



June 16, 2016

## Finisar Announces Fourth Fiscal Quarter and Full Year 2016 Financial Results

SUNNYVALE, CA -- (Marketwired) -- 06/16/16 --

Finisar Corporation (NASDAQ: FNSR), a global technology leader for subsystems and components for fiber optic communications, today announced financial results for its fourth quarter and full fiscal year 2016, ended May 1, 2016.

### COMMENTARY

"Revenues for our fourth fiscal quarter were \$318.8 million, an increase of \$9.6 million, or 3.1% compared to the prior quarter, primarily driven by growth in demand for 40G and 100G transceivers for datacom applications including CFP, CFP2, CFP4, QSFP and QSFP28 form factors. Better than expected gross margins, due to favorable product mix, and lower expenses resulted in earnings per fully diluted share exceeding the upper end of our prior guidance range," said Jerry Rawls, Finisar's Chief Executive Officer.

### FINANCIAL HIGHLIGHTS - Fourth Quarter Ended May 1, 2016

#### Summary GAAP Results

	<b>Fourth Quarter Ended May 1, 2016</b>	<b>Third Quarter Ended January 31, 2016</b>
	<i>(in thousands, except per share amounts)</i>	
Revenues	\$318,794	\$309,206
Gross margin	28.4%	28.4%
Operating expenses	\$76,306	\$77,282
Operating income	\$14,135	\$10,458
Operating margin	4.4%	3.4%
Net income	\$13,072	\$12,084
Income per share-basic	\$0.12	\$0.11
Income per share-diluted	\$0.12	\$0.11
Basic shares	107,612	107,180
Diluted shares	109,386	108,128

#### Summary Non-GAAP Results (a)

	<b>Fourth Quarter Ended May 1, 2016</b>	<b>Third Quarter Ended January 31, 2016</b>
	<i>(in thousands, except per share amounts)</i>	
Revenues	\$318,794	\$309,206
Non-GAAP Gross margin	30.6%	30.3%
Non-GAAP Operating expenses	\$66,186	\$67,292
Non-GAAP Operating income	\$31,239	\$26,309
Non-GAAP Operating margin	9.8%	8.5%
Non-GAAP Net income	\$31,824	\$26,604
Non-GAAP Income per share-basic	\$0.30	\$0.25
Non-GAAP Income per share-diluted	\$0.29	\$0.25
Basic shares	107,612	107,180
Diluted shares	109,386	108,128

(a) *In evaluating the operating performance of Finisar's business, Finisar management utilizes financial measures that exclude certain charges and credits required by U.S. generally accepted accounting principles, or GAAP, that are*

considered by management to be outside of Finisar's core ongoing operating results. A reconciliation of Finisar's non-GAAP financial measures to the most directly comparable GAAP measures, as well as additional related information, can be found under the heading "Finisar Non-GAAP Financial Measures" below.

**Financial Statement Highlights for the Fourth Quarter of Fiscal 2016:**

- | Revenues were \$318.8 million, an increase of \$9.6 million, or 3.1%, from \$309.2 million in the preceding quarter.
- | Sales of products for datacom applications increased by \$23.6 million, or 10.8%, compared to the preceding quarter, primarily driven by growth in demand for 40G and 100G transceivers including CFP, CFP2, CFP4, QSFP, and QSFP28 form factors
- | Sales of products for telecom applications decreased by \$14.1 million, or (15.6)%, compared to the preceding quarter, primarily as the result of the full three months of the telecom price negotiations and an unexpected decline in demand for legacy products including 10G fixed wavelength and tunable transceivers and amplifiers. In addition, factors expected to partially offset the negative impacts on telecom revenue above during the quarter were lower in magnitude than expected due to delays in adding manufacturing capacity for wavelength selective switches and delays in the qualification of new ROADM linecard designs.
- | GAAP gross margin was 28.4% compared to 28.4% in the preceding quarter.
- | Non-GAAP gross margin was 30.6% compared to 30.3% in the prior quarter, as favorable product mix was partially offset by the impact of the full three months of annual telecom price negotiations, which typically take effect on January 1.
- | GAAP operating expenses were \$76.3 million compared to \$77.3 million in the prior quarter.
- | Non-GAAP operating expenses decreased to \$66.2 million compared to \$67.3 million in the prior quarter primarily due to lower G&A costs including lower legal expenses.
- | GAAP earnings per fully diluted share was \$0.12 compared to \$0.11 in the preceding quarter.
- | Non-GAAP earnings per fully diluted share was \$0.29 compared to \$0.25 in the preceding quarter.
- | Cash, cash equivalents and short term investments increased \$31.4 million to \$562.5 million at the end of the fourth quarter, compared to \$531.1 million at the end of the preceding quarter.

**FINANCIAL HIGHLIGHTS - Fiscal Year Ended May 1, 2016**

**Summary GAAP Results**

	<b>Fiscal Year Ended May 1, 2016</b>	<b>Fiscal Year Ended May 3, 2015</b>
	<b>(in thousands, except per share amounts)</b>	
Revenues	\$1,263,166	\$1,250,944
Gross margin	28.1%	28.1%
Operating expenses	\$313,627	\$324,116
Operating income	\$41,022	\$26,794
Operating margin	3.2%	2.1%
Net income	\$35,193	\$11,887
Income per share-basic	\$0.33	\$0.12
Income per share-diluted	\$0.32	\$0.11
Basic shares	106,678	101,408
Diluted shares	108,870	104,970

**Summary Non-GAAP Results (b)**

	<b>Fiscal Year Ended May 1, 2016</b>	<b>Fiscal Year Ended May 3, 2015</b>
	<b>(in thousands, except per share amounts)</b>	
Revenues	\$1,263,166	\$1,250,944
Non-GAAP Gross margin	30.3%	30.9%
Non-GAAP Operating expenses	\$269,909	\$270,040
Non-GAAP Operating income	\$112,333	\$116,071
Non-GAAP Operating margin	8.9%	9.3%
Non-GAAP Net income	\$109,817	\$110,376

Non-GAAP Income per share-basic	\$1.03	\$1.09
Non-GAAP Income per share-diluted	\$1.01	\$1.04
Basic shares	106,678	101,408
Diluted shares	108,870	106,819

- (b) *In evaluating the operating performance of Finisar's business, Finisar management utilizes financial measures that exclude certain charges and credits required by U.S. generally accepted accounting principles, or GAAP, that are considered by management to be outside of Finisar's core ongoing operating results. A reconciliation of Finisar's non-GAAP financial measures to the most directly comparable GAAP measures, as well as additional related information, can be found under the heading "Finisar Non-GAAP Financial Measures" below.*

#### **Financial Statement Highlights for Fiscal 2016:**

- l Revenues were \$1,263.2 million, an increase of \$12.2 million, or 1.0%, from \$1,250.9 million in the preceding year.
- l Sales of products for datacom applications decreased by \$4.2 million, or (0.5)%, compared to the preceding year primarily as the result of having only 52 weeks in the fiscal year compared to 53 weeks in fiscal 2015.
- l Sales of products for telecom applications increased by \$16.4 million, or 5.2%, compared to the preceding year primarily driven by growth in the demand for wavelength selective switches.
- l GAAP gross margin was 28.1% compared to 28.1% in the preceding year.
- l Non-GAAP gross margin was 30.3% compared to 30.9% in the prior year due to lower average selling prices.
- l GAAP operating expenses were \$313.6 million compared to \$324.1 million in the prior year.
- l Non-GAAP operating expenses were \$269.9 million compared to \$270.0 million in the prior year.
- l GAAP earnings per fully diluted share was \$0.32 compared to \$0.11 in the preceding year.
- l Non-GAAP earnings per fully diluted share was \$1.01 compared to \$1.04 in the preceding year.
- l Cash, cash equivalents and short term investments increased \$72.3 million to \$562.5 million at the end of the fiscal year, compared to \$490.2 million at the end of the preceding fiscal year.

#### **OUTLOOK**

The Company indicated that for the first quarter of fiscal 2017 it currently expects revenues in the range of \$323 to \$343 million, non-GAAP gross margin of approximately 31%, non-GAAP operating margin of approximately 9.9% to 10.9%, and non-GAAP earnings per fully diluted share in the range of approximately \$0.27 to \$0.33.

#### **CONFERENCE CALL**

Finisar will discuss its financial results for the fourth quarter and current business outlook during its regular quarterly conference call scheduled for Thursday, June 16, 2016, at 2:00 pm PT (5:00 pm ET). To listen to the call you may connect through the Finisar investor relations page at <http://investor.finisar.com/> or dial 877-681-3372 (domestic) or 719-325-4790 (international) and enter conference ID 9069246.

An audio replay will be available for two weeks following the call by dialing 1-888-203-1112 (domestic) or +1-719-457-0820 and then following the prompts: enter conference ID 9069246 and provide your name, affiliation, and contact number. A replay of the webcast will be available shortly after the conclusion of the call on the Company's website until the next regularly scheduled earnings conference call.

#### **SAFE HARBOR UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This press release contains forward-looking statement concerning Finisar's expected financial performance. These statements are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on our current expectations, estimates, assumptions and projections about our business and industry, and the markets and customers we serve, and they are subject to numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate. Finisar 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. Examples of such risks include those associated with: the uncertainty of customer demand for Finisar's products; the rapidly evolving markets for Finisar's products and uncertainty regarding the development of these markets; Finisar's historical dependence on sales to a limited number of customers and fluctuations in the mix of products and customers in any period; ongoing new product development and introduction of new and enhanced products; the challenges of rapid growth followed by periods of contraction; and intensive competition. Further information regarding these and other risks relating to Finisar's business is set forth in Finisar's annual report on Form 10-K (filed June 19, 2015) and quarterly SEC filings.

## ABOUT FINISAR

Finisar Corporation (NASDAQ: FNSR) is a global technology leader for fiber optic subsystems and components that enable high-speed voice, video and data communications for telecommunications, networking, storage, wireless, and cable TV applications. For over 25 years, Finisar has provided critical optics technologies to system manufacturers to meet the increasing demands for network bandwidth and storage. Finisar is headquartered in Sunnyvale, California, USA with R&D, manufacturing sites, and sales offices worldwide. For additional information, visit [www.finisar.com](http://www.finisar.com).

**FINISAR FINANCIAL STATEMENTS** The following financial tables are presented in accordance with GAAP.

### Finisar Corporation Consolidated Balance Sheets (in thousands)

	<u>May 1, 2016</u>	<u>Jan 31, 2016</u> (Unaudited)	<u>Nov 01, 2015</u> (Unaudited)	<u>Aug 02, 2015</u> (Unaudited)	<u>May 03, 2015</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 299,221	\$ 268,330	\$ 258,270	\$ 232,997	\$ 197,443
Short-term held-to-maturity investments	263,255	262,726	262,500	262,695	292,748
Accounts receivable, net	249,257	241,384	230,065	234,798	213,234
Accounts receivable, other	44,576	41,933	39,982	40,807	40,650
Inventories	273,291	262,591	264,706	282,093	283,670
Prepaid expenses and other assets	18,483	25,317	20,538	22,649	36,518
Total current assets	<u>1,148,083</u>	<u>1,102,281</u>	<u>1,076,061</u>	<u>1,076,039</u>	<u>1,064,263</u>
Property, equipment and improvements, net	348,613	342,818	344,695	322,043	315,777
Purchased intangible assets, net	18,388	20,686	22,983	25,086	27,188
Goodwill	106,735	106,735	106,735	106,735	106,735
Minority investments	4,051	3,692	3,647	2,997	2,847
Other assets	21,119	21,516	23,133	34,960	35,072
Total assets	<u>\$ 1,646,989</u>	<u>\$ 1,597,728</u>	<u>\$ 1,577,254</u>	<u>\$ 1,567,860</u>	<u>\$ 1,551,882</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 141,591	\$ 131,240	\$ 133,220	\$ 139,600	\$ 131,510
Accrued compensation	36,084	32,908	31,680	26,392	24,918
Other accrued liabilities	42,206	45,492	43,301	39,753	39,238
Deferred revenue	13,529	11,933	12,438	11,480	9,850
Total current liabilities	<u>233,410</u>	<u>221,573</u>	<u>220,639</u>	<u>217,225</u>	<u>205,516</u>
Long-term liabilities:					
Convertible notes, net of current portion	231,011	228,561	226,151	223,760	221,406
Other non-current liabilities	14,882	21,765	23,195	21,545	21,167
Total liabilities	<u>479,303</u>	<u>471,899</u>	<u>469,985</u>	<u>462,530</u>	<u>448,089</u>
Stockholders' equity:					
Common stock	108	108	107	107	104
Additional paid-in capital	2,605,859	2,593,587	2,577,246	2,564,506	2,551,114
Accumulated other comprehensive income (loss)	(25,188)	(41,701)	(31,835)	(14,390)	861
Accumulated deficit	(1,413,093)	(1,426,165)	(1,438,249)	(1,444,893)	(1,448,286)
Total stockholders' equity	<u>1,167,686</u>	<u>1,125,829</u>	<u>1,107,269</u>	<u>1,105,330</u>	<u>1,103,793</u>
Total liabilities and stockholders' equity	<u>\$ 1,646,989</u>	<u>\$ 1,597,728</u>	<u>\$ 1,577,254</u>	<u>\$ 1,567,860</u>	<u>\$ 1,551,882</u>

Note - Balance sheet amounts as of May 3, 2015 are derived from the audited consolidated financial statements as of the date.

**Finisar Corporation**  
**Consolidated Statements of Operations**  
(Unaudited, in thousands, except per share data)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>		<b>Three Months Ended</b>
	<b>May 1, 2016</b>	<b>May 03, 2015</b>	<b>May 1, 2016</b>	<b>May 03, 2015</b>	<b>Jan 31, 2016</b>
Revenues	\$ 318,794	\$ 320,042	\$ 1,263,166	\$ 1,250,944	\$ 309,206
Cost of revenues	226,723	229,390	901,316	888,573	219,836
Impairment of long-lived assets	-	-	1,071	5,722	-
Amortization of acquired developed technology	1,630	1,435	6,130	5,739	1,630
Gross profit	90,441	89,217	354,649	350,910	87,740
Gross margin	28.4%	27.9%	28.1%	28.1%	28.4%
Operating expenses:					
Research and development	50,169	51,117	203,389	202,089	49,840
Sales and marketing	11,621	11,800	46,619	46,178	11,899
General and administrative	13,848	15,303	60,117	72,856	14,875
Impairment of long-lived assets	-	-	830	45	-
Amortization of purchased intangibles	668	713	2,672	2,948	668
Total operating expenses	76,306	78,933	313,627	324,116	77,282
Income from operations	14,135	10,284	41,022	26,794	10,458
Interest income	802	536	2,345	1,811	709
Interest expense	(3,017)	(3,335)	(11,750)	(12,022)	(2,933)
Other income (expenses), net	(80)	4,041	3,214	4,099	1,968
Income before income taxes	11,840	11,526	34,831	20,682	10,202
Provision (benefit) for income taxes	(1,232)	4,199	(362)	8,795	(1,882)
Net income	\$ 13,072	\$ 7,327	\$ 35,193	\$ 11,887	\$ 12,084

Net income per share attributable to Finisar Corporation common stockholders:

Basic	\$ 0.12	\$ 0.07	\$ 0.33	\$ 0.12	\$ 0.11
Diluted	\$ 0.12	\$ 0.07	\$ 0.32	\$ 0.11	\$ 0.11

Shares used in computing net income per share - basic	107,612	104,005	106,678	101,408	107,180
Shares used in computing net income per share - diluted	109,386	107,535	108,870	104,970	108,128

**FINISAR NON-GAAP FINANCIAL MEASURES**

In addition to reporting financial results in accordance with U.S. generally accepted accounting principles, or GAAP, Finisar provides the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission: non-GAAP gross profit, non-GAAP operating income, non-GAAP income and non-GAAP net income per share. These non-GAAP financial measures are supplemental information regarding the Company's operating performance on a non-GAAP basis that excludes certain gains, losses and charges of a non-cash nature or that occur relatively infrequently and/or that management considers to be outside of our ongoing core operating results. Management believes that tracking non-GAAP gross profit, non-GAAP operating income, non-GAAP net income and non-GAAP net income per share provides management and the investment community with valuable insight into our ongoing core current operations, our ability to generate cash and the underlying business trends which are affecting our performance. These non-GAAP measures are used by both management and our Board of Directors, along with the comparable GAAP information, in evaluating our current performance and planning our future business activities. In particular, management finds it useful to exclude non-cash charges in order to better correlate our operating activities with our ability to generate cash from operations and to exclude certain cash charges as a means of more accurately predicting our liquidity requirements. We believe that these non-GAAP measures, when used in conjunction with our GAAP financial information, also allow investors to better evaluate

our financial performance in comparison to other periods and to other companies in our industry.

In calculating non-GAAP gross profit in this release, we have excluded the following items from cost of revenues in applicable periods in this release:

- | Changes in excess and obsolete inventory reserve (predominantly non-cash charges);
- | Amortization of acquired technology (non-cash charges related to technology obtained in acquisitions);
- | Duplicate facility costs during facility move (non-core cash charges);
- | Stock-based compensation expense (non-cash charges);
- | Impairment of long-lived assets (non-cash charges);
- | Reduction in force costs (non-core cash charges); and
- | Acquisition related retention payments (non-core cash charges).

In calculating non-GAAP operating income in this release, we have excluded the same items to the extent they are classified as operating expenses, and have also excluded the following items in applicable periods in this release:

- | Gain or loss on litigation settlements and resolutions and related costs (non-core cash charges or benefits);
- | Shareholder class action and derivative litigation costs (non-core cash charges associated with the derivative litigation related to our historical stock option granting practices and related to the class action and derivative litigation related to our March 8, 2011 earnings announcement);
- | Employee and employer tax liabilities related to the 2006 special investigation into our historical stock option granting practices (non-core cash charges);
- | Acquisition related costs (non-core cash charges);
- | Impairment of acquired R&D reimbursement receivable (non-core non-cash charges);
- | Unclaimed property tax audit accrual (non-core charges); and
- | Amortization of purchased intangibles (non-cash charges).

In calculating non-GAAP income and non-GAAP income per share in this release, we have also excluded the following items in applicable periods in this release:

- | Imputed interest expenses on convertible debt (non-cash charges);
- | Imputed interest related to restructuring (non-cash charges);
- | Other interest income (non-core benefits);
- | Gains and losses on sales of assets (non-cash losses and cash gains related to the periodic disposal of assets no longer required for current activities);
- | Gain related to minority investments (non-core benefit);
- | Other miscellaneous expenses (income) (non-core charges or benefits);
- | Dollar denominated foreign exchange transaction losses (gains) (non-cash charges or benefits); and
- | Amortization of debt issuance costs (non-cash charges).

In addition, in this release we have adjusted non-GAAP income and non-GAAP income per share for the difference between GAAP income taxes and non-GAAP income taxes.

A reconciliation of this non-GAAP financial information to the corresponding GAAP information is set forth below:

**Finisar Corporation**  
**Reconciliation of Results of Operations under GAAP and non-GAAP**  
**(Unaudited, in thousands, except per share data)**

	<i>Three Months Ended</i>		<i>Twelve Months Ended</i>		<i>Three Months Ended</i>
	<i>May 1, 2016</i>	<i>May 03, 2015</i>	<i>May 1, 2016</i>	<i>May 03, 2015</i>	<i>Jan 31, 2016</i>
<b>GAAP to non-GAAP reconciliation of gross profit:</b>					
Gross profit - GAAP	\$ 90,441	\$ 89,217	\$ 354,649	\$ 350,910	\$ 87,740
Gross margin - GAAP	28.4%	27.9%	28.1%	28.1%	28.4%
Adjustments:					
Cost of revenues					
Change in excess and obsolete inventory valuation adjustments	2,102	2,752	7,227	10,293	1,293

Amortization of acquired technology	1,630	1,435	6,130	5,739	1,630
Duplicate facility costs during facility move	8	4	101	776	7
Stock compensation	2,847	2,692	11,000	10,216	2,539
Impairment of long-lived assets	-	420	1,282	6,266	-
Reduction in force costs	369	406	1,704	1,571	364
Acquisition related retention payment	28	72	149	340	28
Total cost of revenue adjustments	<u>6,984</u>	<u>7,781</u>	<u>27,593</u>	<u>35,201</u>	<u>5,861</u>
Gross profit - non-GAAP	<u>97,425</u>	<u>96,998</u>	<u>382,242</u>	<u>386,111</u>	<u>93,601</u>
Gross margin - non-GAAP	30.6%	30.3%	30.3%	30.9%	30.3%

**GAAP to non-GAAP reconciliation of operating income:**

Operating income - GAAP	14,135	10,284	41,022	26,794	10,458
Operating margin - GAAP	4.4%	3.2%	3.2%	2.1%	3.4%
Adjustments:					
Total cost of revenue adjustments	6,984	7,781	27,593	35,201	5,861
Total operating expense adjustments					
Operating expenses - GAAP	76,306	78,933	313,627	324,116	77,282
Research and development					
Reduction in force costs	386	82	904	790	230
Duplicate facility costs during facility move	7	143	284	1,009	7
Acquisition related retention payment	32	104	222	595	32
Stock compensation	4,855	5,084	19,386	18,916	4,723
Impairment of long-lived assets	-	-	287	-	-
Impairment of acquired R&D reimbursement receivable	-	87	-	87	-
Sales and marketing					
Reduction in force costs	1	-	225	-	44
Acquisition related retention payment	-	12	15	50	2
Stock compensation	1,747	1,749	6,885	6,503	1,713
General and administrative					
Reduction in force costs	49	-	1,403	103	39
Duplicate facility costs	24	-	191	152	150
Acquisition related retention payment	4	8	(1)	(24)	-
Stock compensation	2,381	2,894	10,241	10,977	2,343
Payroll taxes related to options investigation	-	-	-	17	-
Acquisition related costs	(1)	18	434	292	39
Litigation settlements and resolutions and related costs	1	(6)	17	11,748	-
Shareholder class action and derivative litigation costs	(184)	(121)	(184)	(131)	-
Unclaimed property tax audit accrual	150	-	150	-	-
Amortization of purchased intangibles	668	713	2,672	2,948	668
Impairment of long-lived assets	-	(1)	587	44	-
Total operating expense adjustments	<u>10,120</u>	<u>10,766</u>	<u>43,718</u>	<u>54,076</u>	<u>9,990</u>
Operating expenses - non-GAAP	<u>66,186</u>	<u>68,167</u>	<u>269,909</u>	<u>270,040</u>	<u>67,292</u>
Operating income - non-GAAP	<u>31,239</u>	<u>28,831</u>	<u>112,333</u>	<u>116,071</u>	<u>26,309</u>
Operating margin - non-GAAP	9.8%	9.0%	8.9%	9.3%	8.5%

**GAAP to non-GAAP reconciliation of income before income taxes:**

Income before income taxes - GAAP	11,840	11,526	34,831	20,682	10,202
Adjustments:					
Total cost of revenue adjustments	6,984	7,781	27,593	35,201	5,861
Total operating expense adjustments	10,120	10,766	43,718	54,076	9,990
Total Interest and other adjustments					
Other interest income	(6)	-	(119)	-	(113)
Non-cash imputed interest expenses on convertible debt	2,449	2,334	9,605	9,153	2,411
Imputed interest related to restructuring	40	47	171	196	42
Other (income) expense, net					
Loss (gain) on sale of assets	165	(559)	(579)	(317)	(644)
Loss (gain) related to minority investments	-	(1,470)	-	(1,470)	-

Other miscellaneous income	(184)	(850)	(1,824)	(1,028)	(1,503)
Foreign exchange transaction (gain) or loss	362	(607)	925	1,373	1,205
Amortization of debt issuance cost	154	154	616	616	154
Total Interest and other adjustments	2,980	(951)	8,795	8,523	1,552
Income before income taxes - non-GAAP	31,924	29,122	114,937	118,482	27,605

**GAAP to non-GAAP reconciliation of net income:**

Net income - GAAP	13,072	7,327	35,193	11,887	12,084
Total cost of revenue adjustments	6,984	7,781	27,593	35,201	5,861
Total operating expense adjustments	10,120	10,766	43,718	54,076	9,990
Total Interest and other adjustments	2,980	(951)	8,795	8,523	1,552
Income tax provision adjustments	(1,332)	1,950	(5,482)	689	(2,883)
Total adjustments	18,752	19,546	74,624	98,489	14,520
Net income - non-GAAP	\$ 31,824	\$ 26,873	\$ 109,817	\$ 110,376	\$ 26,604

**Non-GAAP net income for diluted earnings per share calculation**

Non-GAAP net income	\$ 31,824	\$ 26,873	\$ 109,817	\$ 110,376	\$ 26,604
Add: interest expense for dilutive convertible notes	-	-	-	1,072	-
Adjusted non-GAAP income	\$ 31,824	\$ 26,873	\$ 109,817	\$ 111,448	\$ 26,604

**Basic non-GAAP income per share**

GAAP earnings per share	\$ 0.12	\$ 0.07	\$ 0.33	\$ 0.12	\$ 0.11
Impact of all non-GAAP adjustments	\$ 0.18	\$ 0.19	\$ 0.70	\$ 0.97	\$ 0.14
Non-GAAP earnings per share	\$ 0.30	\$ 0.26	\$ 1.03	\$ 1.09	\$ 0.25

**Diluted non-GAAP income per share**

GAAP earnings per share	\$ 0.12	\$ 0.07	\$ 0.32	\$ 0.11	\$ 0.11
Impact of all non-GAAP adjustments	\$ 0.17	\$ 0.18	\$ 0.69	\$ 0.93	\$ 0.14
Non-GAAP earnings per share	\$ 0.29	\$ 0.25	\$ 1.01	\$ 1.04	\$ 0.25

**Shares used in computing non-GAAP income per share**

Basic	107,612	104,005	106,678	101,408	107,180
Diluted	109,386	107,535	108,870	106,819	108,128

Finisar-F

Investor Contact:

Kurt Adzema

Chief Financial Officer

408-542-5050 or

[Investor.relations@finisar.com](mailto:Investor.relations@finisar.com)

Press contact:

Victoria McDonald

Director, Corporate Communications

408-542-4261

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