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JDSU sells SR site for \$26 million

*Optical technology company staying in Santa Rosa, will lease back most of space*By STEVE HART
THE PRESS DEMOCRAT

Optical technology maker JDSU has sold its 64-acre Santa Rosa complex for \$26 million and will lease back most of the space for ongoing operations, the company said Wednesday.

The buyer is Patriot Equities, a Pennsylvania investment firm that specializes in corporate real estate.

JDSU, which acquired the site from Optical Coating Laboratory Inc. in 2000, has no plans to leave Santa Rosa, said David Vellequette, the company's chief financial officer.

"We will continue to use this site as the hub for our Advanced Optical Technologies operations," he told Wall Street analysts Wednesday during a conference call.

The sale of JDSU's property in southwest Santa Rosa is part of a companywide downsizing that began in 2005. JDSU employment in Santa Rosa dropped from about 1,000 to 650 as the company trimmed product lines and shifted much of its manufacturing to lower-cost overseas locations.

With the consolidation, JDSU needed only about half of its buildings in Santa Rosa. The real estate deal was announced Wednesday as Milpitas-based JDSU released its results for the fourth quarter and 2007 fiscal year, which ended June 30.

JDSU's Santa Rosa division makes thin-film coated optics for electronics and color-shifting pigments for currency, packaging and product decoration.

The division posted \$170 million in sales in 2007, up 4 percent from 2006. Fourth-quarter revenue was \$45 million, 22 percent above the same quarter last year.

Companywide, JDSU reported \$1.4 billion in 2007 sales, 16 percent over 2006.

JDSU, formerly called JDS Uniphase, was hit hard by the technology slump starting in 2001 and hasn't turned a profit in more than 5 years.

But the company narrowed its 2007 loss to \$26 million, or 12 cents per share, compared with \$151 million, or 73 cents per share, in 2006.

Excluding acquisition costs and certain other expenses, the company had a profit of 7 cents per share in the latest quarter.

JDSU stands to gain from an explosion of new communications technologies that use Internet Protocol, CEO Kevin Kennedy told analysts Wednesday.

Shares of JDSU rose 64 cents, or 4.5 percent, to \$15 in after-hours trading. Earlier Wednesday, JDSU stock rose 61 cents, or 4.4 percent, to close at \$14.36 during the regular trading session.

The Santa Rosa property, one of the largest industrial sites in the city, includes 13 buildings with about 500,000 square feet of space. Under terms of the sale to Patriot Equities, JDSU will lease back 250,000 square feet in four buildings for up to 10 years and 85,000 square feet in three buildings for up to 5 years.

The buildings are "flex" structures that are suitable for technology or general business purposes, JDSU representatives said.

Officials at Patriot Equities could not be reached for comment Wednesday. The company, headquartered in Wayne, Pa., manages about \$150 million in corporate real estate in various parts of the country.

The Associated Press contributed to this report. You can reach Staff Writer Steve Hart at 521-5205 or steve.hart@pressdemocrat.com.

Published: Thursday, Aug 23, 2007
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