



Ciena Corporation Q4 and Year-end Fiscal 2015 Earnings Call

December 10, 2015
8:30 a.m. EST

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Forward-looking statements and non-GAAP measures

Information presented and related comments of presenters may contain forward-looking statements. Forward-looking statements include Ciena's business outlook for future periods as well as statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words.

Ciena's actual results, performance or events may differ materially from these forward-looking statements made or implied due a number of risks and uncertainties relating to Ciena's business, including: the effect of broader economic and market conditions on our customers and their business; changes in network spending or network strategy by large communication service providers; seasonality and the timing and size of customer orders, including our ability to recognize revenue relating to such sales; the level of competitive pressure we encounter; the product, customer and geographic mix of sales within the period; supply chain disruptions and the level of success relating to efforts to optimize Ciena's operations; changes in foreign currency exchange rates affecting revenue and operating expense; and the other risk factors disclosed in Ciena's Report on Form 10-Q, which Ciena filed with the Securities and Exchange Commission on September 9, 2015. Ciena assumes no obligation to update any forward-looking information included in this press release.

All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Ciena assumes no obligation to update the information presented today, whether as a result of new information, future events or otherwise.

In addition, this presentation includes historical, and may include prospective, non-GAAP measures of Ciena's gross margin, operating expense, operating profit, net income, and net income per share. These measures are not intended to be a substitute for financial information presented in accordance with GAAP. A reconciliation of non-GAAP measures used in this presentation to Ciena's GAAP results for the relevant period can be found in the Appendix to this presentation.

Q4 FY'15 Key Messages

1

In the five years since we set our long-term financial targets, we have completely transformed Ciena and met or exceeded those targets

- Our broad-based strategy has enabled us to create a diversified and differentiated business
- Our revenue has doubled, gross margin has increased to mid-40's and OPEX has been reduced to 34% of revenue
- As a result, we achieved 11% adjusted operated margin in FY'15

2

Our financial performance in Q4 and FY'15 strengthened our balance sheet

- Following our most profitable year since 2008, we ended FY'15 with a \$1B cash position
- We generated \$85M cash from operations in Q4'15 and more than \$250M in FY'15

3

We see multiple growth drivers in FY'16 and beyond

- **Metro transformation:** Global wins and deployments
- **Packet:** Five Tier 1 design wins in FY'15
- **Data-center Interconnect:** #1 position
- **Ericsson:** Three Tier 1 wins, 1 in Q4'15

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Design wins are just as important in software as hardware, and we are off to a great start with Blue Planet

- Blue Planet pipeline has more than doubled since acquisition close, with two Tier 1 wins in Q4'15
- Although material revenue is not expected in FY'16, Blue Planet will be a long-term strategic growth driver

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We have established a new, next-stage financial milestone for the company

- We plan to continue to take market share while growing faster than the market, show continued improvement in gross margin, and grow OPEX at a lower rate than revenue
- Accordingly, we are now targeting 15% adjusted operating margin in 3-4 years

Q4 Fiscal 2015 Financial Highlights

Key Takeaways

1 **Revenue** of \$692.0 million

2 **Adjusted Gross Margin** of 44.9%*

3 **Adjusted Operating Expense** of \$220.5 million*

4 **Adjusted Operating Margin** of 13.0%*

5 **Adjusted Net Income** of \$67.3 million, \$0.42 per share*

* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

Q4 Fiscal 2015 Balance Sheet and Operating Metrics

Cash and Investments	\$1,021.2 million
Cash Flow from Operations	\$84.6 million
DSO	72 Days
Inventory Turns	6.8
Headcount (as of October 31, 2015)	5,345

Revenue by Segment

(Amounts in millions)

Revenue by Segment

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
Converged Packet Optical	\$ 484.3	\$ 408.0	\$ 432.9	\$ 336.6	\$ 383.3
Packet Networking	\$ 63.8	\$ 57.2	\$ 53.3	\$ 55.0	\$ 56.4
Optical Transport	\$ 16.7	\$ 17.5	\$ 16.5	\$ 22.3	\$ 26.5
Software and Services	\$ 127.2	\$ 120.2	\$ 118.9	\$ 115.3	\$ 124.8
Total	\$ 692.0	\$ 602.9	\$ 621.6	\$ 529.2	\$ 591.0

% of Total Revenue

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
Converged Packet Optical	70.0%	67.7%	69.6%	63.6%	64.9%
Packet Networking	9.2%	9.5%	8.6%	10.4%	9.5%
Optical Transport	2.4%	2.9%	2.7%	4.2%	4.5%
Software and Services	18.4%	19.9%	19.1%	21.8%	21.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

U.S. and International Revenue

(Amounts in millions)

Revenue

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
United States	\$ 453.4	\$ 360.7	\$ 367.6	\$ 297.7	\$ 308.5
International	\$ 238.6	\$ 242.2	\$ 254.0	\$ 231.5	\$ 282.5
Total	\$ 692.0	\$ 602.9	\$ 621.6	\$ 529.2	\$ 591.0

% of Total Revenue

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
United States	65.5%	59.8%	59.1%	56.3%	52.2%
International	34.5%	40.2%	40.9%	43.7%	47.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by Geographic Region

(Amounts in millions)

Revenue

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
North America	\$ 480.0	\$ 389.6	\$ 397.2	\$ 331.5	\$ 340.5
Europe, Middle East and Africa	\$ 94.0	\$ 93.2	\$ 102.2	\$ 111.0	\$ 133.7
Caribbean and Latin America	\$ 45.7	\$ 65.1	\$ 47.9	\$ 42.8	\$ 51.8
Asia Pacific	\$ 72.3	\$ 55.0	\$ 74.3	\$ 43.9	\$ 65.0
Total	\$ 692.0	\$ 602.9	\$ 621.6	\$ 529.2	\$ 591.0

% of Total Revenue

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
North America	69.4%	64.6%	63.9%	62.6%	57.6%
Europe, Middle East and Africa	13.6%	15.5%	16.4%	21.0%	22.6%
Caribbean and Latin America	6.6%	10.8%	7.7%	8.1%	8.8%
Asia Pacific	10.4%	9.1%	12.0%	8.3%	11.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Three-Year Financial Summary

(Amounts in millions)

	FY2015	FY2014	FY 2013
Revenue	\$ 2,445.7	\$ 2,288.3	\$ 2,082.5
Adjusted Gross Margin*	44.7%	42.1%	42.8%
Adjusted Operating Expenses*	\$ 827.7	\$ 816.1	\$ 775.0
Adjusted Operating Margin*	10.9%	6.5%	5.6%
Adjusted Net Income*	\$ 179.0	\$ 65.8	\$ 59.0
Adjusted EPS*	\$ 1.31	\$ 0.59	\$ 0.54

* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

Business Outlook¹

Q1 2016

Revenue	\$555M to \$590M
Adjusted Gross Margin	Approximately 44%
Adjusted Operating Expense	Approximately \$220M

Fiscal 2016

Revenue Growth	8% to 9%
Adjusted Operating Expense	Approximately \$225M/quarter
Adjusted Operating Margin %	11% to 12%

Next-stage financial milestone – 3 to 4 years

Adjusted Operating Margin %	15%
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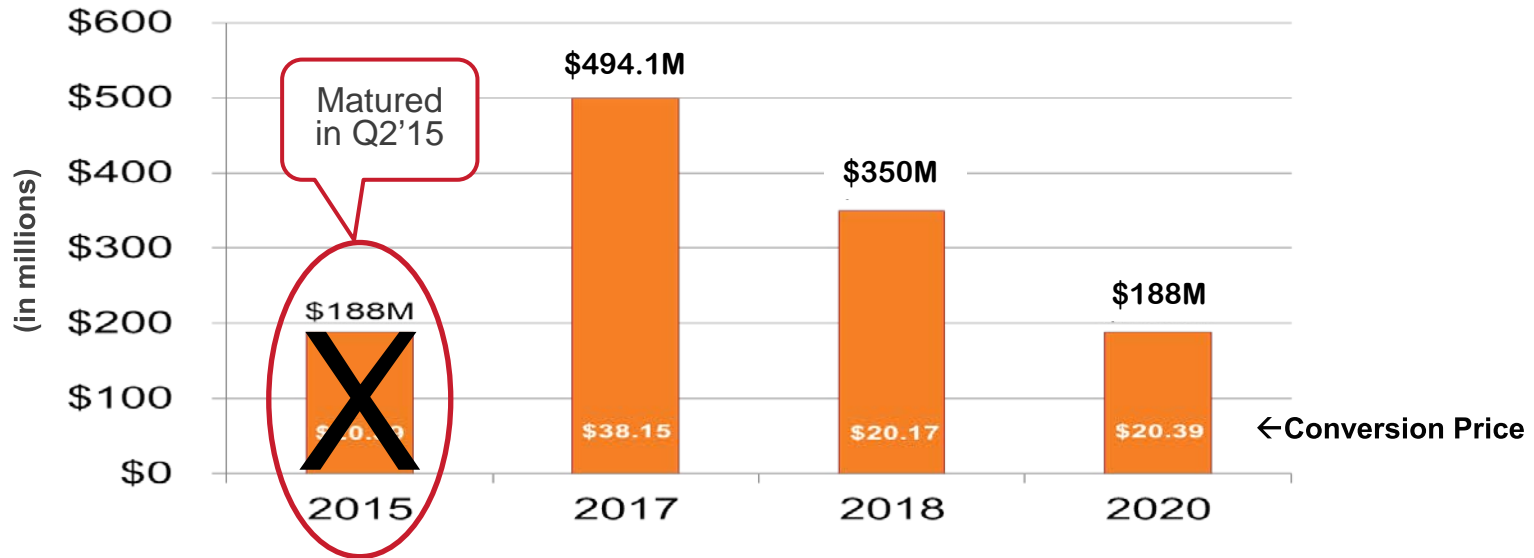
¹ Projections or outlook with respect to future operating results are only as of December 10, 2015, which is the date presented on the related earnings call. Ciena assumes no obligation to update this information, whether as a result of new information, future events, or otherwise.

A city skyline at night with illuminated skyscrapers and light trails from traffic. The foreground is dominated by a large, semi-transparent orange geometric pattern. The text 'Convertible Debt Overview' is overlaid in white.

Convertible Debt Overview

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CONVERTIBLE DEBT PROFILE*



- 2015 Notes matured on March 13, 2015 with 96.3% settled in common stock
- \$1.03 B aggregate principal amount outstanding; \$538M has a conversion price of slightly above \$20
 - Once Ciena stock reaches and sustains certain prices that are 30 - 50% above the conversion price, Ciena has the ability to cause a conversion, or to exercise a redemption right, in an effort to cause a conversion.
- Shares underlying the convertible notes are added to the weighted average dilutive potential shares outstanding at specific net income assumption levels that correlate to each issue and correspondingly, the interest expense is removed for the respective issue(s).

*Each of the notes has specific terms and conditions. The summary above is qualified by reference to the full text of the indentures. Please review the respective indentures for full details of the converts.

HIGHLIGHTED TERMS PER ISSUE¹

	Par Value (in millions)	Underlying Shares (in thousands)	Conversion Price	Additional Redemption / Conversion Provisions	Net Income Threshold for Diluted EPS (in millions)²
0.875% convertible senior notes, due June 15, 2017	\$494.1	12,953	\$38.15	No	\$15
3.75% convertible senior notes due October 15, 2018	\$350	17,356	\$20.17	No	\$30
4.0% convertible senior notes, due March 15, 2020	\$187.5	9,198	\$20.39	Convertible into shares, (plus a make whole), at Ciena's election - If VWAP is \geq \$26.51 for 20 of 30 consecutive trading days	\$55

¹Each of the notes has specific terms and conditions. The summary above is qualified by reference to the full text of the indentures. Please review the respective indentures for full details of the converts.

²The assumed amount of net income at which the shares underlying the convert would be included in EPS and interest expense on the note would be excluded.

Convertible Notes and Diluted EPS Analysis

Outstanding Notes	Par Value	Quarterly Assumptions							Current Weighted Average Basic Common Shares Outstanding	The quarterly net income assumption levels must be equal or greater than below amounts for the respective underlying common shares from the issue to be included in Diluted EPS
		Coupon Interest Expense	Debt Issuance Cost	Non-Cash Interest Expense from Accretion of Principal	Non-Cash Interest Expense from Amortization of Redemption Option and Debt Discount	Total Interest Expense	Underlying Common Shares			
0.875% notes due 2017	494,105	1,081	294			1,375	12,953	134,097	\$	14,516
3.75% notes due 2018	350,000	3,281	309			3,590	17,356	134,097	\$	29,595
4.0% notes due 2020	187,500	1,875	76	903	421	3,275	9,198	134,097	\$	54,520
Total	\$ 1,031,605	\$ 6,237	\$ 679	\$ 903	\$ 421	\$ 8,240	39,507			

This spreadsheet is intended to assist people in developing their own assumptions. Ciena assumes no obligation to update the information presented herein, whether as a result of new information, future events or otherwise.

Ciena's outstanding convertible notes are considered anti-dilutive when the related interest expense on a per common share "if converted basis" exceeds Basic EPS for the period.

Over the term of the notes the amount of accretion of principal (included as a non-cash component of interest expense) and amortization of the debt discount will fluctuate by immaterial amounts.

This schedule reflects the quarterly net income required for the inclusion of the common shares underlying each issue in determining Diluted EPS, with each issue considered on a cumulative basis in order from most to least dilutive.

Net income or earnings per share assumptions regarding the convertible notes are for information purposes only and do not reflect Ciena's business outlook. Ciena makes no assumptions as to whether or when the Company could achieve the relevant metrics provided in this presentation.

A nighttime cityscape with illuminated skyscrapers and light trails from traffic. The foreground is dominated by a large, semi-transparent orange geometric pattern. The text "Q4 and Year-end Fiscal 2015 Appendix" is overlaid in white.

Q4 and Year-end Fiscal 2015 Appendix

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Gross Profit Reconciliation

(Amounts in thousands)

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
GAAP gross profit	\$ 302,988	\$ 269,869	\$ 272,411	\$ 230,295	\$ 220,837
Share-based compensation-products	589	671	653	487	547
Share-based compensation-services	573	490	574	519	496
Amortization of intangible assets	3,438	2,200	2,201	2,200	2,201
Fair value adjustment of acquired inventory	3,069	-	-	-	-
Total adjustments related to gross profit	7,669	3,361	3,428	3,206	3,244
Adjusted (non-GAAP) gross profit	\$ 310,657	\$ 273,230	\$ 275,839	\$ 233,501	\$ 224,081
Adjusted (non-GAAP) gross margin	44.9%	45.3%	44.4%	44.1%	37.9%

Operating Expense Reconciliation (Amounts in thousands)

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
GAAP operating expense	\$ 293,570	\$ 225,418	\$ 229,997	\$ 226,130	\$ 222,652
Share-based compensation-research and development	3,850	2,114	2,534	2,167	1,960
Share-based compensation-sales and marketing	4,468	3,571	3,841	3,659	2,759
Share-based compensation-general and administrative	5,860	3,516	3,723	3,919	3,025
Share-based compensation-acquisition and integration	7,588	-	-	-	-
Acquisition and integration costs, excluding share-based compensation	14,496	2,435	1,020	-	-
Amortization of intangible assets	36,454	11,019	11,019	11,019	11,019
Restructuring costs	366	192	(17)	8,085	171
Settlement of patent litigation	-	500	-	-	-
Total adjustments related to operating expense	\$ 73,082	\$ 23,347	\$ 22,120	\$ 28,849	\$ 18,934
Adjusted (non-GAAP) operating expense	\$ 220,488	\$ 202,071	\$ 207,877	\$ 197,281	\$ 203,718

Income (Loss) from Operations Reconciliation (Amounts in thousands)

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
GAAP income (loss) from operations	\$ 9,418	\$ 44,451	\$ 42,414	\$ 4,165	\$ (1,815)
Total adjustments related to gross profit	7,669	3,361	3,428	3,206	3,244
Total adjustments related to operating expense	73,082	23,347	22,120	28,849	18,934
Adjusted (non-GAAP) income from operations	\$ 90,169	\$ 71,159	\$ 67,962	\$ 36,220	\$ 20,363
Adjusted (non-GAAP) operating margin	13.0%	11.8%	10.9%	6.8%	3.4%

Net Income (Loss) Reconciliation (Amounts in thousands)

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
GAAP net income (loss)	\$ (13,832)	\$ 23,625	\$ 20,653	\$ (18,779)	\$ (30,703)
Total adjustments related to gross profit	7,669	3,361	3,428	3,206	3,244
Total adjustments related to operating expense	73,082	23,347	22,120	28,849	18,934
Non-cash expense associated with the conversion of convertible notes	-	-	768	-	-
Non-cash interest expense	362	397	371	361	351
Adjusted (non-GAAP) net income (loss)	\$ 67,281	\$ 50,730	\$ 47,340	\$ 13,637	\$ (8,174)
Weighted average basic common shares outstanding	134,097	118,413	113,555	107,773	106,931
Weighted average dilutive potential common shares outstanding	177,054 ¹	159,787 ³	158,917 ⁵	121,896 ⁷	106,931

Net Income (Loss) per Common Share

	Q4 FY2015	Q3 FY2015	Q2 FY2015	Q1 FY2015	Q4 FY2014
GAAP diluted net income (loss) per common share	\$ (0.10)	\$ 0.19	\$ 0.17	\$ (0.17)	\$ (0.29)
Adjusted (Non-GAAP) diluted net income (loss) per common share	\$ 0.42²	\$ 0.37⁴	\$ 0.35⁶	\$ 0.12⁸	\$ (0.08)

Gross Profit Reconciliation

(Amounts in thousands)

	FY2015	FY2014	FY2013
GAAP gross profit	\$ 1,075,563	\$ 948,352	\$ 865,175
Share-based compensation-products	2,400	2,531	2,522
Share-based compensation-services	2,156	2,216	1,771
Amortization of intangible assets	10,039	11,181	21,537
Fair value adjustment of acquired inventory	3,069	-	-
Total adjustments related to gross profit	17,664	15,928	25,830
Adjusted (non-GAAP) gross profit	\$ 1,093,227	\$ 964,280	\$ 891,005
Adjusted (non-GAAP) gross margin	44.7%	42.1%	42.8%

Operating Expense Reconciliation (Amounts in thousands)

	FY2015	FY2014	FY2013
GAAP operating expense	\$ 975,115	\$ 902,648	\$ 866,950
Share-based compensation-research and development	10,665	9,682	8,214
Share-based compensation-sales and marketing	15,539	14,958	13,290
Share-based compensation-general and administrative	17,018	13,568	12,055
Share-based compensation-acquisition and integration	7,588	-	-
Acquisition and integration costs, excluding share-based compensation	17,951	-	-
Amortization of intangible assets	69,511	45,970	49,771
Restructuring costs	8,626	349	7,169
Settlement of patent litigation	500	2,000	1,500
Total adjustments related to operating expense	147,398	86,527	91,999
Adjusted (non-GAAP) operating expense	\$ 827,717	\$ 816,121	\$ 774,951

Income (Loss) from Operations Reconciliation (Amounts in thousands)

	FY2015	FY2014	FY2013
GAAP income (loss) from operations	\$ 100,448	\$ 45,704	\$ (1,775)
Total adjustments related to gross profit	17,664	15,928	25,830
Total adjustments related to operating expense	147,398	86,527	91,999
Adjusted (non-GAAP) income from operations	\$ 265,510	\$ 148,159	\$ 116,054
Adjusted (non-GAAP) operating margin	10.9%	6.5%	5.6%

Net Income (Loss) Reconciliation (Amounts in thousands)

	FY2015	FY2014	FY2013
GAAP net income (loss)	\$ 11,667	\$ (40,637)	\$ (85,431)
Total adjustments related to gross profit	17,664	15,928	25,830
Total adjustments related to operating expense	147,398	86,527	91,999
Loss on extinguishment of debt	-	-	28,630
Non-cash expense associated with the conversion of convertible notes	768	-	-
Non-cash interest expense	1,491	1,273	898
Change in fair-value of embedded redemption feature	-	2,740	(2,950)
Adjusted (non-GAAP) net income	\$ 178,988	\$ 65,831	\$ 58,976
Weighted average basic common shares outstanding	118,416	105,783	102,350
Weighted average dilutive potential common shares outstanding	163,308 ⁹	120,950 ¹¹	120,263 ¹³

Net Income (Loss) per Common Share

	FY2015	FY2014	FY2013
GAAP diluted net income (loss) per common share	\$ 0.10	\$ (0.38)	\$ (0.83)
Adjusted (Non-GAAP) diluted net income per common share	\$ 1.31¹⁰	\$ 0.59¹²	\$ 0.54¹⁴

Reconciliation Endnotes

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2015 includes 2.7 million shares underlying certain stock options and restricted stock units, 13.0 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017, 17.4 million shares underlying Ciena's 3.75% convertible senior notes, due October 15, 2018, 0.7 million shares underlying the 8.0% convertible senior notes, due December 15, 2019 assumed from the Cyan acquisition and 9.2 million shares underlying Ciena's 4.0% convertible senior notes, due December 15, 2020.

2. The calculation of Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2015 requires adding back interest expense of approximately \$1.4 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017, approximately \$3.6 million associated with Ciena's 3.75% convertible senior notes, due October 15, 2018, approximately \$0.1 million associated with Ciena's 8.0% convertible senior notes, due December 15, 2019 assumed from the Cyan acquisition and approximately \$2.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

3. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2015 includes 1.7 million shares underlying certain stock options and restricted stock units, 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017, 17.4 million shares underlying Ciena's 3.75% convertible senior notes, due October 15, 2018 and 9.2 million shares underlying Ciena's 4.0% convertible senior notes, due December 15, 2020.

4. The calculation of Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2015 requires adding back interest expense of approximately \$1.4 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017, approximately \$3.6 million associated with Ciena's 3.75% convertible senior notes, due October 15, 2018 and approximately \$2.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

5. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for the second quarter of fiscal 2015 includes 1.4 million shares underlying certain stock options and restricted stock units, 4.3 million shares underlying Ciena's 4.0% convertible senior notes, due March 15, 2015, 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017, 17.4 million shares underlying Ciena's 3.75% convertible senior notes, due October 15, 2018 and 9.2 million shares underlying Ciena's 4.0% convertible senior notes, due December 15, 2020.

6. The calculation of Adjusted (non-GAAP) diluted net income per common share for the second quarter of fiscal 2015 requires adding back interest expense of approximately \$1.1 million associated with Ciena's 4.0% convertible senior notes, due March 15, 2015, approximately \$1.4 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017, approximately \$3.6 million associated with Ciena's 3.75% convertible senior notes, due October 15, 2018 and approximately \$2.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

7. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for the first quarter of fiscal 2015 includes 1.0 million shares underlying certain stock options and restricted stock units and 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017.

8. The calculation of Adjusted (non-GAAP) diluted net income per common share for the first quarter of fiscal 2015 requires adding back interest expense of approximately \$1.4 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

Reconciliation Endnotes

9. *Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for fiscal 2015 includes 1.7 million shares underlying certain stock options and restricted stock units, 3.4 million shares underlying Ciena's 4.0% convertible senior notes (which were paid at maturity during the second quarter of fiscal 2015), 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017, 17.4 million shares underlying Ciena's 3.75% convertible senior notes, due October 15, 2018, 0.2 million shares underlying Ciena's 8.0% convertible senior notes assumed from the Cyan acquisition, due December 15, 2019, and 9.2 million shares underlying Ciena's 4.0% convertible senior notes, due December 15, 2020.*

10. *The calculation of Adjusted (non-GAAP) diluted net income per common share for fiscal 2015 requires adding back interest expense of approximately \$3.2 million approximately associated with Ciena's 4.0% convertible senior notes (which were paid at maturity during the second quarter of fiscal 2015), approximately \$5.5 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017, approximately \$14.3 million associated with Ciena's 3.75% convertible senior notes, due October 15, 2018, approximately \$0.1 million associated with Ciena's 8.0% convertible senior notes, due December 15, 2019 assumed from the Cyan acquisition and approximately \$11.4 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.*

11. *Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for fiscal 2014 includes 2.1 million shares underlying certain stock options and restricted stock units and 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017.*

12. *The calculation of Adjusted (non-GAAP) diluted net income per common share for fiscal 2014 requires adding back interest expense of approximately \$5.5 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.*

13. *Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per common share for fiscal 2013 includes 2.1 million shares underlying certain stock options and restricted stock units, 2.7 million shares underlying Ciena's 0.25% convertible senior notes due May 1, 2013 (which were paid at maturity during the second quarter of fiscal 2013) and 13.1 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017.*

14. *The calculation of Adjusted (non-GAAP) diluted net income per common share for fiscal 2013 requires adding back interest expense of approximately \$0.7 million associated with Ciena's 0.25% convertible senior notes due May 1, 2013 (which were paid during the second quarter of fiscal 2013) and approximately \$5.5 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.*

* * *



Thank You

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