



August 22, 2000

Finisar Corporation Announces Financial Results for First Quarter Ended July 31, 2000

SUNNYVALE, Calif.--(BUSINESS WIRE)--Aug. 22, 2000--Finisar Corporation (Nasdaq:FNSR), a leading provider of gigabit fiber optic solutions for high-speed data networks, today reported financial results for the first quarter ended July 31, 2000.

Revenues for the first quarter of fiscal 2001 grew sequentially by 32% to a record \$27.2 million from \$20.7 million in the fourth quarter ended April 30, 2000. This represented a 96% increase from \$13.9 million in the prior year period. Sales of optical subsystems grew sequentially by 42% to \$22.0 million in the first quarter from \$15.6 million in the fourth quarter and by 132% from \$9.5 million in the prior year period. Sales of network test systems totaled \$5.2 million, up sequentially from \$5.1 million in the previous quarter and up 18% from \$4.4 million in the prior year period.

Pro forma net income for the first quarter was a record \$4.9 million, or \$.03 per diluted share, an increase of 44% sequentially from \$3.4 million, or \$.02 per diluted share, in the fourth quarter and up 220% from \$1.5 million, or \$.01 per diluted share, in the prior year period. This pro forma net income excludes a non-cash charge for the amortization of deferred compensation from stock options granted to employees and directors prior to the Company's IPO in November 1999. If this amortization of deferred compensation is included, net income for the fourth quarter was \$3.2 million, or \$.02 per diluted share, compared to \$1.3 million, or \$.01 per diluted share, for the prior year period.

"Our revenue growth within optical subsystems was broadly based for both Fibre Channel and Gigabit Ethernet applications," said Jerry Rawls, Finisar's President and CEO. "Sales to our Fibre Channel customers grew sequentially by 33% while sales to Gigabit Ethernet customers grew by 53% and represented approximately 13% of total revenues in the quarter."

"We are also pleased to report that we have booked several orders for our digital CATV return path subsystem," added Rawls. "Shipments of that product should begin during the second fiscal quarter."

The Company announced on August 16, 2000 that it had entered into a definitive agreement to acquire privately held Sensors Unlimited located in Princeton, New Jersey. The Company anticipates that this transaction will close in October, 2000. Accordingly, the results of Sensors Unlimited will not be included with those of the Company until that time.

Safe Harbor Under the Private Securities Litigation Reform Act of 1995:

The statements contained in this press release that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, including statements regarding Finisar Corporation's expectations, beliefs, intentions, or strategies regarding the future. All forward-looking statements included in this press release are based upon information available to Finisar Corporation as of the date hereof, and Finisar Corporation assumes no obligation to update any such forward-looking statements. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially from those projected. These risks are set forth in Finisar's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on July 31, 2000, and other reports filed from time to time with the Securities and Exchange Commission.

About Finisar

Finisar Corporation (Nasdaq:FNSR) is a leading provider of fiber optic subsystems and network performance test systems which enable high-speed data communications over Gigabit Ethernet local area networks (LANs), Fibre Channel storage area networks (SANs), metropolitan data network applications (MANs), and CATV. The Company is focused on the application of digital fiber optics to provide a broad line of high-performance, reliable, value-added optical subsystems for networking and storage equipment manufacturers. The Company's headquarters are located at 1308 Moffett Park Drive, Sunnyvale, CA 94089. For more information, visit the Company's web site at <http://www.finisar.com>.

FINISAR CORPORATION

PRO FORMA CONDENSED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

August 22, 2000

Three Months Ended

July 31,

	2000	1999
Revenues		
Optical subsystems	\$ 22,038	\$ 9,480
Test systems	5,174	4,399
Total revenues	27,212	13,879
Cost of revenues	16,471	6,252
Gross profit	10,741	7,627
	39.5%	55.0%
Operating expenses:		
Research and development	4,314	2,840
Sales and marketing	2,507	1,542
General and administrative	1,385	759
Total operating expenses	8,206	5,141
Income from operations	2,535	2,486
Interest income, net	4,445	(89)
Other non-operating income (expense), net	(22)	(28)
Income before income taxes	6,958	2,369
Provision for income taxes	2,036	829

Net income	\$ 4,922	\$ 1,540
	=====	=====
Net income per share - basic	\$ 0.03	\$ 0.02
	=====	=====
Net income per share - diluted	\$ 0.03	\$ 0.01
	=====	=====
Shares used in per-share calculation-basic	149,951	88,392
Shares used in per-share calculation-diluted	165,313	127,830

The above pro forma results for the three months ended July 31, 2000 have been adjusted to exclude the non-cash charge for the amortization of deferred compensation associated with the issuance of stock options prior to the Company's initial public offering in November 1999.

Results including this charge are summarized below:

FINISAR CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
August 22, 2000

	Three Months Ended
	July 31,

	2000 1999

Revenues		
Optical subsystems	\$ 22,038	\$ 9,480
Test systems	5,174	4,399
	-----	-----
Total revenues	27,212	13,879
Cost of revenues	16,471	6,252
	-----	-----
Gross profit	10,741	7,627
Operating expenses:		
Research and development	4,314	2,840
Sales and marketing	2,507	1,542
General and administrative	1,385	759
Amortization of deferred compensation	1,699	287
	-----	-----
Total operating expenses	9,905	5,428
Income from operations	836	2,199
Interest income, net	4,445	(89)
Other non-operating income (expense), net	(22)	(28)
	-----	-----
Income before income taxes	5,259	2,082
Provision for income taxes	2,036	829
	-----	-----
Net income	\$ 3,223	\$ 1,253
	=====	=====
Net income per share - basic	\$ 0.02	\$ 0.01

	=====	=====
Net income per share - diluted	\$ 0.02	\$ 0.01
	=====	=====

Shares used in per-share calculation - basic	149,951	88,392
Shares used in per-share calculation - diluted	165,313	127,830

FINISAR CORPORATION
CONDENSED BALANCE SHEETS

(In thousands)

August 22, 2000

	July 31, 2000	April 30, 2000
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ASSETS		
Cash and short-term investments	\$ 315,105	\$ 320,735
Accounts receivable, net	20,215	14,348
Inventories	23,594	16,494
Income tax receivable	148	148
Other receivables	1,079	151
Deferred tax asset	2,524	2,653
Other current assets	473	278
	-----	-----
Total current assets	363,138	354,807
Property, plant, equipment and improvements, net	11,694	9,426
Other long-term assets	733	809
	-----	-----
Total assets	\$ 375,565	\$ 365,042
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	8,397	5,908
Accrued compensation	1,934	3,001
Other accrued liabilities	3,163	3,065
Income taxes payable	2,099	122
	-----	-----
Total current liabilities	15,593	12,096
Other long-term liabilities	132	132
Deferred tax liability	392	392
Common stock	386,087	384,686
Deferred stock compensation	(7,705)	(9,404)
Notes receivable from stockholders	(2,921)	(3,248)
Unrealized loss on		
short-term investments	194	(182)
Retained earnings	(16,207)	(19,430)
	-----	-----
Total preferred stock		
and stockholders' equity	359,448	352,422
	-----	-----
Total liabilities and		
stockholders' equity	\$ 375,565	\$ 365,042
	=====	=====