% of the fair market value of our common stock on the date of grant. With respect to any participant who owns stock representing more than 10% of the voting power of all classes of our outstanding capital stock, the exercise price of any incentive stock option granted must be at least

equal 110% of the fair market value on the grant date and the term of the incentive stock option may not exceed five years. The term of all other options granted under the 1995 Stock Plan may not exceed 10 years.

During any fiscal year, incentive stock options exercised by each optionee may not exceed $100,000, and any excess of such value shall be treated as nonstatutory stock option.

Options granted under the 1995 Stock Plan must generally be exercised within ninety (90) days after the end of the optionee's status as an employee, director or consultant of ours, within 12 months after the optionee's termination by death or within 6 months after the optionee's termination by disability, but in no event later than the expiration of the option's term.

TRANSFERABILITY OF OPTIONS. Options and stock purchase rights granted under the 1995 Stock Plan are generally not transferable by the optionee, and each option and stock purchase right is exercisable during the lifetime of the optionee only by the optionee.

STOCK PURCHASE RIGHTS. In the case of stock purchase rights, unless the administrator determines otherwise, the restricted stock purchase agreement shall grant us a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment or consulting relationship with us for any reason, including death or disability. The purchase price for shares repurchased under the restricted stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to us. The repurchase option shall lapse at a rate determined by the administrator.

CHANGES OF CONTROL. The 1995 Stock Plan provides that in the event of a change of control of our company, including our merger with or into another corporation, each outstanding option and stock purchase right shall be assumed or an equivalent option shall be substituted for by the successor corporation. If the outstanding options and stock purchase rights are not assumed or substituted for by the successor corporation, the option will terminate immediately prior to the consummation of the transaction.

AMENDMENT AND TERMINATION OF THE 1995 STOCK PLAN. The board of directors will have the authority to amend, suspend or terminate the 1995 Stock Plan, as long as this action does not affect any shares of common stock previously issued and sold or any option previously granted under the 1995 Stock Plan. Unless earlier terminated, the 1995 Stock Plan will terminate automatically 10 years from the date of obtaining stockholder approval of the amended plan in September 1995. The board has agreed not to make any further grants under the 1995 Stock Option Plan upon the closing of this offering.

1998 Stock Plan

Our 1998 Stock Plan provides for the grant of incentive stock options to employees, including officers and employee directors, and for the grant of nonstatutory stock options and stock purchase rights to employees, directors and consultants. The 1998 Stock Plan was adopted by our board of directors and

approved by our stockholders in January 1998.

As of June 30, 2000, a total of 5,375,201 shares of our common stock were available for future grant under the 1998 Stock Plan. This amount includes amounts returned to the 1998 Stock Plan, and the increases approved by the Board of Directors. The 1998 Stock Plan has 16.9 million shares of our common stock reserved for issuance, of which options to acquire 7,802,054 shares have been issued and are outstanding as of June 30, 2000 and a total of 3,722,745 shares have been issued and are outstanding pursuant to the exercise of options and stock purchase rights granted under the 1998 Stock Plan.

ADMINISTRATION. The 1998 Stock Plan is administered by our board of directors or a committee consisting of our board of directors. The administrator of our 1995 Stock Plan has the power to determine, among other things:

- the fair market value of the common stock;

- the selection of the officers, consultants and employees to whom the option and the stock purchase rights may from time to time be granted;

- whether and to what extent options and stock repurchase rights or any combination thereof, are granted under such plan;

- the number of shares to be covered by each such award granted under such plan;

- the form of agreement for use;

- the terms and conditions, that are not inconsistent with the terms of such plan, including but not limited to the share price;

- the terms and restrictions applicable to stock purchase rights and the restricted stock purchased by exercising such stock purchase rights; and - any other determinations with respect to awards under such plan as the administrator deems appropriate.

OPTIONS. The exercise price of all incentive stock options granted under the 1998 Stock Plan must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of nonstatutory stock options and stock purchase rights granted under the 1998 Stock Plan must be at least equal to 85% of the fair market value of our common stock on the date of grant. With respect to any participant who owns stock representing more than 10% of the voting power of all classes of our outstanding capital stock, the exercise price of any incentive stock option granted must be at least equal 110% of the fair market value on the grant date and the term of the incentive stock option may not exceed five years. The term of all other options granted under the 1998 Stock Plan may not exceed 10 years.

During any fiscal year, incentive stock options exercised by each optionee may not exceed $100,000, and any excess of such value shall be treated as nonstatutory stock option.

Options granted under the 1998 Stock Plan must generally be exercised within ninety (90) days after the end of the optionee's status as an employee, director or consultant of ours, within 12 months after the optionee's termination by death or within 6 months after the optionee's termination by disability, but in no event later than the expiration of the option's term.

TRANSFERABILITY OF OPTIONS. Options and stock purchase rights granted under the 1998 Stock Plan are generally not transferable by the optionee, and each option and stock purchase right is exercisable during the lifetime of the optionee only by the optionee.

STOCK PURCHASE RIGHTS. In the case of stock purchase rights, unless the administrator determines otherwise, the restricted stock purchase agreement shall grant us a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment or consulting relationship with us for any reason, including death or disability. The purchase price for shares repurchased under the restricted stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to us. The repurchase option shall lapse at a rate determined by the administrator.

CHANGES OF CONTROL. The 1998 Stock Plan provides that in the event of a change of control of our company, including our merger with or into another corporation, each option and stock purchase right shall be assumed or an equivalent option shall be substituted for by the successor corporation. If the outstanding options and stock purchase rights are not assumed or substituted for by the successor corporation, the option will terminate immediately prior to the consummation of the transaction.

AMENDMENT AND TERMINATION OF THE 1998 STOCK PLAN. The board of directors will have the authority to amend, suspend or terminate the 1998 Stock Plan,. as long as this action does not affect any shares of common stock previously issued and sold or any option previously granted under the 1998 Stock Plan. Unless earlier terminated, the 1998 Stock Plan will terminate automatically 10 years from the date of obtaining stockholder approval of the amended plan in August 1999. The board has agreed not to make any further grants under the 1998 Stock Plan upon completion of this offering.

2000 Equity Incentive Plan

Our 2000 Equity Incentive Plan provides for the grant of stock awards to employees, directors and consultants. These stock awards include incentive stock options to employees, including officers and employee directors, and nonstatutory stock options, stock bonuses and stock purchase rights to employees, directors and consultants. The 2000 Equity Incentive Plan was adopted by our board of directors in July 2000 and is expected to be approved by our stockholders prior to completing this offering. The 2000 Equity Incentive Plan will take effect on the effective date of the initial public offering.

ADMINISTRATION. The 2000 Equity Incentive Plan will be administered by our board of directors or a committee consisting of members of our board of directors. The administrator of our 2000 Equity Incentive Plan will have the power to determine with respect to stock awards granted under the plan, among other things:

- the selection of the officers, consultants, employees and directors to whom the stock awards may from time to time be granted;

- whether and to what extent options and stock repurchase rights or any combination thereof, are granted under such plan;

- the number of shares to be covered by each such award granted under such plan;

- the form of agreement for use;

- the terms and conditions of stock awards that are not inconsistent with the terms of such plan, including but not limited to the exercise price for options granted under the plan;

- the terms and restrictions applicable to stock purchase rights and the restricted stock purchased by exercising such stock purchase rights; and - any other determinations with respect to stock awards under such plan as the administrator deems appropriate.

OPTIONS. The exercise price of all incentive stock options granted under the 2000 Equity Incentive Plan must be at least equal to the fair market value of the common stock on the date of grant. The exercise price of nonstatutory stock options and stock purchase rights granted under the 2000 Equity Incentive Plan will be determined by the administrator, but must be at least equal to 85% of the fair market value of our common stock on the date of grant. With respect to any participant who owns stock representing more than 10% of the voting power of all classes of our outstanding capital stock, the exercise price of any incentive stock option granted must be at least equal 110% of the fair market value on the grant date and the term of the incentive stock option must not exceed five years. The term of all other options granted under the 2000 Equity Incentive Plan may not exceed 10 years.

During any fiscal year, incentive stock options exercised by each optionee may not exceed $100,000, any excess of such value shall be treated as nonstatutory stock option.

Options granted under the 2000 Equity Incentive Plan must generally be exercised within ninety (90) days after the end of the optionee's status as an employee, director or consultant of ours, or within 12 months after the optionee's termination by reason of his or her disability or within 18 months after the optionee's termination by reason of his or her death, but in no event later than the expiration of the option's term.

Acceptable consideration for the purchase of common stock issued under the 2000 plan will be determined by the board of directors and may include cash, common stock previously owned by the optionee, a deferred payment arrangement and other legal consideration approved by the board.

SECTION 162(M) LIMIT. Section 162(m) of the Internal Revenue Code of 1986 denies an income tax deduction to publicly held corporations for certain compensation paid to specified employees in a taxable year to the extent that the compensation exceeds $1 million, unless the compensation constitutes "performance-based compensation." In order to ensure that option grants under the 2000 Equity Incentive Plan constitute "performance-based compensation," no person may be granted options under the 2000 Equity Incentive Plan covering more than 2,500,000 shares of common stock in any calendar year. Under its general authority to grant options, the board of directors has the

implicit authority to reprice outstanding options or to offer optionees the opportunity to replace outstanding options with new options for the same or a different number of shares. Both the original and new options will count toward the Section 162(m) limitation.

STOCK PURCHASE RIGHTS. In the case of stock purchase rights, unless the administrator determines otherwise, the restricted stock purchase agreement shall grant us a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment or consulting relationship with us for any reason, including death or disability. The purchase price for shares repurchased under the restricted stock purchase agreement will be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to us. The repurchase option shall lapse at a rate determined by the administrator.

RESTRICTIONS ON TRANSFERABILITY OF STOCK AWARDS. Except as otherwise provided in a stock award, options and stock purchase rights granted under the 2000 Equity Incentive Plan are generally not transferable by the optionee, and each option and stock purchase right is exercisable during the lifetime of the optionee only by the optionee.

CHANGES OF CONTROL. The 2000 Equity Incentive Plan provides that in the event of a change in control of our company, including our merger with or into another corporation, or a sale of substantially all of our assets, each outstanding option and stock purchase right shall be assumed or an equivalent option substituted for by the successor corporation. If the outstanding options and stock purchase rights are not assumed or substituted for by the successor corporation, the option will terminate immediately prior to the consummation of the transaction.

AUTHORIZED SHARES. When the 2000 Equity Incentive Plan takes effect, it will have a total of 10,000,000 shares of our common stock reserved for issuance under the plan. No options, stock bonuses or stock purchase rights have been granted under the plan. On each January 1 beginning on January 1, 2001, and ending January 1, 2010, this reserve will automatically be increased by the greater of the total number of shares of common stock for which stock options, stock bonuses and stock purchase rights were granted in the preceding calendar year, or 5.0% of the total outstanding common stock on that date on a fully diluted basis; provided, that the board may designate a smaller number of shares by which the reserve will increase on a particular date. Shares of common stock which are covered by a stock option granted under the plan which has expired or terminated without having been exercised will be added to the above reserve of the plan. Over the ten-year term of the 2000 Equity Incentive Plan, no more than 25,000,000 shares may be reserved for issuance pursuant to the exercise of incentive stock options.

AMENDMENT AND TERMINATION OF THE 2000 EQUITY INCENTIVE PLAN. The board will have the authority to amend, suspend or terminate the 2000 Equity Incentive Plan, as long as this action does not affect any shares of common stock previously issued and sold or any option previously granted under the 2000 Equity Incentive Plan. Unless earlier terminated, the 2000 Equity Incentive Plan will terminate automatically one day prior to the tenth anniversary of the date of the adoption of the plan by the board.

2000 Non-employee Director Stock Option Grants

The 2000 Equity Incentive Plan provides for the automatic grant of nonstatutory stock options to purchase shares of common stock to our non-employee directors.

AUTOMATIC GRANTS. Upon the completion of this offering, beginning 2001, on the day after our annual stockholders' meeting, any person who is then a non-employee director and who is elected at such annual meeting will automatically be granted an option to purchase 36,000 shares of common stock. These grants will vest over a three-year period and will vest on a monthly basis. Any non-employee director who is elected or appointed to the board during a three-year term will automatically be granted an option to purchase a pro rata portion of shares based on the number of months remaining in the term.

ADMINISTRATION. The board of directors will administer automatic option grants to non-employee directors, unless and until it delegates administration to a committee.

TERMS OF OPTIONS. Options granted to non-employee directors will generally be subject to the following terms:

- the exercise price of options granted will be equal to the fair market value of our common stock on the date of grant;

- no option granted may be exercised after the expiration of I0 years from the date it was granted;

- options granted will not be transferable other than by will or by the laws of descent and distribution and will be exercisable during the life of the optionee only by the optionee;

- an optionee may designate a beneficiary, who may exercise the option following the optionee's death; and - an optionee whose service relationship with us or any of our affiliates, whether as a non-employee director of the company or subsequently as an employee, director or consultant of either the company or one of our affiliates, ceases for any reason may exercise vested options for the term provided in the option agreement, which is generally 12 months, or 18 months in the event of the optionee's death. However, an option may not be exercised after the expiration of its term.

CHANGES OF CONTROL. The 2000 Equity Incentive Plan will provide that in the event of a change of control of our company, including our merger with or into another corporation, or a sale of substantially all of our assets, each option held by a non-employee director granted under the automatic grant provisions of the 2000 Equity Incentive Plan shall immediately vest in full.

2000 Employee Stock Purchase Plan

In July 2000, our board of directors adopted the 2000 Employee Stock Purchase Plan which authorizes the issuance of shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our affiliates. We expect that the 2000 purchase plan will be approved by our stockholders prior to completing this offering. The purchase plan is intended to qualify as an employee

stock purchase plan within the meaning of Section 423 of the Code. The purchase plan provides a means by which employees may purchase our common stock through payroll deductions. As of the date hereof, no shares of common stock have been purchased under the purchase plan.

ADMINISTRATION. The purchase plan is administered by the board of directors. The board of directors may delegate authority to administer the purchase plan to a committee. Subject to the terms of the plan, the board of directors or its authorized committee, determines when and how rights to purchase shares will be granted and the provisions of each offering of rights. Under the plan, we may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. The first offering will begin on the effective date of this offering and be approximately months in duration, with purchases occurring every six months. Unless otherwise determined by the board of directors, common stock is purchased for accounts of employees participating in the purchase plan at a price per share equal to the lower of:

- 85% of the fair market value of a share of our common stock on the date of commencement of participation in the offering; or - 85% of the fair market value of a share of our common stock on the date of purchase.

ELIGIBILITY. The purchase plan is implemented by offerings of rights to eligible employees. Generally, all regular employees, including executive officers, who work at least 20 hours per week and are customarily employed by us or by one of our affiliates for at least five months per calendar year may participate in the purchase plan and may authorize payroll deductions of up to 15% of their earnings for the purchase of stock under the purchase plan. Eligible employees may be granted rights only if the rights, together with any other rights granted under all employee stock purchase plans, do not permit such employee's rights to purchase our stock to accrue at a rate which exceeds $25,000 of the fair market value of such stock for each calendar year in which such rights are outstanding. No employee shall be eligible for the grant of any rights under the purchase plan if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value.

CHANGES OF CONTROL. The purchase plan provides that in the event of a change of control of our company, including our merger with or into another corporation, or a sale of substantially all of our assets as described in the plan, the surviving entity may assume or substitute for rights outstanding under the purchase plan. If the surviving entity does not assume or substitute for outstanding rights, then the board of directors has discretion to cause:

- the rights to continue in full force and effect; or - a participant's accumulated payroll deductions to be used to purchase shares, immediately prior to the change in control, and their outstanding rights thereafter to be terminated.

AUTHORIZED SHARES. The purchase plan initially authorizes the issuance of two million shares of common stock under the purchase plan which amount will be increased each January 1, beginning January 1, 2001, and ending January 1, 2010, by the greater of the total number of shares issued under the plan during the preceding calendar year or 1.5% of the number of shares of common stock

outstanding on that date. However, the board of directors has the authority to designate a smaller number of shares by which the authorized number of shares of common stock will be increased on that date. A maximum of 10,000,000 shares may be issued during the term of the purchase plan.

AMENDMENT AND TERMINATION OF THE PLAN. The board has the authority to amend, suspend or terminate the purchase plan. Unless earlier terminated, the purchase plan will terminate automatically one day prior to the tenth anniversary of the date of the adoption of the plan by the Board.

401(K) Plan

In January 1997, we adopted the Oplink Communications, Inc. 401(k) Profit Sharing Plan, which covers all of our eligible employees who have completed one month of service and are at least 21 years old. The 401(k) Plan excludes from participation all collectively bargained and non-resident alien employees. The 401(k) Plan is intended to qualify under Section 401(a) of the Internal Revenue Code of 1986 and the 401(k) Plan trust is intended to qualify under Section 501(a) of the Internal Revenue Code. All contributions to the 401(k) Plan by eligible employees or by us, and the investment earnings thereon are not taxable to such employees until withdrawn, and any contributions we may make are expected to be deductible by us when made. Our eligible employees may elect to reduce their eligible compensation by up to 15%, subject to statutorily prescribed limits, and to have such compensation reductions contributed on their behalf to the 401(k) Plan. The 401(k) Plan permits, but does not require, us to make matching contributions to the 401(k) Plan. To date, we have not made any matching contributions.

Related Party Transactions

Other than compensation agreements and other arrangements, which are described as required in "Management," and the transactions described below, since July 1, 1997, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

- in which the amount involved exceeded or will exceed $60,000; and - in which any director, executive officer, holder of more than 5% of our common stock on an as-converted basis or any member of their immediate family had or will have a direct or indirect material interest.

Investor Rights Agreement

We have entered into an agreement with the holders of our preferred stock, including entities with which our directors are affiliated, that provides these stockholders certain rights relating to the registration of their shares of common stock issuable upon conversion of the preferred stock. These rights have been waived as to this offering by the holders of preferred stock, but will survive this offering and will terminate no later than eight years after the closing date of this offering. This

agreement also entitles the holders of our preferred stock to rights to receive financial information regarding us and a right of first refusal to purchase shares of our stock we issue, both of which rights terminate at the close of this offering.

Indemnification Agreements

We expect to enter into indemnification agreements with each of our directors and officers prior to completing this offering. These indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. Please see "Management--Limitations on Directors' Liability and Indemnification."

Stock Sales

The following executive officers, directors and holders of more than 5% percent of our securities purchased shares of our stock in the amounts set forth below during the last three fiscal years.

		PREFERRED STOCK			
	COMMON STOCK	SERIES B	SERIES C	SERIES D	SERIES E
EXECUTIVE OFFICERS AND DIRECTORS					
Joseph Y. Liu	240,000	--	--	--	--
Alex Hsu	50,000	--	--	--	--
Wei-Zhong Li	615,000	--	--	--	--
Haiguang Lu	600,000	--	--	--	--
Qin Zhang	480,000	--	--	--	--
Jingyu Xu	58,331	--	--	--	--
Chieh Chang (1)	--	406,368	--	183,332	--
Herbert Chang (2)	--	7,222,224	1,500,000	1,986,680	1,250,000
David Spreng (3)	--	--	--	--	3,750,000
5% STOCKHOLDERS					
The InveStar Entities (2)	--	7,222,224	1,500,000	1,986,680	1,250,000
Hui Chuan and H.S. Liu (4)	--	3,516,668	500,000	--	--
Chao-Long and Chen Hwa Chang	--	--	--	260,000	30,500
Yi Hou and Zhimin Liu	4,112,640	--	--	--	--
The Crescendo Entities (3)	--	--	--	--	3,750,000

(1) Consists entirely of shares held in the Chieh and Lily Chang Trust, for which Mr. Chang is a trustee.

(2) Consists of 7,222,224 shares of Series B Preferred Stock and 500,000 shares of Series E Preferred Stock held by InveStar Burgeon Venture Capital, Inc.; 500,000 shares of Series C Preferred Stock, 1,324,448 shares of Series D Preferred Stock and 500,00 shares of Series E Preferred Stock held by InveStar Excelsus Venture Capital (Int'l), Inc., LDC; 500,000 shares of Series C Preferred Stock and 125,000 shares of Series E Preferred Stock held by InveStar Dayspring Venture Capital, Inc.; and 500,000 shares of Series C Preferred Stock, 662,232 shares of Series D Preferred Stock and 125,000 shares of Series E Preferred Stock held by Forefront Venture Partners, L.P. Mr. Herbert Chang, one of our directors, is the Managing Partner of Forefront Venture Partners, L.P. and the President of InveStar Burgeon Venture Capital, Inc., InveStar Dayspring Venture Capital, Inc. and InveStar Excelsus Venture Capital (Int'l), Inc., LDC. Mr. Chang disclaims beneficial ownership of these shares except to the extent of his pecuniary or partnership interests.

(3) Consists of 3,570,345 shares held by Crescendo III, L.P., 106,039 shares held by Crescendo III Executive Fund, L.P., and 73,616 shares held by Crescendo III, GbR. Mr. Spreng, one of our directors, is the managing member of Crescendo Venture Management, LLC. Mr. Spreng disclaims beneficial ownership of the shares held by the Crescendo Entities.

(4) Hui Chuan and H.S. Liu are the parents of Joseph Y. Liu, our Chief Executive Officer and director.

Recent Option Grants

On July 12, 2000, we granted options to purchase 50,000 shares of common stock to each of Edward Labuda and Leonard LeBlanc upon their election to the board of directors.

We believe that all transactions with affiliates described above were made on terms no less favorable to us than could have been obtained from unaffiliated third parties. Our policy is to require that a majority of the independent and disinterested outside directors on our board of directors approve all future transactions between us and our officers, directors, principal stockholders and their affiliates. These transactions will continue to be on terms no less favorable to us than we could obtain from unaffiliated third parties.

Principal Stockholders

The following table sets forth information regarding the beneficial ownership of our common stock as of June 30, 2000, and as adjusted to reflect the sale of common stock offered by this prospectus, by:

- each of the individuals listed in the "Summary Compensation Table;"

- each of our directors;

- each person, or group of affiliated persons, who is known by us to own beneficially 5% or more of our common stock; and - all current directors and officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares shown as beneficially owned by them. This table assumes conversion of all of our outstanding preferred stock upon completion of this offering and also includes shares owned by a spouse as community property. Percentage of ownership is based on 67,280,611 shares of common stock outstanding on June 30, 2000 and shares of common stock outstanding after completion of this offering, without giving effect to the exercise of the underwriters' over-allotment option. Unless otherwise indicated, the address of each of the individuals named below is: c/o Oplink Communications, Inc., 3469 North First Street, San Jose, California 95134.

	PERCENTAGE OF SHARES BENEFICIALLY OWNED

NAME	NUMBER OF SHARES BENEFICIALLY OWNED	BEFORE OFFERING	AFTER OFFERING
DIRECTORS AND EXECUTIVE OFFICERS			
Wei-Zhong Li (1)	959,702	1.4%	%
Haiguang Lu (2)	762,602	1.1	
Qin Zhang (3)	762,602	1.1	
Derek Statham	400,000	*	*
Joseph Y. Liu (4)	325,000	*	*
Alex Hsu (5)	211,484	*	*
Jingyu Xu (6)	82,731	*	
Herbert Chang (7)	12,198,713	18.1	
David Spreng (8)	3,750,000	5.6	
Chieh Chang (9)	2,989,700	4.4	*
Ian Jenks	--	*	*
All directors and officers as a group (11 persons)(10)	22,442,534	32.5	
5% STOCKHOLDERS			
The InveStar Entities (11)	11,958,904	17.8	
Chao-Rang and Chen Hwa Chang	7,040,500	10.5	
Hui-Chuan and H.S. Liu	6,266,668	9.3	
Yi Hou and Zhimin Liu	4,112,640	6.1	
The Crescendo Entities (8)	3,750,000	5.6	

* Represents less than 1%.

(1) Includes 344,702 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(2) Includes 162,602 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(3) Includes 282,602 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(4) Includes 85,000 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000 subject to our right to repurchase such shares based on the vesting schedule.

(5) Includes 161,484 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(6) Includes 24,400 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(7) Consists entirely of 239,809 shares issuable upon the exercise of options that will become exercisable within 60 days of June 30, 2000 and 11,958,904 shares held by the InveStar Entities. Mr. Herbert Chang, one of our directors, is the Managing Partner of Forefront Venture Partners, L.P. and

the President of InveStar Burgeon Venture Capital, Inc., InveStar Dayspring Venture Capital, Inc. and InveStar Excelsus Venture Capital (Int'l), Inc., LDC. Mr. Chang disclaims beneficial ownership of the shares held by the InveStar Entities except to the extent of his pecuniary or partnership interests.

(8) Consists of 3,570,345 shares held by Crescendo III, L.P., 106,039 shares held by Crescendo III Executive Fund, L.P., and 73,616 shares held by Crescendo III, GbR. Mr. Spreng, one of our directors, is the managing member of Crescendo Venture Management, LLC. Mr. Spreng disclaims beneficial ownership of the shares held by the Crescendo Entities. The address for the Crescendo Entities is 480 Copper Street, Suite 300, Palo Alto, CA 94301.

(9) Includes 400,000 shares issuable upon exercise of options that will be exercisable within 60 days of June 30, 2000 and 2,589,700 shares issuable upon conversion of preferred stock and which are held in the Chieh and Lily Chang Trust, for which Mr. and Mrs. Chang serve as trustees.

(10) Includes 1,700,599 shares issuable upon the exercise of options that will be exercisable within 60 days of June 30, 2000.

(11) Consists of 7,722,224 shares held by InveStar Burgeon Venture Capital, Inc., 2,324,448 shares held by InveStar Excelsus Venture Capital (Int'l), Inc., LDC, 625,000 shares held by InveStar Dayspring Venture Capital, Inc. and 1,287,232 shares held by Forefront Venture Partners, L.P. The address for the InveStar Entities is 3600 Pruneridge Avenue, Suite 300 Santa Clara, CA 95051.

Description of Capital Stock

Upon completion of this offering, our authorized capital stock will consist of 200 million shares of common stock, $0.001 par value, and 10 million shares of undesignated preferred stock, $0.001 par value. The following description of our capital stock does not purport to be complete and is subject to, and qualified in its entirety by, our certificate of incorporation and bylaws, which we have included as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

As of June 30, 2000, there were 67,280,611 shares of common stock outstanding, held of record by 154 stockholders. This amount assumes the conversion of all outstanding shares of preferred stock into common stock, which is to occur upon the closing of this offering. In addition, as of June 30, 2000, there were 12,541,444 shares of common stock subject to outstanding options and warrants to purchase 134,452 shares of common stock and 40,000 shares of series C preferred stock. Upon completion of this offering, there will be shares of common stock outstanding, assuming no exercise of outstanding stock options or warrants or the underwriters' over-allotment option.

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably dividends, if any, as may be declared from time

to time by the board of directors out of funds legally available for that purpose. See "Dividend Policy." In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and nonassessable.

Preferred Stock

Our board of directors has the authority, without any further action by our stockholders, to designate and issue up to 10 million shares of preferred stock in one or more series and to designate the rights, preferences and privileges of each series, any or all of which may be greater than the rights of the common stock. The effect of the issuance of any shares of preferred stock upon the rights of holders of the common stock might include, among other things, restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock and delaying or preventing a change in control of Oplink without further action by the stockholders. We have no present plans to issue any shares of preferred stock.

Warrants

At June 30, 2000, there were outstanding warrants to purchase a total of 134,452 shares of common stock and 40,000 shares of series C preferred stock. The warrants to purchase common stock and series C preferred stock will expire in January 2002 and March 2003, respectively, unless earlier exercised. Upon completion of this offering, the series C preferred stock warrant will become exercisable for shares of common stock.

Registration Rights

The holders of 55,051,672 shares of common stock, as converted, and the holder of a warrant to purchase 40,000 shares of common stock, as converted, or their permitted transferees are entitled to certain rights with respect to registration of the shares under the Securities Act at any time after days following the closing of this offering. Under the terms of the agreements between us and the holders of the registrable securities, upon the written request from holders of of at least 30% of the registrable securities then outstanding, the holders may require on two occasions that we, at our expense, file a registration statement under the Securities Act, with respect to the registrable securities, provided that at least 30% of the registrable securities then outstanding would be included in the proposed registration or the anticipated public offering price of the proposed registration would be at least $10 million. In addition, any holder of the registrable securities then outstanding, may at our expense

require that we register their shares for public resale on Form S-3 or similar short-form registration, provided that we are eligible to use Form S-3 or similar short-form registration, and provided further that the value of the securities to be registered is at least $500,000. Furthermore, in the event we elect to register any of our shares of common stock after this offering for purposes of effecting any public offering, the holders of registrable securities are entitled, at our expense, to include their shares of common stock in the registration, subject to the right of the underwriter to reduce the number of shares proposed to be registered in view of market conditions.

Anti-takeover Provisions

Certain provisions of Delaware law and our certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise and the removal of incumbent directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

DELAWARE LAW. We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless, with exceptions, the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

CERTIFICATE OF INCORPORATION AND BYLAWS PROVISIONS. Our certificate of incorporation and bylaws require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of the stockholders and may not be effected by a consent in writing. In addition, special meetings of our stockholders may be called only by the board of directors or certain of our officers. Our certificate of incorporation and bylaws also provide that, beginning upon the closing of this offering, our board of directors will be divided into three classes, with each class serving staggered three-year terms, and that certain amendments of the certificate of incorporation and of the bylaws require the approval of holders of at least 66.7% of the voting power of all outstanding stock. These provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of Oplink.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Bank of New York.

Shares Eligible for Future Sale

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of common stock in the public market could reduce market prices prevailing from time to time. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after the restrictions lapse could reduce the market price of our stock and our ability to raise equity capital in the future.

Upon completion of the offering, we will have shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options and warrants and based upon the number of shares outstanding as of June 30, 2000. Of these shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining shares held by existing stockholders, and any shares purchased by affiliates in this offering, will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. Our executive officers, directors and stockholders holding at least five percent of our outstanding securiteis will hold 25,576,103 of the restricted shares. Restricted shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144, 144(k) or 701 under the Securities Act, which are summarized below.

Subject to the operation of lock-up agreements described below, upon completion of this offering, the holders of shares of common stock, or their transferees, will be entitled to rights to require the registration of such shares under the Securities Act. Registration of such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by our affiliates, immediately upon the effectiveness of such registration. See "Description of Capital Stock--Registration Rights."

Lock-up Agreements

We, our officers, directors and stockholders holding approximately shares of common stock have agreed that, for a period of 180 days from the date of the final prospectus, we and they will not, subject to some exceptions, transfer or otherwise dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock. As a result of these contractual restrictions, notwithstanding possible earlier eligibility for sale under the provisions of Rules 144 and 701 of the Securities Act discussed below, shares subject to these lock-up agreements may not be sold until the shares are released from the agreements or the agreements expire or unless prior written consent is received from FleetBoston Robertson Stephens Inc. Any early waiver of the lock-up

agreements by the underwriters, which, if granted, could permit sales of a substantial number of shares and could adversely affect the trading price of our shares, may not be accompanied by an advance public announcement by us.

Rule 144

In general, under Rule 144, beginning 90 days after the date of the final prospectus, a person or persons whose shares are aggregated, who has beneficially owned restricted shares for at least one year, including a person who may be deemed our Rule 144 affiliate, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of the number of shares of our common stock then outstanding; or - the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the proposed sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. We are unable to estimate accurately the number of restricted shares that will be sold under Rule 144 because this will depend in part on the market price of our common stock, the personal circumstances of the seller and other factors.

Under Rule 144(k), a person who is not deemed to have been our Rule 144 affiliate at any time during the 90 days preceding a sale, and who has beneficially owned for at least two years the shares proposed to be sold, would be entitled to sell those shares under Rule 144(k) without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, subject to the lock-up agreements, these shares may be sold upon completion of this offering.

Rule 701

Beginning 90 days after the date of this prospectus, 12,201,092 shares of common stock issuable upon exercise of the options granted by us prior to the effective date of the registration statement will be eligible for sale in the public market pursuant to Rule 701 under the Securities Act, subject to the lock-up agreements. In general, Rule 701 permits resales of shares issued under specified compensatory benefit plans and contracts commencing 90 days after the issuer becomes subject to the reporting requirements of the Securities Exchange Act in reliance upon Rule 144, but without compliance with restrictions, including the holding period requirements, contained in Rule 144.

Registration Statements on Form S-8

Following this offering, we intend to file under the Securities Act one or more registration statements on Form S-8 to register all of the shares of our common stock eligible for this form of registration statement:

- issuable upon exercise of outstanding options granted pursuant to our stock option and equity incentive plans;

- reserved for future option grants pursuant to individual option agreements or these plans; and - that we intend to offer for sale to our employees pursuant to our employee stock purchase plan.

These registration statements are expected to become effective upon filing. Shares covered by these registration statements will be subject to vesting provisions and subject to expiration of the lock-up agreements. In the case of Rule 144 affiliates only, these shares will also remain subject to the restrictions of Rule 144 other than the holding period requirement.

United States Federal Tax Considerations for Non-united States Holders

The following is a summary of certain United States federal income and estate tax consequences of the ownership and disposition of our common stock by non-U.S. holders. As used herein, "non-U.S. holder" means any person or entity that holds our common stock, other than:

- an individual citizen or resident of the U.S.;

- a corporation or partnership created or organized in or under the laws of the U.S., or of any state of the U.S. or the District of Columbia, other than any partnership treated as foreign under U.S. Treasury Regulations;

- an estate the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or - in general, a trust if a court within the U.S. may exercise primary supervision over the administration of the trust and if one or more U.S. persons have the authority to control all substantial decisions of the trust.

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, existing, temporary and proposed U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations of each, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis. This summary is for general information only. It does not address aspects of U.S. federal taxation other than income and estate taxation, and does not address all aspects of U.S. federal income and estate taxation. This summary does not discuss all the tax consequences that may be relevant to a non-U.S. holder in light of the holder's particular circumstances, for instance, insurance companies, tax-exempt organizations, broker-dealers, and financial institutions. In addition, this summary does not address any state, local, or foreign tax considerations that may be relevant to a non-U.S. holder's decision to purchase shares of our common stock.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES, AS WELL AS OTHER U.S. FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES, AND THE NON-U.S. TAX

CONSEQUENCES, TO THEM OF OWNING AND DISPOSING OF SHARES OF OUR COMMON STOCK.

Income Tax

Dividends

Subject to the discussion below, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. income tax at the rate of 30% of the amount of the dividend, or such lower rate as may be prescribed by an applicable income tax treaty.

However, if dividends we pay are effectively connected with a non-U.S. holder's conduct of a trade or business in the U.S. and, if a tax treaty applies, are attributable to a U.S. permanent establishment, or, if the holder is an individual, a "fixed base" of the non-U.S. holder, the 30% withholding tax generally will not apply, and the non-U.S. holder generally will be subject to tax on such dividends on a net basis in the same manner as holders that are U.S. persons, provided the non-U.S. holder files appropriate IRS forms with us. An additional branch profits tax of 30%, or such lower rate as may be prescribed by an applicable income tax treaty, may apply if the non-U.S. holder is a corporation.

Under current U.S. Treasury Regulations, in determining whether a holder is eligible for the benefits of an income tax treaty, dividends paid to an address in a foreign country are presumed to be paid to a resident of that country, absent knowledge to the contrary. However, under new U.S. Treasury Regulations generally effective for dividend payments made after December 31, 2000, a non- U.S. holder desiring to claim the benefits of an applicable tax treaty must satisfy certification and other requirements and must provide us with a taxpayer identification number unless an exception applies. In addition, under these new Treasury Regulations, in the case of common stock held by a foreign partnership, this certification requirement may be applied to the partners, and not the partnership, and the partnership must provide certain information, including a U.S. taxpayer identification number. These new regulations also provide look-through rules for tiered partnerships. A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax pursuant to a tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

Disposition of Our Common Stock

Generally, non-U.S. holders will not be subject to U.S. federal income tax, or withholding thereof, in respect of gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with the holder's conduct of a trade or business within the U.S., or, if a tax treaty applies, is attributable to a permanent establishment or fixed base of the holder in the U.S.; in any such case such gain will be subject to regular graduated U.S. income tax rates and the branch profits tax described above may also apply if the non-U.S. holder is a corporation;

- in the case of a non-U.S. holder who is a non-resident alien individual and holds our common stock as a capital asset, the holder is present in the U.S. for 183 or more days in the taxable year of the sale and other conditions are met;

- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes and certain other conditions are met; we do not believe we are or have been a United States real property holding corporation and do not expect to become one in the future; or - the holder is subject to tax pursuant to U.S. federal income tax provisions applicable to certain U.S. expatriates.

Estate Tax

If an individual non-U.S. holder owns, or is treated as owning, our common stock at the time of his or her death, such stock would be includable in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax imposed on the estates of nonresident aliens, in the absence of a contrary provision contained in an applicable tax treaty.

Backup Withholding and Information Reporting

Dividends

Generally, we must report annually to the IRS and to each non-U.S. holder the amount of dividends that we paid to a holder, and the amount of tax that we withheld on those dividends. This information may also be made available to the tax authorities of a country in which the non-U.S. holder resides or is established.

Under current law, dividends paid on our common stock to a non-U.S. holder at an address outside the U.S. are generally exempt from backup withholding tax, imposed at a 31% rate, and U.S. information reporting requirements, but not from regular withholding tax as discussed above. Backup withholding tax and information reporting generally will apply to dividends paid to a non-U.S. holder at an address in the U.S. if the holder fails to establish an exemption or to furnish other information. Under the Treasury Regulations that are applicable to dividends paid after December 31, 2000, a non- U.S. person must generally provide proper documentation establishing the person's non-U.S. status to a withholding agent in order to avoid backup withholding tax.

Broker Sales

Payments of proceeds from the sale of our common stock by a non-U.S. holder made to or through a U.S. office of a broker are generally subject to both information reporting and backup withholding tax unless the holder certifies its non-U.S. status under penalties of perjury or otherwise establishes entitlement to an exemption. Payments of proceeds from the sale of our common stock by a non-U.S. holder made to or through a non-U.S. office of a broker generally will not be subject to information

reporting or backup withholding. However, payments made to or through certain non-U.S. offices, including the non-U.S. offices of a U.S. broker and foreign brokers with certain types of relationships to the U.S., are generally subject to information reporting, but not backup withholding, unless the holder certifies its non-U.S. status under penalties of perjury or otherwise establishes entitlement to an exemption.

Backup withholding is not an additional tax. A non-U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

Non-U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situation, including the availability of an exemption from such requirements and the procedures for obtaining such an exemption, as well as the effect of the new Treasury Regulations generally effective for payments made after December 31, 2000.

Underwriting

The underwriters named below, acting through their representatives, FleetBoston Robertson Stephens Inc., CIBC World Markets Corp., J.P. Morgan Securities Inc. and UBS Warburg LLC, have severally agreed with us, subject to the terms and conditions of the underwriting agreement, to purchase from us the number of shares of common stock set forth below opposite their respective names. The underwriters are committed to purchase and pay for all shares if any are purchased.

Number of Underwriter Shares

FleetBoston Robertson Stephens Inc..... CIBC World Markets Corp..... J.P. Morgan Securities Inc..... UBS Warburg LLC.....
Total.....

The representatives have advised us that the underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession of not in excess of $ per share, of which $ may be reallowed to other dealers. After this offering, the public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus. The common stock is offered by the underwriters as stated herein, subject to receipt and acceptance by them and subject to their right to reject any offer in whole or in part.

Prior to this offering, there has been no public market for the common stock. Consequently, the public offering price for the common stock offered by this prospectus has been determined through negotiations among the representatives and us. Among the factors considered in such negotiations

were prevailing market conditions, certain of our financial information, market valuations of other companies that we and the representatives believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

The underwriters have advised us that they do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

Over-allotment Option

We have granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus, to purchase up to additional shares of common stock to cover over-allotments, if any, at the public offering price less the underwriting discount set forth on the cover page of this prospectus. If the underwriters exercise their over-allotment option to purchase any of the additional shares of common stock, the underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof as the number of shares to be purchased by each of them bears to the total number of shares of common stock offered in this offering. If purchased, these additional shares will be sold by the underwriters on the same terms as those on which the shares offered hereby are being sold. We will be obligated, pursuant to the over-allotment option, to sell shares to the underwriters to the extent the over-allotment option is exercised. The underwriters may exercise the over-allotment option only to cover over-allotments made in connection with the sale of the shares of common stock offered in this offering.

The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment option.

	NO EXERCISE OF OVER-ALLOTMENT	FULL EXERCISE OF OVER-ALLOTMENT
Per Share	$	$
Total	$	$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately $.

Indemnity

The underwriting agreement contains covenants of indemnity among the underwriters and us against certain civil liabilities, including liabilities under the Securities Act of 1933, and liabilities arising from breaches of representations and warranties contained in the underwriting agreement.

Lock-up Agreements

Each of our executive officers and directors and stockholders holding approximately % of our common stock have agreed, subject to specified exceptions, not to offer to sell, contract to sell, or otherwise sell, dispose of, loan, pledge or grant any rights with respect to any shares of common stock or any options or warrants to purchase any shares of common stock, or any securities convertible into or exchangeable for shares of common stock owned as of the date of this prospectus or thereafter acquired directly by those holders or with respect to which they have the power of disposition, without the prior written consent of FleetBoston Robertson Stephens Inc. This restriction terminates after the close of trading of the shares on the 180th day of (and including) the day the shares commenced trading on the Nasdaq National Market. However, FleetBoston Robertson Stephens Inc. may, in its sole discretion and at any time or from time to time before the termination of the 180-day period, without notice, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the representatives and any of our shareholders or optionholders who have executed a lock-up agreement providing consent to the sale of shares prior to the expiration of the lock-up period.

In addition, we have agreed that during the lock-up period we will not, without the prior written consent of FleetBoston Robertson Stephens Inc., subject to certain exceptions, consent to the disposition of any shares held by shareholders subject to lock-up agreements prior to the expiration of the lock-up period, or issue, sell, contract to sell, or otherwise dispose of, any shares of common stock, any options or warrants to purchase any shares of common stock or any securities convertible into, exercisable for or exchangeable for shares of common stock other than our sale of shares in this offering, the issuance of our common stock upon the exercise of outstanding options or warrants, and the issuance of options under existing stock option and incentive plans provided that those options do not vest prior to the expiration of the lock-up period. See "Shares Eligible for Future Sale."

Listing

We have applied for the approval to list our common stock on the Nasdaq National Market under the symbol "OPLK."

Stabilization

The representatives have advised us that, pursuant to Regulation M under the Securities Act of 1933, some persons participating in the offering may engage in transactions, including stabilizing bids, syndicate covering transactions or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the shares of common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A "syndicate covering transaction" is the bid for or purchase of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the

offering. A "penalty bid" is an arrangement permitting the representatives to reclaim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the common stock originally sold by said underwriter or syndicate member is purchased by the representatives in a syndicate covering transaction and has therefore not been effectively placed by such underwriter or syndicate member. The representatives have advised us that such transactions may be effected on the Nasdaq National Market or otherwise, and if commenced, may be discontinued at any time.

Directed Share Program

At our request, certain of the underwriters have reserved up to five percent of the shares of common stock for sale in this offering at the initial public offering price to our directors, officers and employees and persons who are otherwise associated with us. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase reserved shares. Any reserved shares which are not purchased will be offered by the underwriters on the same basis as the other shares of common stock offered in this offering. We have agreed to indemnify these underwriters against various liabilities and expenses, including liabilities under the Securities Act of 1933, in connection with the sales of directed shares.

Legal Matters

The validity of the common stock offered by this prospectus will be passed upon for us by Cooley Godward LLP, Palo Alto, California. Certain legal matters will be passed upon for the underwriters by Latham & Watkins, Los Angeles, California.

Experts

The consolidated financial statements of Oplink Communications, Inc. as of June 30, 1999 and 2000 and for each of the three years in the period ended June 30, 2000 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing.

The financial statements of Telelight Communications Inc. as of December 31, 1998 and 1999, for the year ended December 31, 1999 and for the periods from April 20, 1998 (date of inception) to December 31, 1998 and 1999, included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing.

Where You Can Find More Information

We filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act for the shares of common stock in this offering. This prospectus does not contain all of the information in the registration statement and the exhibits and schedule that were filed with the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and the exhibits and schedule that were filed with the registration statement. Statements contained in this prospectus about the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and we refer you to the full text of the contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedule that were filed with the registration statement may be inspected without charge at the public reference facilities maintained by the Securities and Exchange Commission in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC upon payment of the prescribed fee. The Securities and Exchange Commission maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission. The address of the site is http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, in accordance with the requirements of the Securities Exchange Act will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. These periodic reports, proxy statements and other information will be available for inspection and copying at the regional offices, public reference facilities and web site of the Securities and Exchange Commission referred to above.

Oplink Communications, Inc.

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Report of Independent Accountants

To the Board of Directors and Stockholders of Oplink Communications, Inc.

The reincorporation described in Note 1 to the consolidated financial statements has not been consummated as of July 14. When it has been consummated, we will be in a position to issue the following report:

"In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of convertible preferred stock and stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Oplink Communications, Inc. and its subsidiary at June 30, 1998 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above."

"PricewaterhouseCoopers LLP San Jose, California March 31, 2000, except as to the second paragraph of Note 1 which is as of July 12, 2000"

Oplink Communications, Inc.

Consolidated Balance Sheet

(In Thousands, Except Share and Per Share Data)

PRO

FORMA

	JUNE 30,		MARCH 31, 2000	MARCH 31, 2000 (SEE NOTE 11)
	1998	1999	(UNAUDITED)	(UNAUDITED)
Assets				
Current assets:				
Cash and cash equivalents	$ 933	$ 4,757	$ 37,444	
Accounts receivable, net	697	1,904	4,590	
Inventories	284	2,274	9,377	
Prepaid expenses	375	855	3,272	
Total current assets	2,289	9,790	54,683	
Property and equipment, net	740	1,828	7,670	
Other assets	32	93	1,090	
Total assets	$ 3,061	$11,711	$ 63,443	
Liabilities, Convertible Preferred Stock and Stockholders' (Deficit) Equity				
Current liabilities:				
Accounts payable	$ 475	$ 3,277	$ 6,554	
Accrued liabilities	302	876	2,599	
Current portion of capital lease obligations	--	--	326	
Borrowings under the line of credit	--	--	135	
Total current liabilities	777	4,153	9,614	
Capital lease obligations, non current	--	--	1,021	
Total liabilities	777	4,153	10,635	
Convertible Preferred Stock, $0.001 par value; 44,051,672 shares authorized in 1999 and 55,091,672 (unaudited) shares authorized in 2000; issued and outstanding: 33,385,008 shares in 1998, 40,998,324 shares in 1999, 55,051,672 shares in 2000 (unaudited), and zero pro forma (unaudited);				
Liquidation value $12,080 in 1999 and $58,370 (unaudited) in 2000	6,373	12,083	58,373	$ --
Commitments and contingencies (Note 8)				
Stockholders' (deficit) equity:				
Common Stock, $0.001 par value, 80,000,000 shares authorized; issued and outstanding: 560,000 shares in 1998, 1,140,000 shares in 1999, 4,469,259 shares (unaudited) in 2000 and 59,520,931 shares (unaudited) pro forma	--	1	4	59
Additional paid-in capital	--	6,542	15,170	73,488
Deferred stock compensation	--	(3,493)	(6,965)	(6,965)
Accumulated deficit	(4,089)	(7,575)	(13,774)	(13,774)
Total stockholders' (deficit) equity	(4,089)	(4,525)	(5,565)	$ 52,808
Total liabilities, convertible preferred stock and stockholders' (deficit) equity	$ 3,061	$11,711	$ 63,443	

The accompanying notes are an integral part of these consolidated financial statements.

Oplink Communications, Inc.

Consolidated Statement of Operations

(In Thousands, Except Share and Per Share Data)

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Revenues	$ 426	$ 2,493	$ 9,094	$ 5,276	$ 20,661
Cost of revenues	877	2,964	7,225	4,686	17,420
Gross profit (loss)	(451)	(471)	1,869	590	3,241
Operating expenses:					
Research and development	524	455	626	412	1,362
Sales and marketing	238	527	802	515	1,392
General and administrative	193	683	826	509	2,259
Amortization of deferred compensation*	--	--	3,044	1,899	4,747
Total operating expenses	955	1,665	5,298	3,335	9,760
Loss from operations	(1,406)	(2,136)	(3,429)	(2,745)	(6,519)
Interest income (expense)	27	14	75	(7)	352
Other (expense) income, net	(18)	(26)	(132)	8	(32)
Net loss	$(1,397)	$ (2,148)	$ (3,486)	$ (2,744)	$ (6,199)
Net loss per share: Basic and diluted	$ --	$ (9.35)	$ (4.76)	$ (4.48)	$ (3.91)
Weighted average shares	--	229,808	731,671	612,847	1,586,534
Pro forma net loss per share: Basic and diluted (unaudited)			$ (0.10)		$ (0.13)
Weighted average shares (unaudited)			36,426,738		47,717,720
* Allocation of amortization of deferred compensation:					
Cost of revenues	$ --	$ --	$ 705	$ 522	$ 1,621
Research and development	--	--	646	553	837
Sales and marketing	--	--	526	427	707
General and administrative	--	--	1,167	397	1,582
	$ --	$ --	$ 3,044	$ 1,899	$ 4,747

The accompanying notes are an integral part of these consolidated financial statements.

Oplink Communications, Inc.

Consolidated Statement of Convertible Preferred Stock and Stockholders' Deficit

(In Thousands, Except Share and Per Share Data)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL	DEFERRED	ACCUMULATED
	SHARES	AMOUNT	SHARES	AMOUNT	PAID-IN CAPITAL	STOCK COMPENSATION	DEFICIT
Balance as of June 30, 1996....	12,000,000	$ 600	--	$ --	$ --	$ --	$ (534)
Issuance of Series B Preferred Stock at $0.18 per share.....	11,363,104	2,046	--	--	--	--	--
Issuance of Common Stock warrant.....	--	--	--	--	7	--	--
Net loss.....	--	--	--	--	--	--	(1,397)
Balance as of June 30, 1997....	23,363,104	2,646	--	--	7	--	(1,931)
Exercise of stock options.....	--	--	1,040,000	1	2	--	--
Stock options issued to consultants.....	--	--	--	--	10	--	--
Repurchase of Common Stock.....	--	--	(480,000)	(1)	(19)	--	(10)
Issuance of Series B Preferred Stock at $0.18 per share.....	4,021,904	724	--	--	--	--	--
Issuance of Series C Preferred Stock for at $.50 per share.....	6,000,000	3,000	--	--	--	--	--
Issuance of Series C warrants.....	--	3	--	--	--	--	--
Net loss.....	--	--	--	--	--	--	(2,148)
Balance at June 30, 1998.....	33,385,008	6,373	560,000	--	--	--	(4,089)
Exercise of stock options.....	--	--	580,000	1	5	--	--
Issuance of Series D Preferred Stock at $0.75 per share.....	7,613,316	5,710	--	--	--	--	--
Deferred stock compensation....	--	--	--	--	6,537	(6,537)	--
Amortization of deferred compensation.....	--	--	--	--	--	3,044	

--							
Net loss.....	--	--	--	--	--	--	
(3,486)							
Balance at June 30, 1999.....	40,998,324	12,083	1,140,000	1	6,542	(3,493)	
(7,575)							
Exercise of stock options (unaudited).....	--	--	3,329,259	3	409	--	
--							
Issuance of Series D Preferred Stock at $0.75 per share (unaudited).....	3,053,348	2,290	--	--	--	--	
--							
Issuance of Series E Preferred Stock at $4.00 per share (unaudited).....	11,000,000	44,000	--	--	--	--	
--							
Deferred stock compensation (unaudited).....	--	--	--	--	8,219	(8,219)	
--							
Amortization of deferred compensation (unaudited).....	--	--	--	--	--	4,747	
--							
Net loss (unaudited).....	--	--	--	--	--	--	
(6,199)							
Balance at March 31, 2000 (unaudited).....	55,051,672	$58,373	4,469,259	$ 4	$15,170	$(6,965)	
$(13,774)							

TOTAL STOCKHOLDERS' DEFICIT

Balance as of June 30, 1996....	$ (534)
Issuance of Series B Preferred Stock at $0.18 per share.....	--
Issuance of Common Stock warrant.....	7
Net loss.....	(1,397)
Balance as of June 30, 1997....	(1,924)
Exercise of stock options.....	3
Stock options issued to consultants.....	10
Repurchase of Common Stock.....	(30)
Issuance of Series B Preferred Stock at $0.18 per share.....	--
Issuance of Series C Preferred Stock for at $.50 per share.....	--
Issuance of Series C warrants.....	--
Net loss.....	(2,148)
Balance at June 30, 1998.....	(4,089)
Exercise of stock options.....	6
Issuance of Series D Preferred Stock at $0.75 per share.....	--
Deferred stock compensation....	--
Amortization of deferred compensation.....	3,044
Net loss.....	(3,486)
Balance at June 30, 1999.....	(4,525)
Exercise of stock options (unaudited).....	412
Issuance of Series D Preferred Stock at $0.75 per share (unaudited).....	--

Issuance of Series E Preferred Stock at $4.00 per share (unaudited)	--
Deferred stock compensation (unaudited)	--
Amortization of deferred compensation (unaudited)	4,747
Net loss (unaudited)	(6,199)
Balance at March 31, 2000 (unaudited)	$(5,565)

The accompanying notes are an integral part of these consolidated financial statements.

Oplink Communications, Inc.

Consolidated Statement of Cash Flows

(In Thousands)

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss	$(1,397)	$(2,148)	$(3,486)	$(2,744)	$(6,199)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	162	179	267	186	501
Amortization of deferred compensation	--	--	3,044	1,899	4,747
Issuance of warrants	7	3	--	--	--
Stock options issued in exchange for services	--	10	--	--	--
Change in assets and liabilities:					
Accounts receivable	(184)	(509)	(1,207)	(268)	(2,686)
Inventories	(215)	40	(1,990)	(634)	(7,103)
Prepaid expenses	(200)	(174)	(480)	(462)	(2,417)
Other assets	(25)	--	(61)	5	(997)
Accounts payable	(28)	280	2,802	567	3,277
Accrued liabilities	(922)	210	574	269	1,723
Net cash used in operating activities	(2,802)	(2,109)	(537)	(1,182)	(9,154)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(199)	(411)	(1,355)	(303)	(4,923)
Net cash used in investing activities	(199)	(411)	(1,355)	(303)	(4,923)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of Convertible Preferred Stock	2,046	3,724	5,710	5,500	46,290
Proceeds from issuance of Common Stock upon the exercise of options, net of repurchases	--	(27)	6	6	412
Proceeds from borrowings under line of credit	350	--	--	--	135
Repayment of line of credit	--	(350)	--	--	--
Repayment of capital lease obligations	--	--	--	--	(73)
Net cash provided by financing activities	2,396	3,347	5,716	5,506	46,764
Net increase (decrease) in cash and cash equivalents	(605)	827	3,824	4,021	32,687

Cash and cash equivalents, beginning of year.....	711	106	933	933	4,757
Cash and cash equivalents, end of year.....	$ 106	$ 933	$ 4,757	$ 4,954	$37,444

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: Cash paid during the period for interest expense..... $ 11 $ 33 $ 29 $ 29 $ 7 SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES: Property and equipment acquired under capital lease..... $ -- $ -- $ -- $ -- $ 1,420 Deferred compensation related to common stock option grants to employees..... $ -- $ -- $ 6,537 $ 3,168 $ 8,219 The accompanying notes are an integral part of these consolidated financial statements.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements

Note 1--The Company:

The Company

Oplink Communications, Inc. (the "Company") designs, manufactures and supplies fiber optic components and integrated optical modules that increase the performance of optical networks. The Company provides a broad line of products to communication equipment suppliers to enable bandwidth creation and management within an optical network. The Company was incorporated in September 1995 and began shipping its product for sale in 1996. In April 1999, the Company established manufacturing operations in Zhuhai, China. In April 2000, the Company acquired Telelight Communications, Inc., a designer and manufacturer of passive fiber optic components in Sunnyvale, California and Fuzhou China. The Company conducts its business within one business segment and has no organizational structure dictated by product, service lines, geography or customer type.

Reincorporation

On July 12, the Company's Board of Directors authorized the reincorporation of the Company in the State of Delaware. As a result of the reincorporation, the Company is authorized to issue 200,000,000 shares of $0.001 par value Common Stock and 10,000,000 shares of $0.001 par value Convertible Preferred Stock. The Board of Directors has the authority to issue the undesignated Convertible Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. The par value and shares of Common Stock and Convertible Preferred Stock authorized, issued and outstanding at each balance sheet date presented, and for each period presented in the consolidated statement of stockholders' deficit have been retroactively adjusted to reflect the reincorporation.

Note 2--Summary of Significant Accounting Policies:

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Zhuhai Oplink Communications, Inc. ("Zhuhai") and Fuzhou Oplink Communications, Inc. ("Fuzhou"). Zhuhai and Fuzhou were formed in April 1999 and March 2000, respectively, and thus only the financial statements for the fiscal year ended June 30, 1999 and the nine months ended March 31, 2000 (unaudited) are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Consolidated Financial Statements (Unaudited)

The interim consolidated financial statements at March 31, 2000 and for the nine months ended March 31, 1999 and 2000 are unaudited but, in the opinion of management, have been prepared on the same basis as the annual consolidated financial statements and include all adjustments (consisting only

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) of normal recurring adjustments) considered necessary for a fair presentation of its financial position at such date and its operating results and cash flows for those periods. Results for the interim period are not necessarily indicative of the results to be expected for the entire year, or any future period.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash equivalents consist of money market funds and short-term deposits.

Revenue Recognition

The Company derives its revenue from the sale of fiber optic components and integrated optical modules. Revenue from product sales is recognized at the later of shipment of the product or customer acceptance, if applicable, and only if collectibility is probable. Sales to distributors do not include the right to return or exchange products. Revenue from sales to one customer for which the terms of the sale includes an acceptance period is not recognized until after receipt of written customer acceptance. Provisions for return allowances and warranties are recorded based on historical experience at the time revenue is recognized based on the Company's historical experience.

Foreign Currency Translations

The functional currency of the Company's foreign subsidiaries is the local currency. In consolidation, assets and liabilities are translated at year-end currency exchange rates and revenue and expense items are translated at average currency exchange rates prevailing during the period. Gains and losses from foreign currency translation are accumulated as a separate component of stockholders' deficit. At June 30, 1999 and March 31, 2000, such amounts were not material. Realized gains and losses resulting from foreign currency transactions are included in the consolidated statement of operations.

Fair Value

The Company's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, borrowings under lines of credit and capital lease obligations are reported at cost, which approximates their fair values due to their relatively short maturity.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, and accounts receivable. Substantially all of the Company's cash and cash equivalents are managed or held by two financial institutions. At times, such deposits may be in excess of the amount of the insurance provided on such deposits. To date, the Company has not experienced any losses on such deposits. The Company's accounts receivable are derived from revenue earned from customers located in the United States and Asia. The Company performs ongoing credit evaluations of

its customers' financial condition and generally requires no collateral from its customers. The Company maintains an allowance for doubtful accounts based upon the expected collection of its outstanding receivable balance.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) The following table summarizes the revenues from customers in excess of 10% of total revenues:

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Customer A	--	--	39%	31%	36%
Customer B	--	11%	14%	--	11%
Customer C	--	16%	--	--	--
Customer D	--	15%	--	--	--
Customer E	22%	--	--	--	--
Customer F	--	--	--	--	16%
Customer G	--	--	--	--	11%

At June 30, 1999, two customers accounted for 46% and 10% of total accounts receivable, respectively. At March 31, 2000, two customers accounted for 36%, (unaudited) and 16% (unaudited) of total accounts receivable, respectively.

The Company operates in a highly competitive environment subject to rapid technological change and emergence of new technology. Although management believes its products and services are transferable to emerging technologies, rapid changes in technology could have an adverse financial impact on the Company.

Inventories

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis. The inventory of the Company is subject to rapid technological changes that could have an adverse affect on its realization in future periods.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based upon the useful lives of the assets ranging from three to five years. Leasehold improvements are amortized using the straight-line method based upon the shorter of the estimated useful lives or the lease term of the respective assets.

Long-lived Assets

The Company evaluates the recoverability of its long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 2--Summary of Significant Accounting Policies: (Continued) Income Taxes

The Company accounts for income taxes under the liability method, which recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax bases of assets and liabilities and their financial statement reported amounts, and for net operating loss and tax credit carryforwards. The Company records a valuation allowance against deferred tax assets when it is more likely than not that such assets will not be realized.

Stock-based Compensation

The Company accounts for stock-based compensation issued to employees using the intrinsic value method of Accounting Principles Board opinion No. 25, "Accounting for Stock issued to Employees," and, accordingly, presents disclosure of pro forma information required under No. 123, "Accounting for Stock-Based Compensation." Stock and other equity instruments issued to-non employees are accounted for in accordance with SFAS No. 123 and Emerging Issues Task Force Issue No. 96-18 and valued using the Black-Scholes option-pricing model.

Comprehensive Income

The Company's comprehensive loss approximated net losses for all periods presented.

Net Loss Per Common Share

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings Per Share," and SEC Staff Accounting Bulletin ("SAB") No. 98. Under the provisions of SFAS No. 128 and SAB No. 98, basic net loss per share is computed by dividing the net loss attributable to holders of Common Stock by the weighted average number of shares of Common Stock outstanding during the period.

On August 17, 1999, the Company's Board of Directors declared a stock split. Under the terms of the stock split, each outstanding share of both the Company's no par Common Stock and all outstanding shares of Series A, B, C and D Convertible Preferred Stock were exchanged for four shares of like kind stock. All share and per share data presented in these consolidated financial statements have been retroactively restated to give effect for this stock split.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) Following is a reconciliation of the numerators and denominators of the Basic and Diluted net loss per share computations for the periods presented (in thousands, except share and per share data):

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
NUMERATOR:					
Net loss attributable to holders of Common Stock	$ (1,397)	$ (2,148)	$ (3,486)	$ (2,744)	$ (6,199)
DENOMINATOR:					
Weighted average shares outstanding	--	229,808	731,671	612,847	1,586,534
Denominator for basic and diluted calculations	--	229,808	731,671	612,847	1,586,534
Net loss per share:					
Basic and diluted	$ --	$ (9.35)	$ (4.76)	$ (4.48)	$ (3.91)

The following tables sets forth potential shares of Common Stock that are not included in the diluted net loss per share calculation above because to do so would be anti-dilutive for the periods indicated:

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Series A Preferred Stock	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Series B Preferred Stock	11,363,104	15,385,008	15,385,008	15,385,008	15,385,008
Series C Preferred Stock	--	6,000,000	6,000,000	6,000,000	6,000,000
Series D Preferred Stock	--	--	7,613,316	7,333,316	10,666,664
Series E Preferred Stock	--	--	--	--	11,000,000
Warrants to purchase Common Stock	134,452	134,452	134,452	134,452	134,452
Warrants to purchase Series C	--	40,000	40,000	40,000	40,000
Options to purchase Common Stock	5,548,000	1,960,000	11,555,916	11,555,916	12,462,924
	29,045,556	35,519,460	52,728,692	52,448,692	67,689,048

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS No. 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income (loss), depending on the type of hedging relationship that exists.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) In July 1999, the FASB issued SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 deferred the effective of SFAS No. 133 until fiscal years beginning after June 15, 2000. Management does not believe that the adoption of SFAS No. 137 will have a material impact on its operations of financial position.

In December 1999, the Securities and exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements, "which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. Management believes that the Company has complied with the guidance of SAB 101.

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44 ("FIN 44") "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of Opinion No. 25 for (a) the definition of employee for purposes of applying Opinion No. 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequences of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions cover specific events that occur after either December 15, 1998, or January 12, 2000. Management believes that the impact of FIN 44 will not have a material effect on the financial position or results of operations of the Company.

In various areas, including revenue recognition, accounting standards and practices continue to evolve. Additionally, the SEC is preparing to issue interpretative guidance relating to SAB 101, and the FASB's Emerging Issues Task Force continues to address revenue related accounting issues. The management of the Company believes it is in compliance with all of the rules and related guidance as they currently exist. However, any changes to generally accepted accounting principles in these areas could impact the Company's future accounting for its operations.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 3--Balance Sheet Components (In Thousands):

	JUNE 30,		MARCH 31,
	1998	1999	2000 (UNAUDITED)
ACCOUNTS RECEIVABLE:			
Accounts receivable	$ 757	$2,088	$ 4,978
Less: Allowance for doubtful accounts	(60)	(184)	(388)
	$ 697	$1,904	$ 4,590
INVENTORIES:			
Raw materials	$ 284	$1,709	$ 5,449
Work-in-process	--	267	2,325
Finished goods	--	298	1,603
	$ 284	$2,274	$ 9,377
PROPERTY AND EQUIPMENT:			
Equipment	$1,059	$2,338	$ 8,121
Leasehold improvements	46	122	614
	1,105	2,460	8,735
Less: Accumulated depreciation and amortization	(365)	(632)	(1,065)
	$ 740	$1,828	$ 7,670

Property and equipment includes $1,420,000 (unaudited) of computer equipment and internal-use software under capital leases at March 31, 2000. Depreciation of the assets under capital leases will begin from April 1, 2000.

	JUNE 30,		MARCH 31,
	1998	1999	2000 (UNAUDITED)
ACCRUED LIABILITIES:			
Payroll and related expenses	$160	$393	$1,096
Other	142	483	1,503
	$302	$876	$2,599

Note 4--Income Taxes:

Consolidated loss before income taxes includes non-U.S. loss of approximately $5,000 for the year ended June 30, 1999.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 4--INCOME TAXES: (CONTINUED) Deferred tax assets (liabilities) consist of the following (in thousands):

June 30, 1998 1999

Deferred tax assets		
Accruals and reserves	$ 116	$ 371
Net operating loss carryforwards	1,537	1,494
Research and development credit carryforward	63	102
	1,716	1,967
Deferred tax liability		
Depreciation and amortization	(32)	(72)
Gross deferred tax asset	1,685	1,895
Valuation allowance	(1,685)	(1,895)
Net deferred tax assets	$ --	$ --

Reconciliation of the statutory federal income tax to the Company's effective tax:

June 30, 1998 1999

Tax at federal statutory rate	(34)%	(34)%
State tax, net of federal benefit	(6)	(1)
Research credit carryforward	(1)	(1)
Stock compensation	--	30
Increase in valuation allowance	41	6
Other	--	--
Provision for taxes	--%	--%

Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company has provided a full valuation allowance against its net deferred tax assets at June 30, 1998 and June 30, 1999.

At June 30, 1999, the company had approximately $3,700,000 of federal and $3,700,000 of state net operating loss carryforwards available to reduce future taxable income which will begin to expire in 2012 for federal and 2004 for state tax purposes, respectively. Because of certain changes in ownership of the Company in February 1998, there is an annual limitation of approximately $500,000 on the use of the net operating loss carryforward of approximately $2,000,000 pursuant to section 382 of the Internal Revenue Code.

Note 5--Related Party Transactions:

Investor Rights Agreement

The Company has entered into an agreement with the holders of our preferred stock, including entities with which our directors are affiliated, that provides these stockholders certain rights relating to

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 5--RELATED PARTY TRANSACTIONS: (CONTINUED) the registration of their shares of common stock issuable upon conversion of the preferred stock. These rights have been waived as to this offering by the holders of preferred stock, but will survive this offering and will terminate no later than eight years after the closing date of this offering. This agreement also entitles the holders of our preferred stock to rights to receive financial information regarding us and a right of first refusal to purchase shares of our stock we issue, both of which rights terminate at the close of this offering.

Indemnification Agreements

The Company expects to enter into indemnification agreements with each of our directors and officers prior to completing this offering. These indemnification agreements and our certificate of incorporation and bylaws require the Company to indemnify our directors and officers to the fullest extent permitted by Delaware law.

Note 6--Convertible Preferred Stock:

At March 31, 2000, the Company is authorized to issue 55,091,672 (unaudited) shares of Convertible Preferred Stock ("Preferred Stock"), as follows (in thousands):

	SHARES		LIQUIDATION PREFERENCE
	AUTHORIZED	OUTSTANDING	AMOUNT
Series A	12,000	12,000	$ 600
Series B	15,385	15,385	2,770
Series C	6,040	6,000	3,000
Series D	10,667	10,667	8,000
Series E (unaudited)	11,000	11,000	44,000
	55,092*	55,052*	$58,370*

* (unaudited)

The rights, preferences, privileges and restrictions thereof are set forth in the Company's Amended and Restated Articles of Incorporation, and are summarized below:

Dividends

The holders of Convertible Series A, Series B, Series C, Series D and Series E Preferred Stock are entitled to receive noncumulative dividends at the annual rate of $0.004, $0.0144, $0.04, $0.06 and $0.32 (unaudited) per share, respectively, if and when declared by the Board of Directors. To date, the Board of Directors has not declared any dividends.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 6--Convertible Preferred Stock: (Continued)

Liquidation Preference

In the event of any liquidation or winding up of the Company, including a merger, sale of substantially all assets, or reorganization of the Company, the holders of Convertible Preferred Stock shall be entitled to receive in preference to the holders of Common Stock, an amount equal to $0.05 per share of Series A, $0.18 per share of Series B, $0.50 per share of Series C Preferred, $0.75 per share of Series D Preferred Stock and $4.00 (unaudited) per share of Series E Preferred Stock, plus any declared and unpaid dividends. All remaining assets, if any, shall be distributed pro rata to the holders of the Common Stock and Preferred Stock (on an as-if-converted basis).

The Series A, B, C, D and E Preferred Stock shall rank on a parity as to the receipt of the respective preferential amounts for each such series upon the occurrence of liquidation. If, upon the occurrence of such an event, the assets and funds thus distributed among the holders of Series A, B, C, D and E Preferred Stock are insufficient to permit full payment to such holders, then the entire assets and funds legally available for distribution shall be distributed ratably among the holders of Series A, B, C, D and E Preferred Stock in proportion to the preferential amount each is entitled to receive.

Conversion

Each share of Series A, Series B, Series C, Series D and Series E Preferred Stock is convertible into one share of Common Stock, at the option of the holder. The conversion ratio is subject to certain adjustments for dilution.

Each share of Convertible Preferred Stock shall be automatically converted into Common Stock, at the then applicable conversion rate, upon the closing of an underwritten public offering of shares of the Company which results in a per share public offering price (prior to underwriter commissions and expenses) of at least $8.00 per share and aggregate proceeds of $50,000,000.

Voting Rights

The Series A, B, C, D and E Preferred Stock will be entitled to vote, along with the holders of Common Stock, on all matters on an as-if-converted basis. In addition, the Series A, B, C, D and E Preferred Stock will also have class and series votes as provided by law, provided that Series B, voting together as a single class, and Series E, voting together as a single class shall be entitled to elect one member of the Company's Board of Directors, respectively, while the Common Stock (including the Preferred Stock on an as-converted basis) shall be entitled to elect the remaining members of the Company's Board of Directors.

Covenants

Under the terms of the Preferred Stock agreements, the Company is required to comply with certain covenants, including the timely submissions of certain financial data. At June 30, 1999, the Company was in violation of the covenant regarding the timely submission of financial data. Waivers obtained subsequent to year end have allowed the Company to remain in compliance with such covenants.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 6--Convertible Preferred Stock: (Continued) Warrants

In January 1997, the Company obtained a line of credit of $500,000 to fund the Company's operations. In connection with obtaining this line of credit and in exchange for the waiver of bank fees, the Company issued to the bank a warrant to purchase 134,452 shares of Common Stock. Under the terms of the agreement, the warrant was immediately exercisable with a five year term at an exercise price of $0.2975 per share. The most reliably determinable value assigned to this warrant by the Company was the value of the waived bank fee which amounted to $7,000 and was charged to operations during 1997. In March 1998, this line of credit was increased to $1,000,000. In connection with obtaining this increase, the Company issued an additional warrant to purchase 40,000 shares of Series C Convertible Preferred Stock. Under the terms of this agreement, the warrant was immediately exercisable with a five year term at an exercise price of $0.50 per share. The most reliably determinable

value assigned to this warrant by the Company was the value of the waived bank fee which amounted to $3,000 and was charged to operations during 1998. The line of credit expired in January of 1999. There were no borrowings under the line of credit as of June 30, 1998 or 1999.

Note 7--Common Stock:

Authorized Shares

The Company's Articles of Incorporation, as amended, authorizes the Company to issue 80,000,000 shares of common stock.

Stock Option Plans

In September 1995, the Board of Directors adopted the 1995 Stock Option Plan (the "1995 Plan"). In January 1998, the Board of Directors adopted the 1998 Stock Option Plan (the "1998 Plan"). The 1995 Plan and 1998 Plan provide for the issuance of incentive and nonqualified stock options to employees, directors and consultants of the Company. Under the 1995 Plan and 1998 Plan, options to purchase 3,000,000 and 15,000,000 shares of Common Stock, respectively, have been authorized for grant. Options granted under both plans must be granted with exercise prices not less than 100% and 85%, for incentive and nonqualified stock options respectively, of the estimated fair value of the Company's Common Stock on the date of grant, as determined by the Board of Directors. Options granted to shareholders who own greater than 10% of the Company's outstanding stock must be issued with exercise prices not less than 110% of the estimated fair value of the Company's Common Stock on the date of grant, as determined by the Board of Directors. Options under the both the 1995 Plan and 1998 Plan generally become exercisable at a rate of 25% during the first year of the vesting period and then at a rate of 1/48 per month thereafter. Options will expire, if not exercised, upon the earlier of 10 years from the date of grant or 90 days after termination as an employee of the Company.

In April of 1996, the Company granted options to purchase 60,000 shares of Common Stock to a non-employee in exchange for services with an exercise price of $0.0125 per share and which vested over a two year term. The value assigned to these stock options by the Company was not significant during the year ended June 30, 1996. In accordance with SFAS No. 123, the Company then remeasured the valuation of these stock options annually over the vesting period. During the year ended June 30, 1997, the incremental value assigned to these options was not significant. During the year ended

Notes to Consolidated Financial Statements (Continued)

NOTE 7--COMMON STOCK: (CONTINUED) June 30, 1998, the incremental value assigned to these stock options was $10,000 and was included as a component of general and administrative expenses.

During the year ended June 30, 1999, in connection with the granting of stock options to employees and members of the Board of Directors with exercise prices subsequently determined to be below fair value, the Company recorded deferred stock compensation aggregating $6,537,000. During the nine months ended March 31, 2000, the Company recorded additional deferred stock compensation aggregating $8,219,000 (unaudited). These amounts are being amortized into expense over the vesting period of the related options, generally four years using the method set out in FASB Interpretation No. 28 ("FIN 28"). Under the FIN 28 method, each vested tranche of options is accounted for as a separate option grant awarded for past services. Accordingly, the compensation expense is recognized over the period during which the services have been provided. This results is higher compensation expense in the earlier vesting periods of the related options. Amortization expense associated with deferred stock compensation totaled $3,044,000 for the year ended June 30, 1999 and $4,747,000 (unaudited) for the nine months ended March 31, 2000.

Information with respect to 1995 and 1998 stock option plan activity for the three years ended June 30, 1999 and nine months ended March 31, 2000 is set forth below:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, June 30, 1996.....	3,592,000	$0.0048
Options granted.....	2,066,000	0.0384
Options exercised.....	--	--
Options canceled.....	(110,000)	0.0514
Balance, June 30, 1997.....	5,548,000	0.0164
Options granted.....	--	--
Options exercised.....	(1,040,000)	0.0048
Options canceled.....	(2,548,000)	0.0177
Balance, June 30, 1998.....	1,960,000	$0.0208
Options granted.....	10,262,000	0.10
Options exercised.....	(580,000)	0.0099
Options canceled.....	(86,084)	0.10
Balance, June 30, 1999.....	11,555,916	$0.0911
Options granted (unaudited).....	7,010,100	2.06
Options exercised (unaudited).....	(3,329,259)	0.1661
Options canceled (unaudited).....	(2,773,833)	0.11
Balance, March 31, 2000 (unaudited).....	12,462,924	$1.1706

As of March 31, 2000, 38,416 (unaudited) and 549,401 (unaudited) options remain available for grant under the 1995 Plan and 1998 Plan, respectively.

Notes to Consolidated Financial Statements (Continued)

NOTE 7--COMMON STOCK: (CONTINUED) As of June 30, 1999 and March 31, 2000 (unaudited), the options outstanding and exercisable under both the 1995 and 1998 Plans are presented below:

	OPTIONS OUTSTANDING AT JUNE 30, 1999			OPTIONS VESTED AND EXERCISABLE AT JUNE 30, 1999	
EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
$0.0125	602,000	6.8	$0.0125	583,960	$0.0125
0.0250	670,000	7.5	0.0250	470,474	0.0250
0.1000	10,283,916	9.6	0.1000	1,868,396	0.1000
	11,555,916	9.4	$0.0911	2,922,830	$0.0704

	OPTIONS OUTSTANDING AT MARCH 31, 2000 (UNAUDITED)			OPTIONS VESTED AND EXERCISABLE AT MARCH 31, 2000 (UNAUDITED)	
EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
$0.0125	420,000	6.0	$0.0125	420,000	$0.0125
0.0250	510,125	6.8	0.0250	439,514	0.0250
0.1000	4,612,699	8.9	0.1000	809,269	0.1000
0.3000	2,456,500	9.5	0.3000	60,843	0.3000
1.5000	305,000	9.8	1.5000	--	1.5000
3.0000	3,098,300	9.8	3.0000	1,380	3.0000
3.6000	1,060,300	9.9	3.6000	1,000	3.6000
	12,462,924	9.2	$1.1864	1,732,006	$0.0710

Pro Forma Stock-based Compensation

The Company calculated the fair value of each option grant on the date of grant in accordance with SFAS No. 123 using the following weighted average assumptions:

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Risk-free interest rate.....	6.62%	--	5.00%	4.77%	6.37%
Expected life of option.....	4	--	4	4	4
Expected dividends.....	--%	--	--%	--%	--%
Volatility.....	60%	--	60%	60%	60%

Had compensation cost for the Company's stock-based compensation plan been determined based on the fair value at the grant dates for the awards as prescribed by SFAS No. 123, the Company's pro forma net loss would not have been materially different for the three years ended June 30, 1999 and

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 7--COMMON STOCK: (CONTINUED) for the nine months ended March 31, 1999 (unaudited). Pro forma net loss and net loss per share would have been $7,911,000 (unaudited) and $1.24 (unaudited), respectively for the nine-months ended March 31, 2000.

Such pro forma disclosures may not be representative of future compensation cost because options vest over several years and additional grants are made each year.

Note 8--Commitments and Contingencies:

Operating Leases

The Company leases its facilities under non-cancelable operating leases. The leases require the Company to pay taxes, maintenance and repair costs. Future minimum lease payments under the Company's non-cancelable operating leases, including operating leases entered into subsequent to March 31, 2000 are as follows (in thousands):

Year Ending June 30,

2000	$ 1,239
2001	2,366
2002	2,501
2003	2,030
2004	2,031
Thereafter	1,462
	$11,629

Rent expense for all operating leases was approximately $48,000, $101,000, and $172,000 in 1997, 1998, and 1999, respectively, and $100,000 (unaudited) and $471,000 (unaudited) for the nine months ended March 31, 1999 and 2000, respectively.

Litigation

In November 1999, a lawsuit was filed against the Company alleging patent infringement related to the manufacture and sale of fiber optic products which generated a majority of the Company's revenues for the nine months ended March 31, 2000. An unfavorable ruling in this matter would have an adverse material impact on the Company's financial condition and reported results of operations.

In June 2000, a lawsuit was filed against the Company and Telelight Communications Inc., alleging patent infringement relating to the manufacture of and offer to sell various fiber optic products.

In both lawsuits, the plaintiffs are seeking damages and injunctive relief. The Company, with the assistance of counsel, intends to vigorously defend its position in both matters. Management believes that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Note 9--Segment Reporting:

In 1998, the Company adopted FAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for reporting information about operating

NOTE 9--SEGMENT REPORTING: (CONTINUED) segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to stockholders. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated resources and in assessing performance.

The Company has determined that it has one reportable segment: Fiber optic components and module product sales. This segment consists of organizations located in the United States and the People's Republic of China which develop, manufacture, and/or market fiber optic networking components.

The breakdown of sales by geographic customer destination and property plant and equipment, net are as follows (in thousands):

	YEAR ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Sales:					
United States	$ 426	$2,493	$7,174	$4,350	$16,461
Asia	--	--	1,279	489	2,230
Other	--	--	641	437	1,970
Totals	$ 426	$2,493	$9,094	$5,276	$20,661

	JUNE 30,			MARCH 31,
	1997	1998	1999	2000
				(UNAUDITED)
Property, plant, and equipment, net:				
United States	$ 508	$ 740	$1,456	$ 5,379
People's Republic of China	--	--	372	2,291
Totals	$ 508	$ 740	$1,828	$ 7,670

Note 10--401(K) Plan:

In 1997, the Company adopted a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. All employees are eligible to participate three months after employment. Matching contributions are at the discretion of the Company. The Company made no matching contribution to the plan during three years ended June 30, 1999 and the nine months ended March 31, 1999 (unaudited) and 2000(unaudited).

Note 11--Unaudited Pro Forma Net Loss Per Common Share and Pro Forma Balance Sheet:

Upon the closing of the Company's initial public offering, all outstanding Convertible Preferred Stock will be automatically converted into Common Stock. The pro forma effect of this conversion has

NOTE 11--UNAUDITED PRO FORMA NET LOSS PER COMMON SHARE AND PRO FORMA BALANCE SHEET: (CONTINUED) been presented as a separate column (unaudited) in the Company's consolidated balance sheet, assuming the conversion had occurred as of March 31, 2000. Pro forma basic and diluted net loss per common share have been computed as described in Note 2 and also give effect to common equivalent shares from preferred stock that will automatically convert upon the closing of the Company's initial public offering (using the "as--if--converted method") for the three years ended June 30, 1999 and the nine months ended March 31, 1999 and 2000.

A reconciliation of the numerator and denominator used in the calculation or pro forma basic and fully diluted net loss per common share follows (in thousands, except share and per share data):

	YEARS ENDED JUNE 30,			NINE MONTHS ENDED MARCH 31,	
	1997	1998	1999	1999	2000
				(UNAUDITED)	
Net loss	$ (1,397)	$ (2,148)	$ (3,486)	$ (2,744)	$ (6,199)
Shares used in computing basic and diluted net loss per share	--	229,808	731,671	612,847	1,586,534
Assumed conversion of all convertible preferred stock from date of issuance	21,831,496	29,063,177	35,695,067	33,947,050	46,131,186
Weighted average shares used in computing pro forma basic and diluted net loss per share	21,831,496	29,292,985	36,426,738	34,559,897	47,717,720

Pro forma basic and diluted net loss per share.....	$ (0.06)	$ (0.07)	$ (0.10)	$ (0.08)	$ (0.13)

Note 12--Subsequent Events (Unaudited):

Acquisition

On April 6, 2000, the Company acquired Telelight Communications, Inc. ("Telelight") in a merger transaction to be accounted for as a purchase business combination. The purchase price comprised 6,720,000 shares of Common Stock valued at $26,880,000. The Company also anticipates incurring approximately $200,000 in acquisition expenses, including primarily legal fees and other direct transaction costs. The total purchase price aggregated $27,080,000.

2000 Equity Incentive Plan

In July, 2000 the Company adopted the 2000 Equity Incentive Plan which provides for the grant of stock awards to employees, directors and consultants. These stock awards include incentive stock options to employees, including officers and employee directors, and nonstatutory stock options, stock bonuses and stock purchase rights to employees, directors and consultants. The 2000 Equity Incentive Plan was adopted by the Company's board of directors in July 2000 and is expected to be approved by our stockholders prior to completing this offering. The 2000 Equity Incentive Plan will take effect on the effective date of the initial public offering.

Oplink Communications, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 12--SUBSEQUENT EVENTS (UNAUDITED): (CONTINUED) 2000 NON-EMPLOYEE DIRECTOR STOCK OPTION GRANTS In July 2000, the Company adopted the 2000 Equity Incentive Plan which provides for the automatic grant of nonstatutory stock options to purchase shares of common stock to our non-employee directors.

AUTOMATIC GRANTS. Upon the completion of this offering, beginning 2001, on the day after our annual stockholders' meeting, any person who is then a non-employee director and who is elected at such annual meeting will automatically be granted an option to purchase 36,000 shares of common stock. These grants will vest over a three-year period and will vest on a monthly basis. Any non-employee director who is elected or appointed to the board during a three-year term will automatically be granted an option to purchase a pro rata portion of shares based on the number of months remaining in the term.

2000 Employee Stock Purchase Plan

In July 2000, our board of directors adopted the 2000 Employee Stock Purchase Plan which authorizes the issuance of shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our affiliates. We expect that the 2000 purchase plan will be approved by our stockholders prior to completing this offering. The purchase plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. The purchase plan provides a means by which employees may purchase our common stock through payroll deductions. As of the date hereof, no shares of common stock have been purchased under the purchase plan.

The purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their relative fair values. The aggregate purchase price was allocated as follows, based on a preliminary independent appraisal and management estimates (in thousands):

Net tangible assets	$ 1,043
In-process research and development	7,020
Technology	6,276
Patents	1,086
Assembled workforce	33
Goodwill	11,622
	$27,080

This allocation is subject to change pending a final analysis of the total purchase cost and the fair value of the assets acquired and liabilities assumed. The net tangible assets of $1,043,000 consist primarily of cash and cash equivalents, accounts receivable, property and equipment, accounts payable and other liabilities. In-process research and development has not reached the stage of technological feasibility and will be charged to expense on the date of acquisition. Existing technology, patents and assembled workforce will be amortized over their estimated useful lives of four years. The purchase price in excess of net tangible liabilities and identifiable intangible assets will be allocated to goodwill, and amortized over its expected useful life of four years.

Oplink Communications, Inc.

Unaudited Pro Forma Combined Financial Information

Overview

On April 6, 2000, Oplink Communications, Inc., ("Oplink" or the "Company") acquired Telelight Communications, Inc. ("Telelight") in a merger transaction to be accounted for as a purchase business combination. The purchase price comprised 6,720,000 shares of Common Stock valued at $26,880,000. The Company also anticipates incurring approximately $200,000 in acquisition expenses, including primarily legal fees and other direct transaction costs. The total purchase price aggregated $27,080,000.

The purchase price was allocated to the assets acquired, including tangible and intangible assets, and liabilities assumed based upon the fair value of such assets and liabilities on the date of the acquisition. The total estimated purchase cost of the acquisition has been allocated on a preliminary basis to assets and liabilities based on management's estimates of their fair value and a preliminary independent appraisal of certain intangible assets with the excess costs over the net assets acquired allocated to goodwill. This allocation is subject to change pending a final analysis of the total purchase cost and the fair value of the assets acquired and liabilities assumed. The aggregate purchase price was allocated as follows (in thousands):

Net tangible assets of Telelight	$ 1,043
In-process research and development	7,020
Technology	6,276
Patents	1,086
Assembled workforce	33
Goodwill	11,622
	$27,080

The net tangible assets consist primarily of cash and cash equivalents, accounts receivable, inventory property and equipment, accounts payable and other liabilities. Telelight's net tangible assets as of $1,043,000, were used for purposes of calculating the pro forma adjustments as these amounts approximate their fair value at such date. Because the in-process research and technology had not reached the stage of technological feasibility at the acquisition date and had no alternative future use, the amount was immediately charged to operations. The amount allocated to technology, patents and assembled workforce are being amortized over their estimated useful lives of four years. The purchase price in excess of tangible and identifiable intangible assets is allocated to goodwill. As a result of the rapid technological change occurring in the telecommunications industry, goodwill is being amortized over its estimated useful life of four years. The valuation for the intangible assets has been determined using management's assumptions and a preliminary report from an independent appraiser.

The accompanying unaudited pro forma combined balance sheet gives effect to the merger of Oplink and Telelight as if such transaction occurred on March 31, 2000. The unaudited pro forma combined balance sheet combines the unaudited consolidated balance sheet of Oplink as of March 31, 2000 and the unaudited balance sheet of Telelight as of March 31, 2000.

The accompanying unaudited pro forma combined statements of operations presents the results of operations of Oplink for the year ended June 30, 1999 and the nine-month period ended March 31, 2000, combined with the statement of operations of Telelight for the year ended June 30, 1999 and the nine-month period ended March 31, 2000. The unaudited pro forma combined statement of operations gives effect to this acquisition as if it had occurred as of July 1, 1998.

The unaudited pro forma condensed combined information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been consummated at the dates indicated, nor is it necessarily indicative of future operating results or the financial position of the combined companies.

Oplink Communications, Inc.

Unaudited Pro Forma Combined Balance Sheet

(In Thousands)

	OPLINK AS OF MARCH 31, 2000	TELELIGHT AS OF MARCH 31, 2000	PRO FORMA ADJUSTMENTS	COMBINED
Assets				
Current assets:				
Cash and cash equivalents	$ 37,444	$ 437	$ --	$ 37,881
Accounts receivable, net	4,590	109	--	4,699
Inventories	9,377	103	--	9,480
Prepaid expenses	3,272	--	--	3,272
Total current assets	54,683	649	--	55,332
Property and equipment, net	7,670	417	--	8,087
Intangible assets	--	--	19,017 (A)	19,017
Other assets	1,090	9	--	1,099
Total assets	$ 63,443	$1,075	$19,017	$ 83,535
Liabilities, Convertible Preferred Stock and Stockholders' (Deficit) Equity				
Current liabilities:				
Accounts payable	$ 6,554	$ 20	$ --	$ 6,574
Accrued liabilities	2,599	12	200 (B)	2,811
Current portion of capital lease obligations	326	--	--	326
Borrowings under line of credit	135	--	--	135
Total current liabilities	9,614	32	200	9,846
Capital lease obligations, noncurrent	1,021	--	--	1,021

	10,635	32	200	10,867
Convertible Preferred Stock.....	58,373	--	--	58,373
Stockholders' deficit:				
Common Stock.....	4	1,729	(1,722)(C)(D)	11
Additional paid-in capital.....	15,170	--	26,873 (C)	42,043
Deferred stock compensation.....	(6,965)	--	--	(6,965)
Accumulated deficit.....	(13,774)	(686)	(6,334)(D)(H)	(20,794)
Total stockholders' (deficit) equity.....	(5,565)	1,043	18,817	14,295
Total liabilities, convertible preferred stock and stockholders' (deficit) equity.....	$ 63,443	$1,075	$19,017	$ 83,535

Oplink Communications, Inc.

Unaudited Pro Forma Combined Statement of Operations

(In Thousands, Except Per Share Data)

	OPLINK NINE MONTHS ENDED MARCH 31, 2000	TELELIGHT NINE MONTHS ENDED MARCH 31, 2000	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
Revenues.....	$ 20,661	$ 591	$ --	$ 21,252
Cost of revenues.....	17,420	434	1,387 (E)	19,241
Gross profit (loss).....	3,241	157	(1,387)	2,011
Operating expenses:				
Research and development.....	1,362	202	--	1,564
Sales and marketing.....	1,392	11	--	1,403
General and administrative.....	2,259	276	--	2,535
Amortization of deferred compensation.....	4,747	--	--	4,747
Goodwill amortization.....	--	--	2,179 (F)	2,179
Total operating expenses.....	9,760	489	2,179	12,428
Loss from operations.....	(6,519)	(332)	(3,566)	(10,417)
Interest income (expense).....	352	24	--	376
Other (expense) income, net.....	(32)	1	--	(31)
Net loss.....	$ (6,199)	$(307)	$(3,566)	$ (10,072)
Net loss per share:				
Basic and diluted.....	$ (3.91)			$ (1.21)
Weighted average shares.....	1,586,534			8,306,534 (G)

Oplink Communications, Inc.

Unaudited Pro Forma Combined Statement of Operations

(In Thousands, Except Per Share Data)

	OPLINK	TELELIGHT		
	YEAR ENDED			
	JUNE 30, 1999	JUNE 30, 1999	PRO FORMA ADJUSTMENTS	COMBINED
Revenues	$ 9,094	$ 40	$ --	$ 9,134
Cost of revenues	7,225	29	1,849 (E)	9,103
Gross profit (loss)	1,869	11	(1,849)	31
Operating expenses:				
Research and development	626	183	--	809
Sales and marketing	802	--	--	802
General and administrative	826	227	--	1,053
Amortization of deferred compensation	3,044	--	--	3,044
Goodwill amortization	--	--	2,905 (F)	2,905
Total operating expenses	5,298	410	2,905	8,613
Loss from operations	(3,429)	(399)	(4,754)	(8,582)
Interest income	75	22	--	97
Other (expense) income, net	(132)	(2)	--	(134)
Net loss	$ (3,486)	$(379)	$(4,754)	$ (8,619)
Net loss per share:				
Basic and diluted	$ (4.76)			$ (1.16)
Weighted average shares	731,671			7,451,671

(G)

Oplink Communications, Inc.

Notes to Pro Forma Combined Financial Information

(Unaudited)

The following adjustments were applied to Oplink's historical financial statements and those of Telelight to arrive at the pro forma combined financial information.

(A) To record the allocation of the purchase price of Telelight as described in the overview.

(B) To reflect anticipated acquisition expenses of $200,000.

(C) To reflect the acquisition of Telelight assuming the issuance of 6,720,000 shares of Oplink's Common Stock valued at $26.9 million.

(D) To eliminate the historical equity accounts of Telelight.

(E) To record the amortization of identifiable intangible assets related to the acquisition of Telelight as if the transaction occurred on July 1, 1998. Identifiable intangible assets recorded in relation to the acquisition were approximately $7.4 million and are being amortized on a straight-line basis over four years.

(F) To record the amortization of goodwill related to the acquisition of Telelight as if the transaction occurred on July 1, 1998. Goodwill recorded in relation to the acquisition was approximately $11.6 million and is being amortized on a straight-line basis over four years.

(G) Weighted average shares used to calculate pro forma basic and diluted net loss per share for the period presented is computed using the weighted average number of Common Stock outstanding for the period presented and the shares to be issued in conjunction with the acquisition of Telelight as if such shares were outstanding from July 1, 1998.

(H) Pro forma accumulated deficit reflects the write-off of in-process research and development as if the transaction had occurred on March 31, 2000.

Report of Independent Accountants

To the Board of Directors and Shareholders of Telelight Communications Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Telelight Communications Inc. (a company in the development stage) at December 31, 1998 and 1999 and the results of its operations and its cash flows for the year ended December 31, 1999, and for the periods from April 20, 1998 (date of inception) to December 31, 1998 and 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP San Jose, California May 24, 2000

Telelight Communications Inc. (A Company in the Development Stage)

Balance Sheet

DECEMBER 31, 1998 1999 MARCH 31, 2000 (UNAUDITED)

Assets

Current assets:			
Cash and cash equivalents	$ 746,244	$ 664,050	$ 436,565
Accounts receivable	--	109,712	108,853
Inventory	--	176,758	102,970
Prepaid expenses and other current assets	7,420	10,688	--
Total current assets	753,664	961,208	648,388
Property and equipment, net	98,849	247,960	417,516
Other assets	4,800	4,500	9,820
Total assets	$ 857,313	$1,213,668	$1,075,724

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable	$ 6,275	$ 110,810	$ 19,567
Accrued liabilities	834	16,286	12,663
Total current liabilities	7,109	127,096	32,230
Shareholders' equity:			
Common Stock: no par value; 100,000 shares authorized; issued and outstanding; 91,800 shares at December 31, 1998 and 100,000 shares at December 31, 1999 and March 31, 2000	1,370,000	1,728,785	1,728,785
Receivable from shareholder	(450,000)	--	--
Accumulated deficit	(69,796)	(642,213)	(685,291)
Total shareholders' equity	850,204	1,086,572	1,043,494
Total liabilities and shareholders' equity	$ 857,313	$1,213,668	$1,075,724

The accompanying notes are an integral part of these financial statements.

Telelight Communications Inc. (A Company in the Development Stage)

Statement of Operations

	PERIOD FROM APRIL 20, 1998 (DATE OF INCEPTION) TO DECEMBER 31,	YEAR ENDED DECEMBER 31,	PERIOD FROM APRIL 20, 1998 (DATE OF INCEPTION) TO DECEMBER 31,	THREE MONTHS ENDED MARCH 31,

	1998	1999	1999	1999	2000
					(UNAUDITED)
Revenues	$ --	$ 358,993	$ 358,993	$ 445	$271,763
Cost of revenues	--	262,963	262,963	182	199,359
Gross profit	--	96,030	96,030	263	72,404
Operating expenses:					
Research and development	21,298	332,935	354,233	78,771	24,387
Sales and marketing	--	668	668	60	9,998
General and administrative	55,519	367,371	422,890	80,932	88,318
Total operating expenses	76,817	700,974	777,791	159,763	122,703
Loss from operations	(76,817)	(604,944)	(681,761)	(159,500)	(50,299)
Interest and other income	7,021	32,527	39,548	7,913	7,221
Net loss	$(69,796)	$(572,417)	$(642,213)	$(151,587)	$(43,078)

The accompanying notes are an integral part of these financial statements.

Telelight Communications Inc. (A Company in the Development Stage)

Statement of Shareholders' Equity

	COMMON STOCK		RECEIVABLE FROM	DEFICIT ACCUMULATED DURING THE DEVELOPMENT	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	SHAREHOLDER	STAGE	EQUITY
Issuance of common stock for cash	91,800	$1,370,000	$ --	$ --	$1,370,000
Issuance of common stock in exchange for shareholder receivable	--	--	(450,000)	--	(450,000)
Net loss	--	--	--	(69,796)	(69,796)
Balance at December 31, 1998	91,800	1,370,000	(450,000)	(69,796)	850,204
Issuance of common stock in exchange of services	8,200	358,785	--	--	358,785
Repayment of shareholder receivable	--		450,000	--	450,000
Net loss	--	--	--	(572,417)	(572,417)
Balance at December 31, 1999	100,000	1,728,785	--	(642,213)	1,086,572
Net loss (unaudited)	--	--	--	(43,078)	(43,078)
Balance at March 31, 2000 (unaudited)	100,000	$1,728,785	$ --	$(685,291)	$1,043,494

The accompanying notes are an integral part of these financial statements.

Telelight Communications Inc. (A Company in the Development Stage)

Statement of Cash Flows

	PERIOD FROM APRIL 20, 1998 (DATE OF INCEPTION) TO DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM APRIL 20, 1998 (DATE OF INCEPTION) TO DECEMBER 31, 1999	THREE MONTHS ENDED MARCH 31, 1999	2000
(UNAUDITED)					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss	$ (69,796)	$(572,417)	$(642,213)	$(151,587)	$ (43,078)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,407	44,342	48,749	6,341	14,663
Common Stock issued to employees and consultants for services rendered	--	358,785	358,785	89,696	--
Changes in current assets and liabilities:					
Accounts receivable	--	(109,712)	(109,712)	(445)	859
Inventory	--	(176,758)	(176,758)	--	73,788
Prepaid expense and other assets	(12,220)	(2,968)	(15,188)	--	5,368
Accounts payable	6,275	104,535	110,810	(2,589)	(91,243)
Accrued liabilities	834	15,452	16,286	6,730	(3,623)
Net cash provided by operating activities	(70,500)	(338,741)	(409,241)	(51,854)	(43,266)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(103,256)	(193,453)	(296,709)	(45,929)	(184,219)
Net cash used in investing activities	(103,256)	(193,453)	(296,709)	(45,929)	(184,219)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of Common Stock	920,000	450,000	1,370,000	--	--
Net cash provided by financing					

```
            activities.....................       920,000          450,000        1,370,000
--          --
```

Net decrease in cash and cash equivalents..... 746,244 (82,194) 664,050 (97,783) (227,485) Cash and cash equivalents at beginning of year..... -- 746,244 -- 746,244 664,050 Cash and cash equivalents at end of year..... $ 746,244 $ 664,050 $ 664,050 $ 648,461 $ 436,565

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SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING:
  Common stock issued in exchange for note
    receivable from shareholder.............     $ 450,000        $      --        $      --      $
--   $      --
  Common stock issued to employees for
    services rendered.......................     $      --        $ 358,785        $ 358,785      $
89,696   $
```

The accompanying notes are an integral part of these financial statements.

Telelight Communications, Inc. (A Company in the Development Stage)

Notes to Financial Statements

Note 1--The Company and Summary of Significant Accounting Policies:

The Company

Telelight Communications Inc. (the "Company") was incorporated in State of California on April 20, 1998 for the purpose of developing and selling fiber optic components and subsystems which are designed specifically to increase capacity and bandwidth of fiber optic communications and data communication networks. The Company is in the developmental stage and since inception, has devoted substantially all of its time and efforts to developing products, raising capital and recruiting personnel. As described in Note 5, the Company was acquired by Oplink Communications Inc. on April 6, 2000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Consolidated Financial Statements (Unaudited)

The interim consolidated financial statements at March 31, 2000 and for the three months ended March 31, 1999 and 2000 are unaudited but, in the opinion of management, has been prepared on the same basis as the annual consolidated financial statements and include all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of its financial position at such date and its operating results and cash flows for those periods. Results for the interim period are not necessarily indicative of the results to be expected for the entire year, or any future period.

Revenue Recognition

Revenue from product sales is recognized upon shipment of the product or customer acceptance, which ever is later. Provisions for estimated future product returns are recognized upon product shipment.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory includes principally raw materials and is stated at the lower of cost or market, cost being determined using the first-in-first-out FIFO inventory method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally five to seven years.

Telelight Communications, Inc. (A Company in the Development Stage)

Notes to Financial Statements (Continued)

NOTE 1--THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) RESEARCH AND DEVELOPMENT EXPENDITURES Costs related to research, design, and development of products are charged to research and development expense as incurred.

Stock-based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB No. 25") and complies with the disclosure provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). To date, no stock-based compensation has been undertaken.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. The Company's cash and cash equivalents are deposited with one major financial institution in the United States. Deposits in this institution may exceed the amount of insurance provided on such deposits. For financial instruments consisting of cash and cash equivalents, other current assets, accounts payable, and accrued liabilities included in the Company's financial statements, the carrying amounts approximate fair value due to their short maturities.

Impairment of Long-lived Assets

The Company evaluates the recoverability of its long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS No. 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income, depending on the type of hedging relationship that exists. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. Currently, the Company does not hold derivative instruments or engage in hedging activities.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements." SAB 101 provides guidance for revenue

Telelight Communications, Inc. (A Company in the Development Stage)

Notes to Financial Statements (Continued)

NOTE 1--THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) recognition under certain circumstances. The Company has evaluated the impact of SAB 101 and believes that it's adoption will not have a material impact on its results of operations.

Note 2--Balance Sheet Components:

	DECEMBER 31,		MARCH 31,
	1998	1999	2000 (UNAUDITED)
PROPERTY AND EQUIPMENT:			
Machinery and equipment	$102,920	$292,123	$476,342
Furniture and fixtures	336	1,586	1,586
Leasehold improvements	--	3,000	3,000
	103,256	296,709	480,928
Less: Accumulated depreciation	(4,407)	(48,749)	(63,412)
	$ 98,849	$247,960	$417,516
ACCRUED LIABILITIES			
Payroll	$ --	$ 4,006	$ 4,724
Payroll taxes	--	11,344	4,065
Other	834	936	3,874
	$ 834	$ 16,286	$ 12,663

Note 3--Income Taxes:

Deferred tax assets (liabilities) consist of the following (in thousands):

December 31, 1998 1999

DEFERRED TAX ASSETS:		
Net operating loss carryforwards	$ 25	$ 111
Reserves and other	--	1
Credit carryforwards	--	7
Total deferred tax assets	25	119
DEFERRED TAX LIABILITY:		
Depreciation and amortization	(7)	(6)
Total deferred tax assets	18	113
Valuation allowance	(18)	(113)
Net deferred tax assets	$ --	$ --

Telelight Communications, Inc. (A Company in the Development Stage)

Notes to Financial Statements (Continued)

NOTE 3--INCOME TAXES: (CONTINUED) Reconciliation of the statutory federal income tax to the Company's effective tax:

December 31, 1998 1999

Tax at Federal statutory rate	(34)	(34)
State, net of Federal benefit	(6)	(7)
Meals and entertainment	--	--
Change in valuation allowance	41	43
Research and development credit benefit	(1)	(2)
Provision for taxes	--	--

At December 31, 1999, the Company had approximately $278,000 of federal and $279,000 of state net operating loss carryforwards available to offset future taxable income which expire in varying amounts beginning in 2018 and 2006, respectively.

The Company has research credit carryforwards of approximately $3,500 and $3,000 for Federal and California income tax purposes, respectively. If not utilized, the federal credit will expire in various amounts beginning in 2018. The California research credit can be carried forward indefinitely.

Under the Tax Reform Act of 1986, the amounts of and benefits from net operating loss carryforwards may be impaired or limited in certain circumstances. Events which cause limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, a cumulative ownership change of more that 50%, as defined, over a three year period.

Note 4--Commitments:

Leases

The Company leases office space under a noncancelable operating lease with an expiration date in 2000. Rent expense for the year ended December 31, 1999 and 1998 was $56,420 and $12,513, respectively.

Future minimum lease payments under the noncancelable operating lease are $37,240 in 2000.

Note 5--Subsequent Events:

In April 2000, the Company was acquired by Oplink Communications, Inc. ("Oplink"). All of the outstanding shares of common stock of the company were exchanged for 6,720,000 shares of Oplink.

[Logo]

[Alternative Page for International Prospectus] SUBJECT TO COMPLETION, DATED JULY 14, 2000 THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES, AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

[Alternative Page for International Prospectus]

[Logo]

Shares Common Stock

Oplink Communications, Inc. is offering shares of its common stock. This is our initial public offering and no public market currently exists for our shares. We have applied for approval for quotation of our common stock on the Nasdaq National Market under the symbol "OPLK." We anticipate that the initial public offering price will be between $ and $ per share.

Investing in Our Common Stock Involves Risks. See "Risk Factors" Beginning on Page .

Per Share Total

Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds to Oplink Communications, Inc	$	$

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Oplink Communications, Inc. has granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover over-allotments.

Robertson Stephens International

Cibc World Markets

J.p. Morgan Securities Ltd.

Ubs Warburg Llc

The Date of This Prospectus Is , 2000

[Alternative Page for International Prospectus]

Underwriting

The underwriters named below, acting through their representatives, FleetBoston Robertson Stephens Inc., CIBC World Markets Corp., J.P. Morgan & Co. and UBS Warburg LLC, have severally agreed with us, subject to the terms and conditions of the underwriting agreement, to purchase from us the number of shares of common stock set forth below opposite their respective names. The underwriters are committed to purchase and pay for all shares if any are purchased.

Number of Underwriter Shares

FleetBoston Robertson Stephens Inc. and FleetBoston Robertson Stephens International Limited..... CIBC World Markets Corp. and CIBC World Markets plc..... J.P. Morgan Securities Inc. and J.P. Morgan Securities Ltd. ..... UBS Warburg LLC..... Total.....

The representatives have advised us that the underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession of not in excess of $ per share, of which $ may be reallowed to other dealers. After this offering, the public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus. The common stock is offered by the underwriters as stated herein, subject to receipt and acceptance by them and subject to their right to reject any offer in whole or in part.

Prior to this offering, there has been no public market for the common stock. Consequently, the public offering price for the common stock offered by this prospectus has been determined through negotiations among the representatives and us. Among the factors considered in such negotiations

were prevailing market conditions, certain of our financial information, market valuations of other companies that we and the representatives believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

The underwriters have advised us that they do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

Over-allotment Option

We have granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus, to purchase up to additional shares of common stock to cover over-allotments, if any, at the public offering price less the underwriting discount set forth on the cover page of this prospectus. If the underwriters exercise their over-allotment option to purchase any of the additional shares of common stock, the underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof as the number of shares to be purchased by each of them bears to the total number of shares of common stock offered in this offering. If purchased, these additional shares will be sold by the underwriters on the same terms as those on which the shares offered hereby are being sold. We will be obligated, pursuant to the over-allotment option, to sell shares to the underwriters to the extent the over-allotment option is exercised. The underwriters may exercise the over-allotment option only to cover over-allotments made in connection with the sale of the shares of common stock offered in this offering.

[Alternative Page for International Prospectus]

The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment option.

	NO EXERCISE OF OVER-ALLOTMENT	FULL EXERCISE OF OVER-ALLOTMENT
Per Share	$	$
Total	$	$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately $.

Indemnity

The underwriting agreement contains covenants of indemnity among the underwriters and us against certain civil liabilities, including liabilities under the Securities Act of 1933, and liabilities arising from breaches of representations and warranties contained in the underwriting agreement.

Lock-up Agreements

Each of our executive officers and directors and stockholders holding approximately % of our common stock have agreed, subject to specified exceptions, not to offer to sell, contract to sell, or otherwise sell, dispose of, loan, pledge or grant any rights with respect to any shares of common stock or any options or warrants to purchase any shares of common stock, or any securities convertible into or exchangeable for shares of common stock owned as of the date of this prospectus or thereafter acquired directly by those holders or with respect to which they have the power of disposition, without the prior written consent of FleetBoston Robertson Stephens Inc. This restriction terminates after the close of trading of the shares on the 180th day of (and including) the day the shares commenced trading on the Nasdaq National Market. However, FleetBoston Robertson Stephens Inc. may, in its sole discretion and at any time or from time to time before the termination of the 180-day period, without notice, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the representatives and any of our shareholders or optionholders who have executed a lock-up agreement providing consent to the sale of shares prior to the expiration of the lock-up period.

In addition, we have agreed that during the lock-up period we will not, without the prior written consent of FleetBoston Robertson Stephens Inc., subject to certain exceptions, consent to the disposition of any shares held by shareholders subject to lock-up agreements prior to the expiration of the lock-up period, or issue, sell, contract to sell, or otherwise dispose of, any shares of common stock, any options or warrants to purchase any shares of common stock or any securities convertible into, exercisable for or exchangeable for shares of common stock other than our sale of shares in this offering, the issuance of our common stock upon the exercise of outstanding options or warrants, and the issuance of options under existing stock option and incentive plans provided that those options do not vest prior to the expiration of the lock-up period. See "Shares Eligible for Future Sale."

Listing

We have applied for the approval to list our common stock on the Nasdaq National Market under the symbol "OPLK."

[Alternative Page for International Prospectus]

Stabilization

The representatives have advised us that, pursuant to Regulation M under the Securities Act of 1933, some persons participating in the offering may engage in transactions, including stabilizing bids, syndicate covering transactions or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the shares of common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the

common stock. A "syndicate covering transaction" is the bid for or purchase of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. A "penalty bid" is an arrangement permitting the representatives to reclaim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the common stock originally sold by said underwriter or syndicate member is purchased by the representatives in a syndicate covering transaction and has therefore not been effectively placed by such underwriter or syndicate member. The representatives have advised us that such transactions may be effected on the Nasdaq National Market or otherwise, and if commenced, may be discontinued at any time.

Directed Share Program

At our request, certain of the underwriters have reserved up to five percent of the shares of common stock for sale in this offering at the initial public offering price to our directors, officers and employees and persons who are otherwise associated with us. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase reserved shares. Any reserved shares which are not purchased will be offered by the underwriters on the same basis as the other shares of common stock offered in this offering. We have agreed to indemnify these underwriters against various liabilities and expenses, including liabilities under the Securities Act of 1933, in connection with the sales of directed shares.

Part Ii Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses, other than the underwriting discounts and commissions, payable by us in connection with the sale of our common stock being registered. All amounts shown are estimates except for the registration fee, the NASD filing fee and the Nasdaq National Market fee.

Registration fee	$ 45,540
NASD filing fee	17,750
Nasdaq National Market fee	17,500
Blue sky qualification fees and expenses	*
Printing and engraving expenses	125,000
Legal fees and expenses	*
Accounting fees and expenses	500,000
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* to be filed by amendment

Item 14. Indemnification of Officers and Directors.

Section 145 of the Delaware General Corporation Law, permits indemnification of officers, directors, and other corporate agents under certain circumstances and subject to certain limitations. The Registrant's Articles and Bylaws provide that the Registrant shall indemnify its directors, officers, employees and agents to the full extent permitted by the Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary under Delaware law. In addition, the Registrant has entered into separate indemnification agreements with its directors and executive officers which require the Registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service (other than liabilities arising from acts or omissions not in good faith or willful misconduct).

These indemnification provisions and the indemnification agreements entered into between the Registrant and its executive officers and directors may be sufficiently broad to permit indemnification of the Registrant's executive officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the Underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since inception, we have sold and issued the following unregistered securities:

(1) From December 1997 to July 2000, we granted stock options to purchase an aggregate of 12,201,092 shares of common stock at exercise prices ranging from $0.0025 to $10.00 per share to employees, consultants, directors and other service providers pursuant to our 1995 Stock Plan and 1998 Stock Plan.

(2) In September 1995, we sold an aggregate of 12,000,000 shares of Series A preferred stock to six purchasers at a price per share of $0.05 for an aggregate purchase price of $600,000. Shares of Series A preferred stock are convertible into shares of common stock at the rate of one share of common stock for each share of Series A preferred stock outstanding.

(3) In August 1996 and August 1997, we sold an aggregate of 15,385,008 shares of Series B preferred stock to 19 purchasers at a price per share of $0.18 for an aggregate purchase price of $2,769,301.44. Shares of Series B preferred stock are convertible into shares of common stock at the rate of one share of common stock for each share of Series B preferred stock outstanding.

(4) In January 1997, we issued warrants to purchase 134,452 shares of common stock, at an exercise price of $0.2975 per share, to GBC Venture Capital, Inc., a lender, in connection with a loan agreement.

(5) In February 1998, we sold an aggregate of 6,000,000 shares of Series C preferred stock to 10 purchasers at a price per share of $0.50 for an aggregate purchase price of $3,000,000. Shares of Series C preferred stock are convertible into shares of common stock at the rate of one share of common stock for each share of Series C preferred stock outstanding.

(6) In March 1998, we issued warrants to purchase 40,000 shares of Series C preferred stock, at an exercise price of $0.50 per share, to GBC Venture Capital, Inc., a lender, in connection with a loan agreement.

(7) In March 1999 and July 1999 we sold an aggregate of 10,666,664 shares of Series D preferred stock to 14 purchasers at a price per share of $0.75 for an aggregate purchase price of $7,999,998. Shares of Series D preferred stock are convertible into shares of common stock at the rate of one share of common stock for each share of Series D preferred stock outstanding.

(8) In February 2000, we sold an aggregate of 11,000,000 shares of Series E preferred stock to 66 purchasers at a price per share of $4.00 for an aggregate purchase price of $44,000,000. Shares of Series E preferred stock are convertible into shares of common stock at the rate of one share of common stock for each share of Series E preferred stock outstanding.

The sales and issuances of securities described in paragraph (1) above were deemed to be exempt from registration under the Securities Act by virtue of Rule 701 promulgated thereunder in that they were offered and sold either pursuant to a written compensatory benefit plan or pursuant to a written contract relating to compensation, as provided by Rule 701.

The sale and issuance of securities described in paragraphs (2), (3), (4), (5), (6), (7) and (8) above were deemed to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act or Regulation D promulgated thereunder.

Item 16. Exhibits and Financial Statement Schedules.

(a) EXHIBITS

Exhibit Number Description of Document

1.1* Form of Underwriting Agreement.

3.1* Amended and Restated Articles of Incorporation of Oplink, as currently in effect.

3.2* Amended and Restated Certificate of Incorporation of Oplink, to be in effect immediately following the closing of the offering.

3.3* Bylaws of Oplink, as currently in effect.

3.4* Bylaws of Oplink, to be in effect immediately following the closing of the offering.

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4.2* Third Amended and Restated Investors' Rights Agreement, dated as of February 7, 2000 by and among Oplink and the investors listed on Exhibit A attached thereto.

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10.14* Consent to Sublease Agreement dated March 2000 by and among Oplink Communications Inc., Steag RTP Systems and Carlyle Forhen Trust.

10.15* Lease Agreement dated July 21, 1995 by and between SBC&D Co., Inc. and AG Associates, Inc.

10.16* First Amendment to lease dated July 21, 1995 by and between SBC&D Co., Inc and AG Associates, Inc.

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23.2* Consent of Cooley Godward LLP. (See Exhibit 5.1.)

24.1 Power of Attorney. (See page II-6) 27.1 Financial Data Schedule.

(*) To be filed by amendment.

(b) FINANCIAL STATEMENT SCHEDULES.

All schedules are omitted because they are not required, they are not applicable or the information is already included in the financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) That for purposes of determining any liability under the Securities Act, the information omitted from the form of this prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) That for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 15 of this Registration Statement or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against these liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by a director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether the indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of this issue.

(4) To provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in the denomination and registered in the names required by the Underwriters to permit prompt delivery to each purchaser.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on the 14th day of July, 2000.

Oplink Communications, Inc.

By: /s/ JOSEPH Y. LIU Joseph Y. Liu Chief Executive Officer

Power of Attorney

Each person whose signature appears below constitutes and appoints Joseph Y. Liu and Bruce Horn, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments and registration statements filed pursuant to Rule 462) to the Registration Statement on Form S-1, and to any registration statement filed under Securities and Exchange Commission Rule 462, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates stated.

Signature Title Date

/s/ JOSEPH Y. LIU Joseph Y. Liu	Chief Executive Officer (Principal Executive Officer)	July 14, 2000
/s/ BRUCE HORN Bruce Horn	Chief Financial Officer (Principal Financial and Accounting Officer)	July 14, 2000

/s/ IAN JENKS ---------- Chairman of the Board July 14, 2000 Ian Jenks /s/ CHIEH CHANG ---------- Director July 14, 2000 Chieh Chang /s/ HERBERT CHANG ---------- Director July 14, 2000 Herbert Chang ---------- Director July , 2000 Edward Labuda ---------- Director July , 2000 Leonard J. LeBlanc /s/ DAVID SPRENG ---------- Director July 14, 2000 David Spreng

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