



Experience. Outcomes.

Ciena Corporation  
Q2 2017  
Earnings Call

June 1, 2017  
8:30 a.m. EST

# 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 to 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 March 8, 2017. Ciena assumes no obligation to update any forward-looking information included in this presentation.

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.

With respect to Ciena's expectations under "Business Outlook" below, Ciena is not able to provide a quantitative reconciliation of the adjusted (non-GAAP) gross margin and adjusted (non-GAAP) operating expense guidance measures to the corresponding gross profit and gross profit percentage, and operating expense GAAP measures without unreasonable efforts. Ciena cannot provide meaningful estimates of the non-recurring charges and credits excluded from these non-GAAP measures due to the forward-looking nature of these estimates and their inherent variability and uncertainty. For the same reasons, Ciena is unable to address the probable significance of the unavailable information.

# Q2 Fiscal 2017 Financial Highlights

## Key Takeaways

- 1 Revenue of \$707.0 million
- 2 Adjusted Gross Margin of 45.7%\*
- 3 Adjusted Operating Expense of \$234.6 million\*
- 4 Adjusted Operating Margin of 12.5%\*
- 5 Adjusted Net Income of \$72.3 million, \$0.45 per share\*

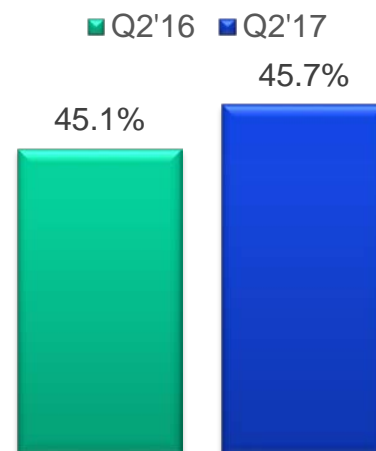
\* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

# Year-over-Year Improvement

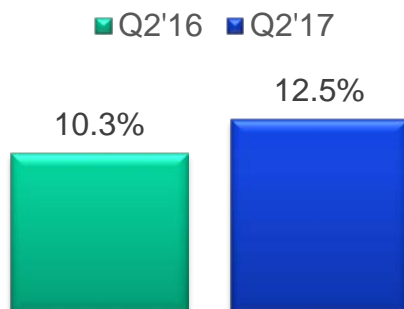
## Revenues



## Adj. Gross Margin\*



## Adj. Operating Margin\*



## Adj. EPS\*

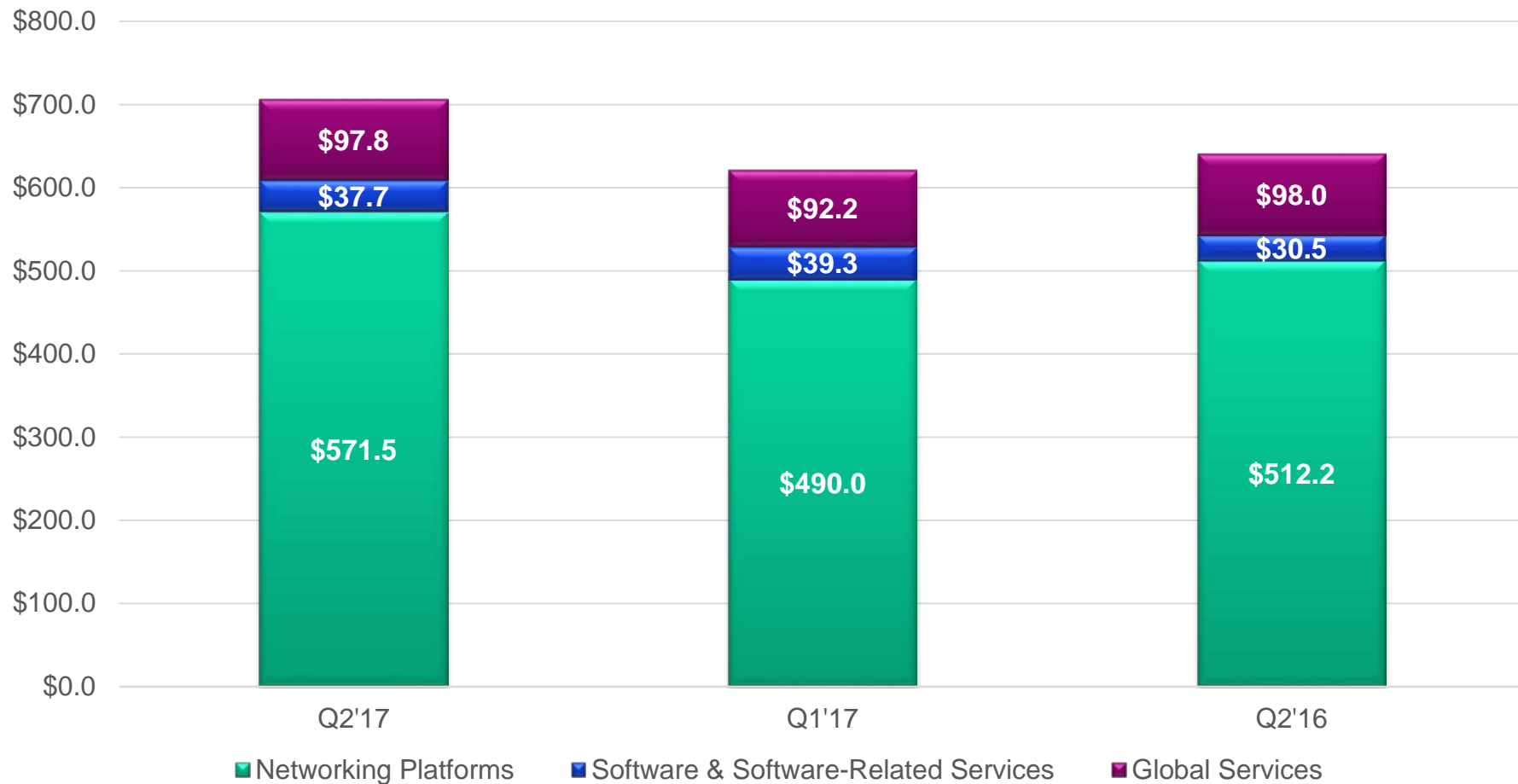


\* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

## Q2 Fiscal 2017 Balance Sheet and Operating Metrics

|                                  |                 |
|----------------------------------|-----------------|
|                                  |                 |
| Cash and Investments             | \$993.3 million |
| Cash Flow From Operations        | \$72.0 million  |
| DSO                              | 72 Days         |
| Inventory Turns                  | 4.6             |
| Headcount (as of April 30, 2017) | 5,663           |

# Revenue by Segment (in millions)



# Revenue by Segment

(Amounts in millions)

## Revenue by Segment

|                                               | Q2 FY 2017     |               | Q1 FY 2017     |               | Q2 FY 2016     |               |
|-----------------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                                               | Revenue        | %*            | Revenue        | %*            | Revenue        | %*            |
| <b>Networking Platforms</b>                   |                |               |                |               |                |               |
| Converged Packet Optical                      | \$502.1        | 71.0          | \$412.7        | 66.4          | \$435.2        | 67.9          |
| Packet Networking                             | 66.4           | 9.4           | 72.2           | 11.6          | 68.5           | 10.7          |
| Optical Transport                             | 3.0            | 0.4           | 5.1            | 0.8           | 8.5            | 1.3           |
| Total Networking Platforms                    | 571.5          | 80.8          | 490.0          | 78.8          | 512.2          | 79.9          |
| <b>Software and Software-Related Services</b> |                |               |                |               |                |               |
| Software Platforms                            | 13.1           | 1.9           | 17.0           | 2.7           | 11.8           | 1.9           |
| Software-Related Services                     | 24.6           | 3.5           | 22.3           | 3.6           | 18.7           | 2.9           |
| Total Software and Software-Related Services  | 37.7           | 5.4           | 39.3           | 6.3           | 30.5           | 4.8           |
| <b>Global Services</b>                        |                |               |                |               |                |               |
| Maintenance Support and Training              | 58.2           | 8.2           | 55.0           | 8.9           | 57.1           | 8.9           |
| Installation and Deployment                   | 28.7           | 4.1           | 27.9           | 4.5           | 30.2           | 4.7           |
| Consulting and Network Design                 | 10.9           | 1.5           | 9.3            | 1.5           | 10.7           | 1.7           |
| Total Global Services                         | 97.8           | 13.8          | 92.2           | 14.9          | 98.0           | 15.3          |
| <b>Total</b>                                  | <b>\$707.0</b> | <b>100.0%</b> | <b>\$621.5</b> | <b>100.0%</b> | <b>\$640.7</b> | <b>100.0%</b> |

\* Denotes % of total revenue

# U.S. and International Revenue

(Amounts in millions)

## Revenue

|               | Q2 FY 2017     | Q1 FY 2017     | Q4 FY 2016     | Q3 FY 2016     | Q2 FY 2016     |
|---------------|----------------|----------------|----------------|----------------|----------------|
| United States | \$392.0        | \$379.7        | \$436.9        | \$410.0        | \$367.1        |
| International | \$315.0        | 241.8          | 279.3          | 260.6          | 273.6          |
| <b>Total</b>  | <b>\$707.0</b> | <b>\$621.5</b> | <b>\$716.2</b> | <b>\$670.6</b> | <b>\$640.7</b> |

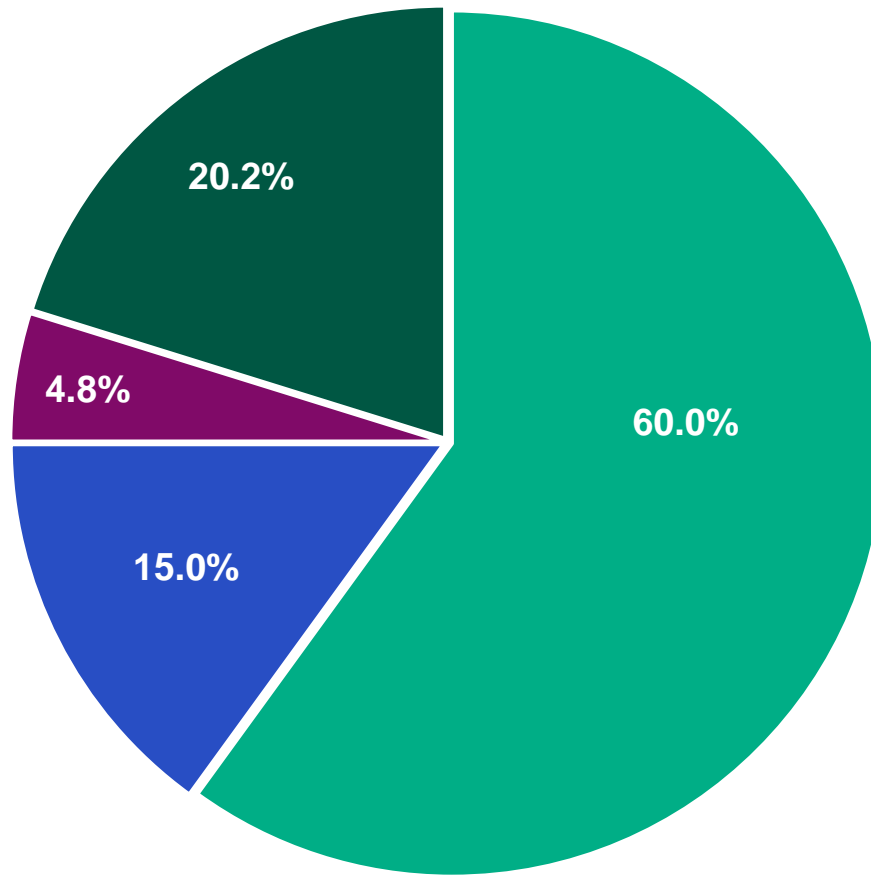
## % of Total Revenue

|               | Q2 FY 2017    | Q1 FY 2017    | Q4 FY 2016    | Q3 FY 2016    | Q2 FY 2016    |
|---------------|---------------|---------------|---------------|---------------|---------------|
| United States | 55.4%         | 61.1%         | 61.0%         | 61.1%         | 57.3%         |
| International | 44.6%         | 38.9%         | 39.0%         | 38.9%         | 42.7%         |
| <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |



# Revenue by Geographic Region

- North America
- Europe, Middle East and Africa
- Caribbean and Latin America
- Asia Pacific



## Revenue by Geographic Region

(Amounts in millions)

| Revenue                        |                |                |                |                |                |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                | Q2 FY 2017     | Q1 FY 2017     | Q4 FY 2016     | Q3 FY 2016     | Q2 FY 2016     |
| North America                  | \$424.4        | \$405.9        | \$463.1        | \$438.0        | \$395.5        |
| Europe, Middle East and Africa | 105.8          | 91.5           | 112.5          | 104.3          | 96.2           |
| Caribbean and Latin America    | 33.9           | 35.2           | 46.8           | 46.6           | 57.9           |
| Asia Pacific                   | 142.9          | 88.9           | 93.8           | 81.7           | 91.1           |
| <b>Total</b>                   | <b>\$707.0</b> | <b>\$621.5</b> | <b>\$716.2</b> | <b>\$670.6</b> | <b>\$640.7</b> |

| Revenue                        |               |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                | Q2 FY 2017    | Q1 FY 2017    | Q4 FY 2016    | Q3 FY 2016    | Q2 FY 2016    |
| North America                  | 60.0%         | 65.3%         | 64.7%         | 65.3%         | 61.7%         |
| Europe, Middle East and Africa | 15.0%         | 14.7%         | 15.7%         | 15.6%         | 15.0%         |
| Caribbean and Latin America    | 4.8%          | 5.7%          | 6.5%          | 6.9%          | 9.0%          |
| Asia Pacific                   | 20.2%         | 14.3%         | 13.1%         | 12.2%         | 14.3%         |
| <b>Total</b>                   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

# Business Outlook<sup>1</sup>

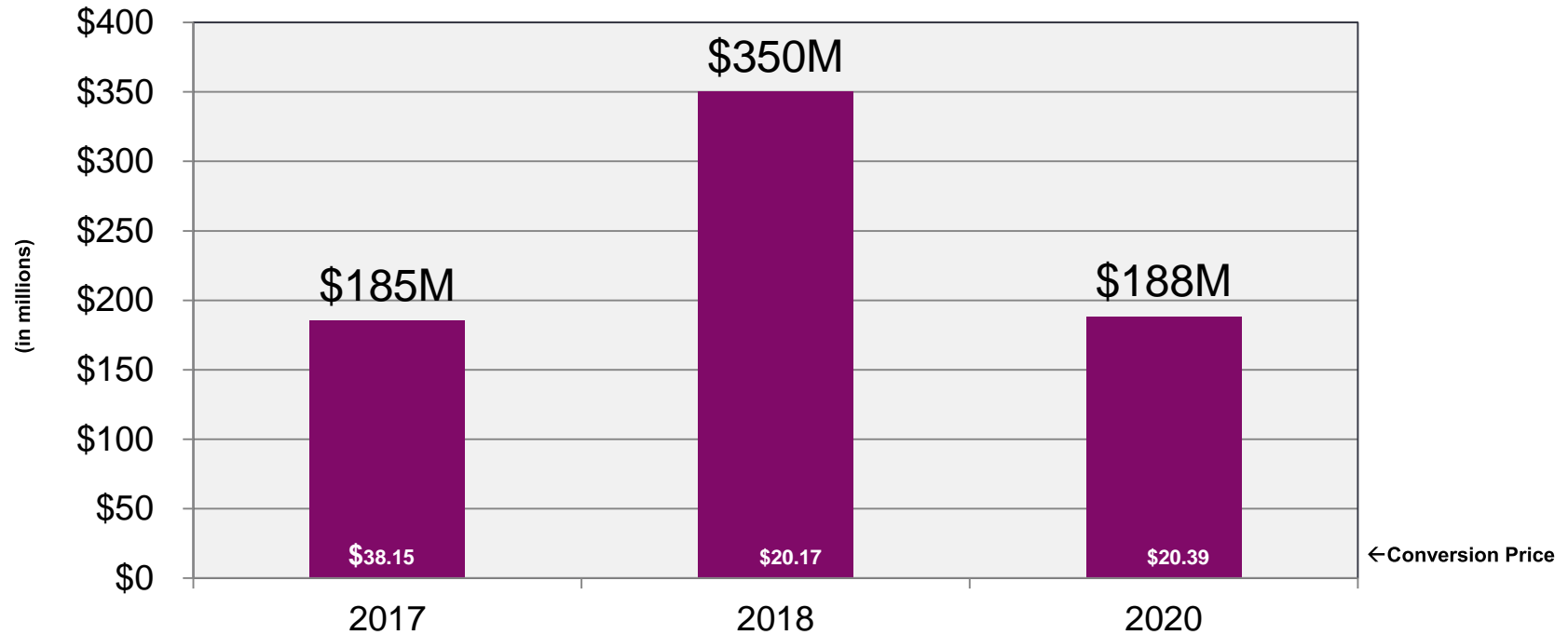
| <b>Q3'17</b>                                          |                                      |
|-------------------------------------------------------|--------------------------------------|
| <b>Revenue</b>                                        | \$710M to \$740M                     |
| <b>Adjusted Gross Margin</b>                          | Mid-40s percentage range             |
| <b>Adjusted Operating Expense</b>                     | Approximately \$235M                 |
| <b>Fiscal 2017</b>                                    |                                      |
| <b>Revenue Growth</b>                                 | 8% to 9%                             |
| <b>Adjusted Gross Margin</b>                          | Mid-40s percent range                |
| <b>Adjusted Operating Expense</b>                     | Average approximately \$235M/quarter |
| <b>Adjusted Operating Margin %</b>                    | 11% to 13%                           |
| <b>Next-stage financial milestone - about 3 years</b> |                                      |
| <b>Adjusted Operating Margin %</b>                    | 15%                                  |

<sup>1</sup> Projections or outlook with respect to future operating results are only as of June 1, 2017 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.



# Convertible Debt Overview

# Convertible debt profile\*



**\$0.72B aggregate principal amount outstanding; \$538M has a conversion price of slightly above \$20**

**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 Issue<sup>1</sup>

|                                                                               | Par Value<br>(in<br>millions) | Underlying<br>Shares<br>(in<br>thousands) | Conversion<br>Price | Additional<br>Redemption /<br>Conversion<br>Provisions                                                                                             | Total Interest<br>Expense<br>(in millions) |        | Net Income<br>Threshold for<br>Diluted EPS<br>(in millions) <sup>2</sup> |         |
|-------------------------------------------------------------------------------|-------------------------------|-------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------|--------------------------------------------------------------------------|---------|
|                                                                               |                               |                                           |                     |                                                                                                                                                    | Quarterly                                  | Annual | Quarterly                                                                | Annual  |
| <b>0.875%<br/>convertible<br/>senior<br/>notes, due<br/>June 15,<br/>2017</b> | \$185.3                       | 4,857                                     | \$38.15             | No                                                                                                                                                 | \$0.5                                      | \$2.0  | \$14.9                                                                   | \$59.5  |
| <b>3.75%<br/>convertible<br/>senior notes<br/>due October<br/>15, 2018</b>    | \$350                         | 17,356                                    | \$20.17             | No                                                                                                                                                 | \$3.6                                      | \$14.4 | \$30.1                                                                   | \$120.4 |
| <b>4.0%<br/>convertible<br/>senior<br/>notes, due<br/>March 15,<br/>2020</b>  | \$187.5                       | 9,198                                     | \$20.39             | Convertible into shares,<br>(plus a make whole), at<br>Ciena's election - If<br>VWAP is $\geq$ \$26.51 for 20<br>of 30 consecutive trading<br>days | \$3.4                                      | \$13.6 | \$57.2                                                                   | \$228.7 |

<sup>1</sup>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.

<sup>2</sup>The 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   |                    |                                                       |                                                                                    |                        |                          |                                                          | 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 | Current Weighted Average Basic Common Shares Outstanding |                                                                                                                                                                                 |
| 0.875% notes due 2017 | \$ 185,258        | \$ 405                  | \$ 100             |                                                       |                                                                                    | \$ 505                 | 4,857                    | 141,743                                                  | \$ 14,882                                                                                                                                                                       |
| 3.75% notes due 2018  | 350,000           | 3,281                   | 309                |                                                       |                                                                                    | 3,590                  | 17,356                   | 141,743                                                  | \$ 30,094                                                                                                                                                                       |
| 4.0% notes due 2020   | 187,500           | 1,875                   | 76                 | 933                                                   | 526                                                                                | 3,410                  | 9,198                    | 141,743                                                  | \$ 57,176                                                                                                                                                                       |
| <b>Total</b>          | <b>\$ 722,758</b> | <b>\$ 5,561</b>         | <b>\$ 485</b>      | <b>\$ 933</b>                                         | <b>\$ 526</b>                                                                      | <b>\$ 7,505</b>        | <b>31,411</b>            |                                                          |                                                                                                                                                                                 |

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.

## Convertible Notes and Diluted EPS Analysis

| Annual Assumptions    |                   |                         |                    |                                                       |                                                                                    |                        |                          |                                                          |                                                                                                                                                                              |
|-----------------------|-------------------|-------------------------|--------------------|-------------------------------------------------------|------------------------------------------------------------------------------------|------------------------|--------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outstanding Notes     | Par Value         | 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 | Current Weighted Average Basic Common Shares Outstanding | The annual 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 |
| 0.875% notes due 2017 | \$ 185,258        | \$ 1,621                | \$ 400             |                                                       |                                                                                    | \$ 2,021               | 4,857                    | 141,743                                                  | \$ 59,528                                                                                                                                                                    |
| 3.75% notes due 2018  | 350,000           | 13,125                  | 1,236              |                                                       |                                                                                    | 14,361                 | 17,356                   | 141,743                                                  | \$ 120,374                                                                                                                                                                   |
| 4.0% notes due 2020   | 187,500           | 7,500                   | 304                | 3,732                                                 | 2,104                                                                              | 13,640                 | 9,198                    | 141,743                                                  | \$ 228,706                                                                                                                                                                   |
| <b>Total</b>          | <b>\$ 722,758</b> | <b>\$ 22,246</b>        | <b>\$ 1,940</b>    | <b>\$ 3,732</b>                                       | <b>\$ 2,104</b>                                                                    | <b>\$ 30,022</b>       | <b>31,411</b>            |                                                          |                                                                                                                                                                              |

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 annual 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.



# Q2 Fiscal 2017 Appendix



# Gross Profit Reconciliation

*(Amounts in thousands)*

|                                           | Q2 FY 2017       | Q1 FY 2017       | Q4 FY 2016       | Q3 FY 2016       | Q2 FY 2016       |
|-------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| GAAP gross profit                         | \$318,240        | \$273,785        | \$318,548        | \$308,485        | \$283,093        |
| Share-based compensation-products         | 708              | 561              | 612              | 645              | 629              |
| Share-based compensation-services         | 679              | 628              | 557              | 637              | 693              |
| Amortization of intangible assets         | 3,623            | 4,313            | 4,320            | 4,328            | 4,315            |
| Total adjustments related to gross profit | 5,010            | 5,502            | 5,489            | 5,610            | 5,637            |
| <b>Adjusted (non-GAAP) gross profit</b>   | <b>\$323,250</b> | <b>\$279,287</b> | <b>\$324,037</b> | <b>\$314,095</b> | <b>\$288,730</b> |
| <b>Adjusted (non-GAAP) gross margin</b>   | <b>45.7%</b>     | <b>44.9%</b>     | <b>45.2%</b>     | <b>46.8%</b>     | <b>45.1%</b>     |

## Operating Expense Reconciliation (Amounts in thousands)

|                                                                       | Q2 FY 2017       | Q1 FY 2017       | Q4 FY 2016       | Q3 FY 2016       | Q2 FY 2016       |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| GAAP operating expense                                                | \$260,420        | \$254,681        | \$258,875        | \$251,461        | \$254,860        |
| Share-based compensation-research and development                     | 3,653            | 3,209            | 3,172            | 3,479            | 3,791            |
| Share-based compensation-sales and marketing                          | 3,513            | 2,873            | 2,890            | 3,590            | 3,923            |
| Share-based compensation-general and administrative                   | 3,417            | 5,453            | 2,961            | 4,284            | 4,968            |
| Share-based compensation-acquisition and integration                  | -                | -                | -                | -                | 697              |
| Acquisition and integration costs, excluding share-based compensation | -                | -                | -                | 1,029            | 1,588            |
| Amortization of intangible assets                                     | 10,980           | 14,551           | 14,551           | 14,529           | 15,566           |
| Restructuring costs                                                   | 4,276            | 2,395            | 2,876            | 1,138            | 535              |
| Settlement of patent litigation                                       | -                | -                | -                | -                | 1,200            |
| Total adjustments related to operating expense                        | 25,839           | 28,481           | \$26,450         | \$28,049         | \$32,268         |
| <b>Adjusted (non-GAAP) operating expense</b>                          | <b>\$234,581</b> | <b>\$226,200</b> | <b>\$232,425</b> | <b>\$223,412</b> | <b>\$222,592</b> |

## Income from Operations Reconciliation (Amounts in thousands)

|                                                   | Q2 FY 2017      | Q1 FY 2017      | Q4 FY 2016      | Q3 FY 2016      | Q2 FY 2016      |
|---------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP income from operations                       | \$57,820        | \$19,104        | \$59,673        | \$57,024        | \$28,233        |
| Total adjustments related to gross profit         | 5,010           | 5,502           | 5,489           | 5,610           | 5,637           |
| Total adjustments related to operating expense    | 25,839          | 28,481          | 26,450          | 28,049          | 32,286          |
| <b>Adjusted (non-GAAP) income from operations</b> | <b>\$88,669</b> | <b>\$53,087</b> | <b>\$91,612</b> | <b>\$90,683</b> | <b>\$66,138</b> |
| <b>Adjusted (non-GAAP) operating margin</b>       | <b>12.5%</b>    | <b>8.5%</b>     | <b>12.8%</b>    | <b>13.5%</b>    | <b>10.3%</b>    |

## Net Income Reconciliation (Amounts in thousands)

|                                                                            | Q2 FY 2017      | Q1 FY 2017      | Q4 FY 2016      | Q3 FY 2016      | Q2 FY 2016      |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP net income                                                            | \$38,026        | \$3,861         | \$36,587        | \$33,546        | \$13,997        |
| Total adjustments related to gross profit                                  | 5,010           | 5,502           | 5,489           | 5,610           | 5,637           |
| Total adjustments related to operating expense                             | 25,839          | 28,481          | 26,450          | 28,049          | 32,268          |
| (Gain)/Loss on extinguishment of debt                                      | -               | 41              | 376             | (44)            | -               |
| Non-cash interest expense                                                  | 526             | 513             | 500             | 480             | 460             |
| Modification of debt                                                       | 2,924           | -               | -               | -               | -               |
| <b>Adjusted (non-GAAP) net income</b>                                      | <b>\$72,325</b> | <b>\$38,398</b> | <b>\$69,402</b> | <b>\$67,641</b> | <b>\$52,362</b> |
| Weighted average basic common shares outstanding                           | 141,743         | 140,682         | 139,741         | 138,881         | 137,950         |
| Weighted average dilutive potential common shares outstanding <sub>1</sub> | 174,471         | 165,104         | 174,496         | 178,547         | 178,026         |

## Net Income per Common Share

|                                                                            | Q2 FY 2017     | Q1 FY 2017     | Q4 FY 2016     | Q3 FY 2016     | Q2 FY 2016     |
|----------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| GAAP diluted net income per common share                                   | \$ 0.25        | \$ 0.03        | \$ 0.25        | \$ 0.23        | \$ 0.10        |
| <b>Adjusted (Non-GAAP) diluted net income per common share<sub>2</sub></b> | <b>\$ 0.45</b> | <b>\$ 0.26</b> | <b>\$ 0.44</b> | <b>\$ 0.42</b> | <b>\$ 0.34</b> |

# Reconciliation Endnotes

1. *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 2017 includes 1.3 million shares underlying certain stock options and restricted stock units, 4.9 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.*

*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 2017 includes 1.5 million shares underlying certain stock options and restricted stock units, 5.6 million shares underlying Ciena's 0.875% convertible senior notes, due June 15, 2017 and 17.4 million shares underlying Ciena's 3.75% convertible senior notes, due October 15, 2018 .*

*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 2016 includes 1.6 million shares underlying certain stock options and restricted stock units, 6.6 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.*

*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 2016 includes 0.9 million shares underlying certain stock options and restricted stock units, 12.2 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.*

*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 2016 includes 0.9 million shares underlying certain stock options and restricted stock units, 12.6 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.*

2. *The calculation of Adjusted (non-GAAP) diluted net income per common share for the second quarter of fiscal 2017 requires adding back interest expense of approximately \$0.5 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 \$2.9 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.*

*The calculation of Adjusted (non-GAAP) diluted net income per common share for the first quarter of fiscal 2017 requires adding back interest expense of approximately \$0.6 million associated with Ciena's 0.875% convertible senior notes, due June 15, 2017 and approximately \$3.6 million associated with Ciena's 3.75% convertible senior notes, due October 15, 2018 to the Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.*

*The calculation of Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2016 requires adding back interest expense of approximately \$0.7 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 \$2.9 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.*

*The calculation of Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2016 requires adding back interest expense of approximately \$1.3 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 \$2.9 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.*

*The calculation of Adjusted (non-GAAP) diluted net income per common share for the second quarter of fiscal 2016 requires adding back interest expense of approximately \$1.3 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 \$2.9 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.*

Thank You

