



Ciena Corporation

Investor presentation

Period ended October 31, 2017

December 7, 2017

Forward-looking statements and non-GAAP measures

Information in this presentation and related comments of presenters contain a number of forward-looking statements. These statements are based on current expectations, forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include Ciena's long-term financial targets, prospective financial results, return of capital plans, business strategies, expectations about its addressable markets and market share, and business outlook for future periods, as well as statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future. Often, these can be identified by forward-looking words such as "target" "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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on September 6, 2017 and Ciena's Annual Report on Form 10-K to be filed with the SEC.

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 any forward-looking or other information included in this presentation or related earnings calls, 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. Additional information can also be found in our press release filed this morning and in our reports on Form 10-Q filed with the Securities and Exchange Commission.

With respect to Ciena's expectations under "Business Outlook" and other forward looking long-term projections in this presentation, 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.

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Our Pedigree

Continued execution of our strategy to diversify and scale the business

Ciena has reached an important inflection point in our recent transformation

		FY 2014	FY 2017
Financial Performance	Revenue	\$2.29B	\$2.80B
	Adj. Operating Margin	6.5%	11.9%
	Net (Debt) / Cash*	(\$674M)	\$33M
Diversification	APAC	~8% total revenue India: \$38M	~18% total revenue India: \$230M+
	Webscale**	~15% total revenue	~25% total revenue
	Subsea	Upgrade market only	Upgrade + New Build market
	Software portfolio	Network Management System	Virtualization, multi-vendor network mgmt, control and orchestration
Scale	Customers	1,000	1,300
	Countries	60	80+

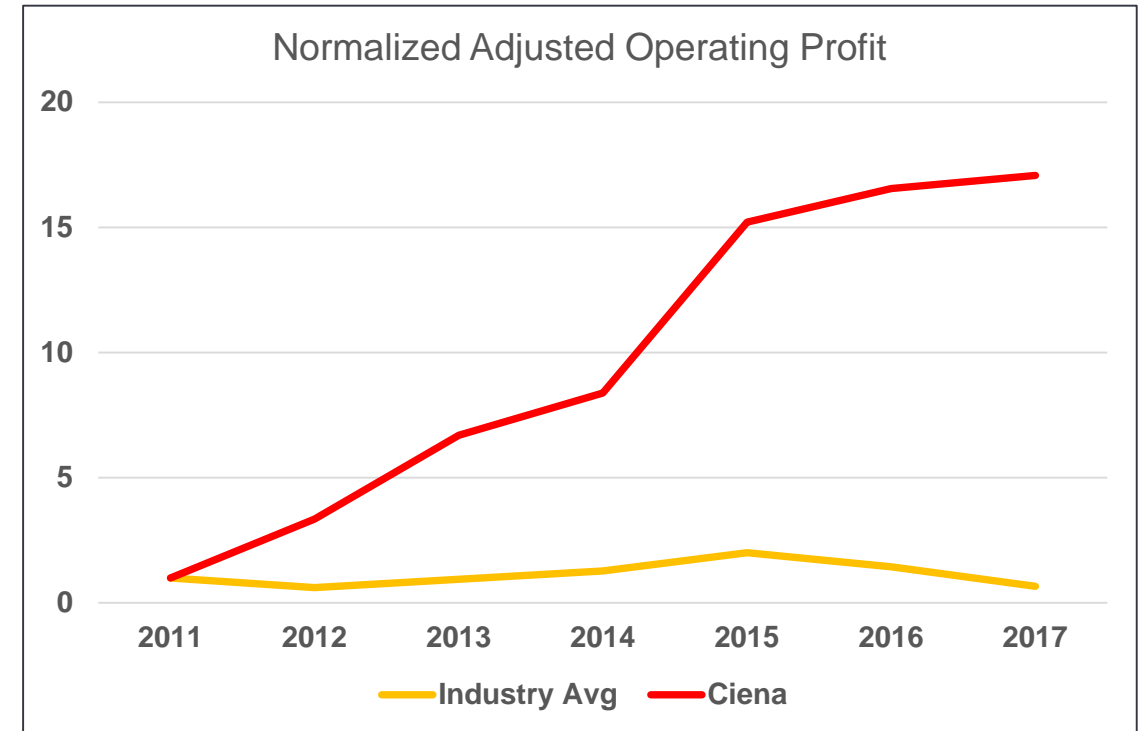
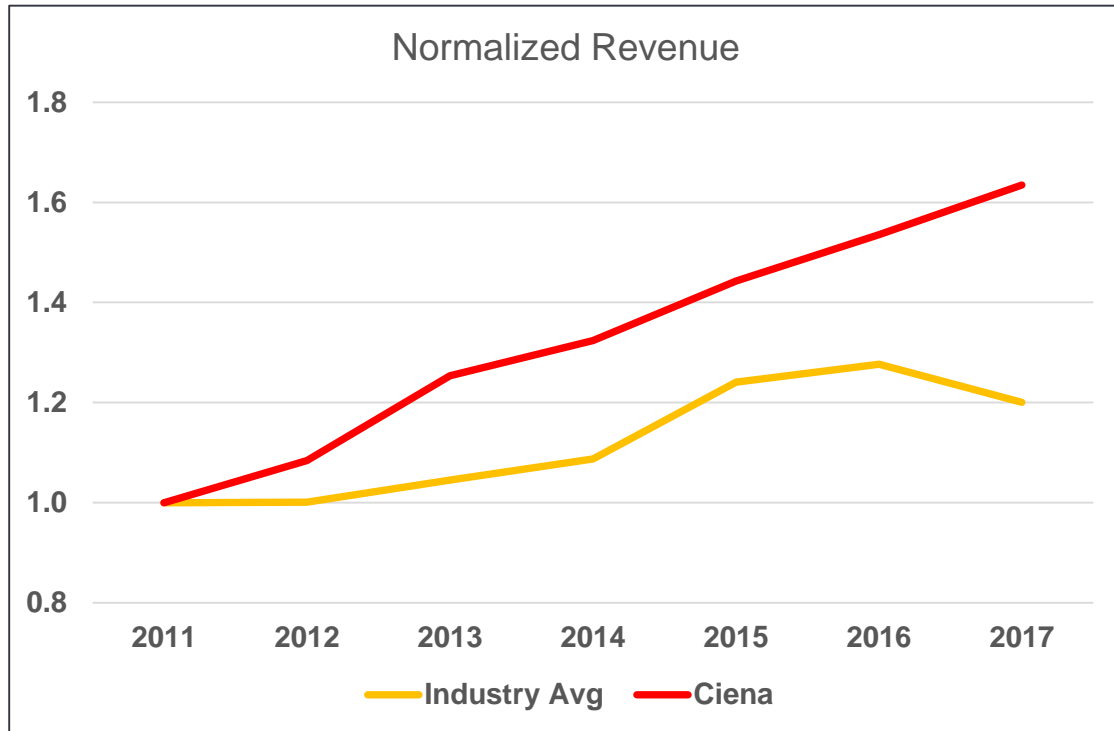
*Cash & cash equivalents

**Direct, indirect, and apportioned subsea



Outperforming peer group for more than 5 years

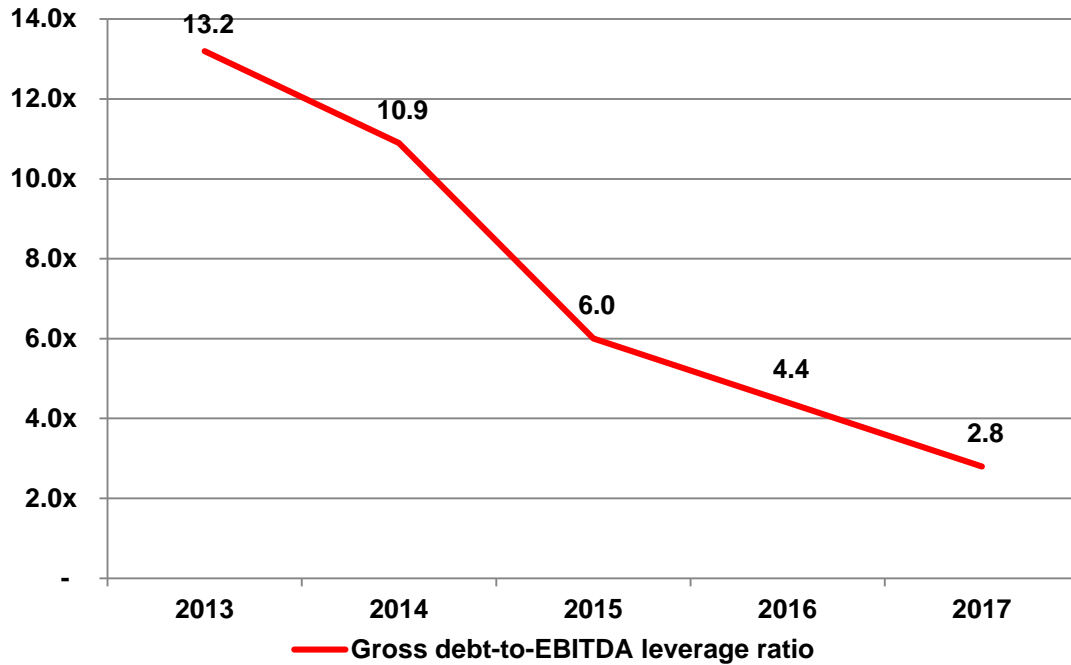
Ciena has delivered differentiated growth & profit expansion



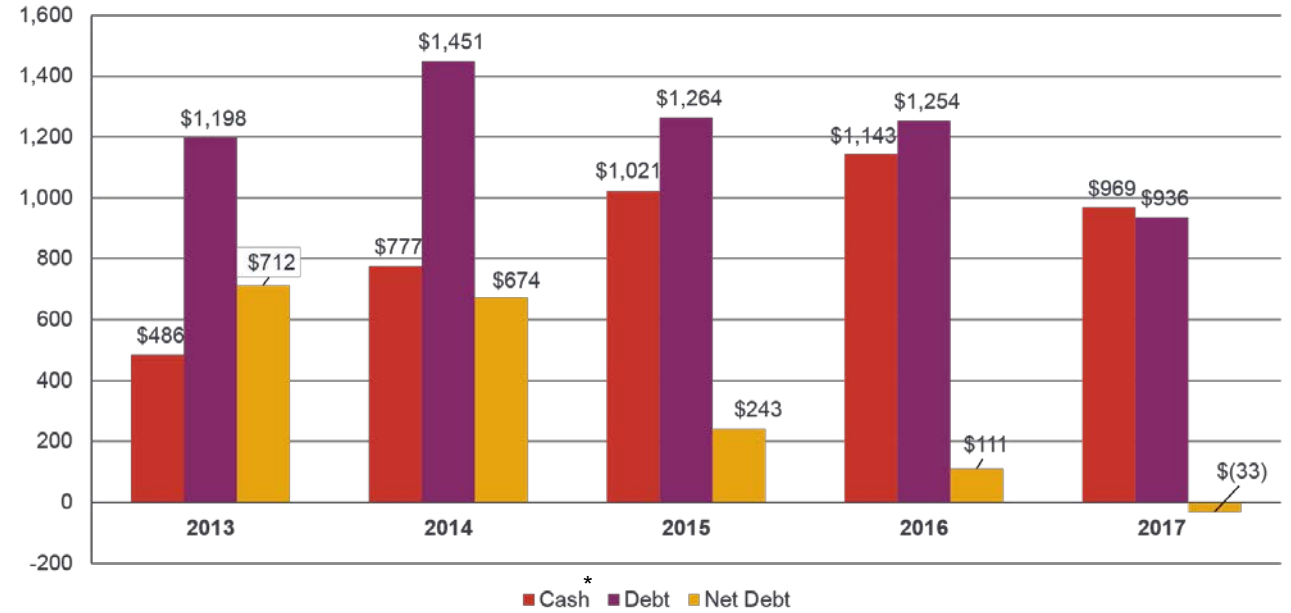
*Industry Average: ADTN, ADVA, CSCO, ERIC, INFN, JNPR and NOKIA
2017 = Represents Ciena fiscal 2017 actuals and midpoint of Q1'18 guidance,
and peer consensus estimates as of 28 November 2017

Strengthening balance sheet

Ciena has improved its leverage and reduced its debt position



Leverage Trend



Net Debt Position

*Cash & cash equivalents

Ciena is a market share leader in all target segments



#1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT for ICPs

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- PACKET OPTICAL
- NEXT-GEN OPTICAL
- LH WDM
- METRO WDM
- OPTICAL SWITCHING

#2 GLOBALLY

- NEXT-GEN OPTICAL
- PACKET OPTICAL
- LH WDM

#1 GLOBALLY

- OPTICAL EQUIPMENT VENDOR LEADERSHIP SP SURVEY
- CARRIER ETHERNET ACCESS DEVICES

#1 N. AMERICA

- CARRIER ETHERNET ACCESS DEVICES
- LH WDM
- METRO WDM

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- METRO WDM
- SUBMARINE

#1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT for ICPs
- SUBMARINE SLTE MARKET

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- LH WDM
- METRO WDM

#2 GLOBALLY

- TERRESTRIAL WDM NETWORKING
- LH WDM
- METRO WDM
- SUBSEA OPTOELECTRONICS

Optical Networks Report, 3Q17

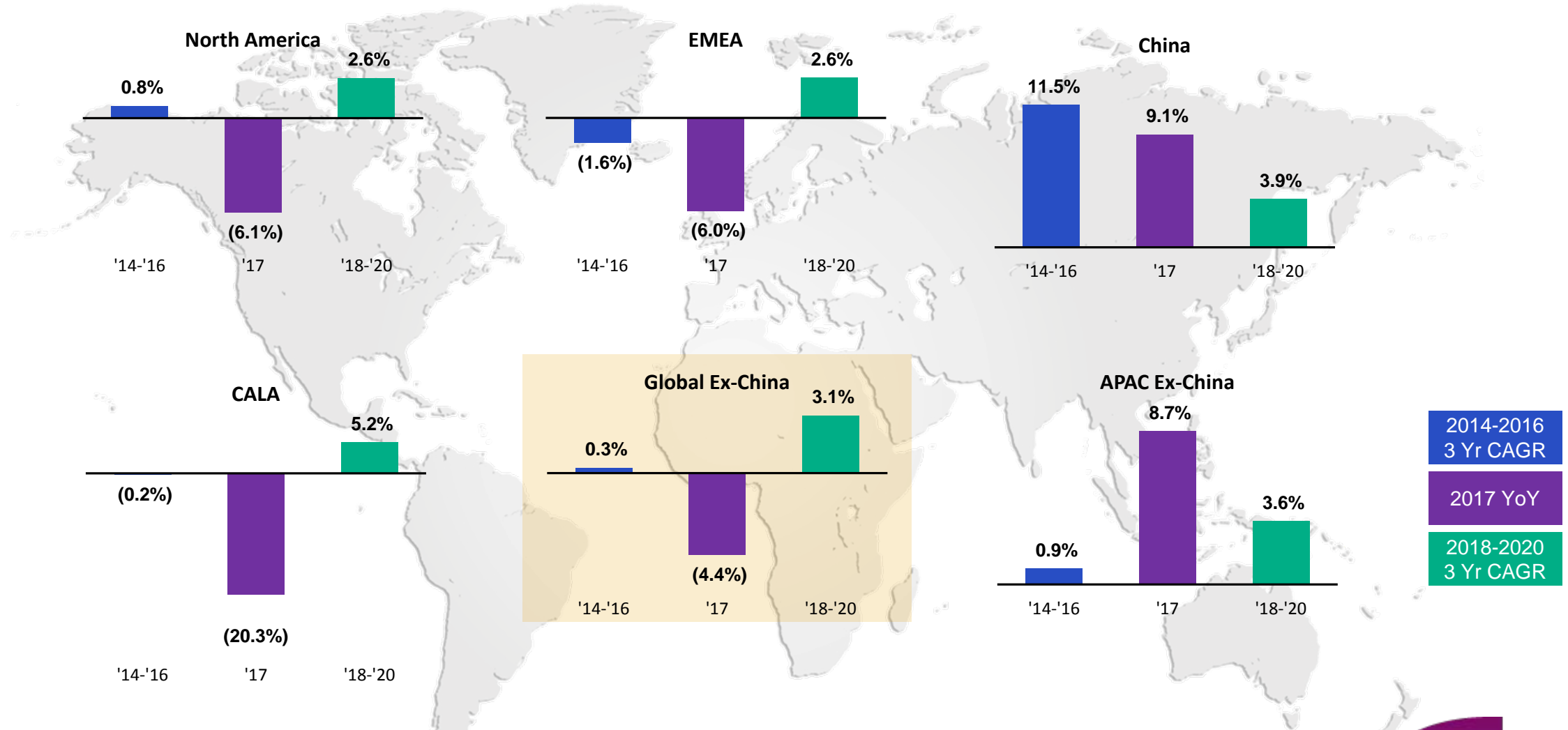
Optical Networks Report, 3Q17
Ethernet Access Devices Tracker, September 2017
Optical Equipment Vendor Leadership Global Service
Provider Survey December 2016

Optical Networks Report, 3Q17
Data Center Interconnect Market Share Report, 2Q17

Market Context

Overall industry growth outlook

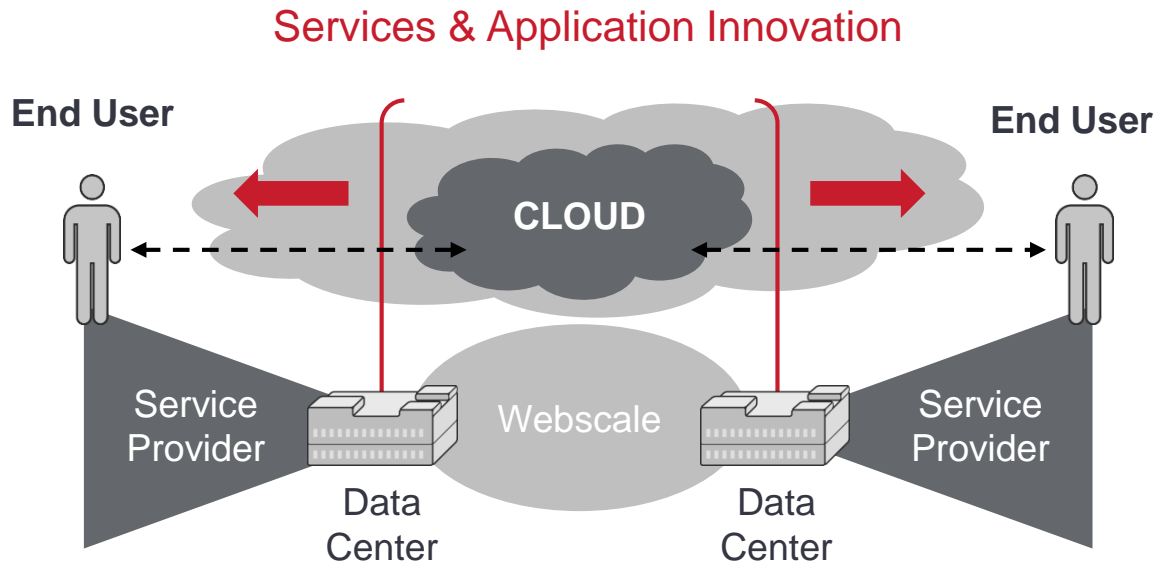
Strongest growth in APAC



*Derived from Cignal AI, Dell'Oro, IHS, and Ovum data and analysis

Our industry structure is evolving

Ciena uniquely positioned to address evolving customer demands



DEMAND

Exponential traffic growth driven by mobile and over-the-top (OTT) services

CUSTOMERS

Webscale
Service Provider
MSO
Submarine
Enterprise
Government / R&E

ARCHITECTURE

Webscale influence on network operator infrastructure

Content-to-Content
Content-to-User

SOLUTIONS

Data Center Interconnect
Converged IP, Ethernet & Optical
Automation Software
Components

“Best-of-breed at scale”

Ciena is well positioned to take market share and expand addressable market



THE BEST AT
MOVING BITS



THE BEST AT
AUTOMATING
NETWORKS

STRATEGIC IMPERATIVES

Grow our Packet & Optical
Infrastructure Business

Attack the Merchant
Coherent Modem Market

Build our Network
Automation Capabilities
with Blue Planet

Explore Adjacencies
for Growth

FY'17 Highlights

Fiscal 2017 key achievements

1 We are taking market share and outperforming the competition

- Annual revenue growth faster than market at more than 7.5%
- Webscale/DCI momentum continued, including \$110M of Waveserver annual revenue and 73 customers
- India revenue grew nearly 100% year-over-year to give Ciena #1 market share in the country

2 Our balance sheet is strengthening

- Successful convertible debt exchange offer to manage dilution and improve EPS
- Significant improvement in debt ratios
- Two ratings agency upgrades (Moody's and S&P)
- Net cash position for first time in more than seven years

3 We are forcing the pace of innovation in the industry

- *WaveLogic Ai* – 2x capacity per channel, 3x distance at equivalent capacity, and 4x service density
- *Liquid Spectrum* – monitor and mine all available network assets to instantly respond to new bandwidth demands in real-time
- *Blue Planet MCP* – SDN-based domain control for automating Ciena's next-gen packet and optical networks, greatly simplifying lifecycle management

FY'17 financial highlights

	FY'17	FY'16
Revenue	\$2.80B	\$2.60B
Adjusted Gross Margin	45.1%	45.5%
Adjusted Operating Expense	\$931M 33.2% / total revenue	\$887M 34.1% / total revenue
Adjusted Operating Margin	11.9%	11.4%

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

FY'17 operating metrics

	FY'17	FY'16
Cash and Investments	\$1.0B*	\$1.1B
Cash Flow from Operations	\$235M**	\$290M
DSO	80 Days	80 Days
Inventory Turns	4.9**	5.6

*Reduced debt by ~\$330M

**Working Capital increased to meet customer demand

Long-Term Targets

Long-term financial targets

Ciena's strategic drivers play a key role in our performance

Three-year annual revenue growth targets

Optical Systems	Approximately 4-6%
Attached Services	Approximately 4-6%
Packet Networking	Approximately 6-8%
Software and Related Services	Approximately 14-16%
Components	Approximately \$50M in annual revenue**

**Projections or outlook with respect to future operating results are only as of December 7, 2017, the date presented on the related earnings call. Actual results may differ materially from these forward looking statements. Ciena assumes no obligation to update this information, whether as a result of new information, future events or otherwise.*

***Projection indicates goal by the end of the next three fiscal years*

Long-term financial targets

Execution of our strategy will drive top-line growth, profitability and cash generation

Revenue	Adj. operating margin	Adj. EPS	Free cash flow
Approximately 5 to 7% annual growth over the next three years	15% on an annualized basis remains achievable in next few years	Approximately 14-16% annual growth over the next three years	Approximately 60-70% of adjusted operating income in each of the next three years

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Balance Sheet & Capital Allocation

Strengthening balance sheet

Ciena has made significant improvements since 2014

Convertible Debt	Reduced from \$1.2B to \$538M
Net Cash / (Debt)	Improved from net debt of (\$674M) to net cash of \$33M
Gross Debt-to-EBITDA leverage ratio	Decreased from 10.9x to 2.8x
Ratings Agency Upgrades	S&P upgrades two levels from B+ to BB- Stable Outlook Moody's upgrades two levels from B2 to Ba3

Capital allocation priorities

Ciena is proactively managing dilution and taking steps to return capital to shareholders

Debt Exchange Offer

Intend to cash settle ~\$288M (14.3M shares) of our 2018 convertible notes

Stock Buyback

Board authorized share repurchase program of up to \$300M of Ciena common stock through the end of fiscal 2020

Business Expansion

Retain a minimum of \$700M to \$800M for organic reinvestment to drive R&D innovation and expand go-to-market efforts, and for growth through accretive M&A

Q4'17 Financials

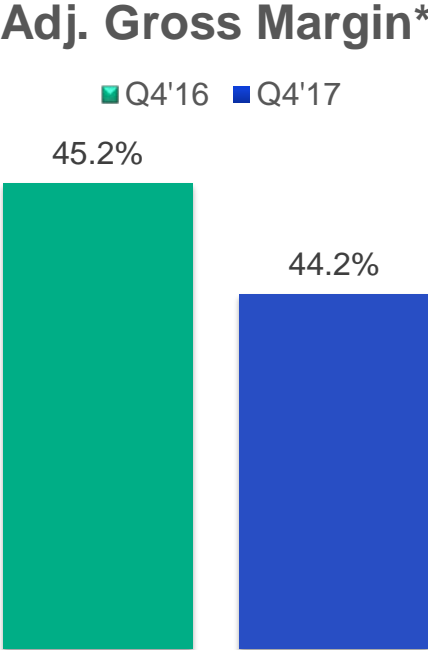
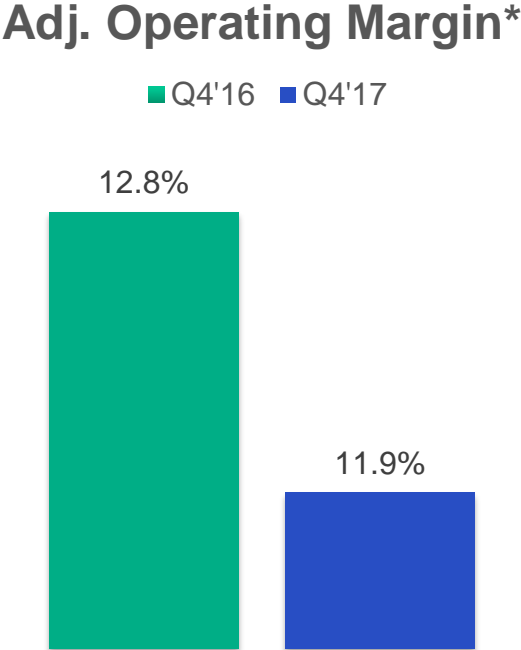
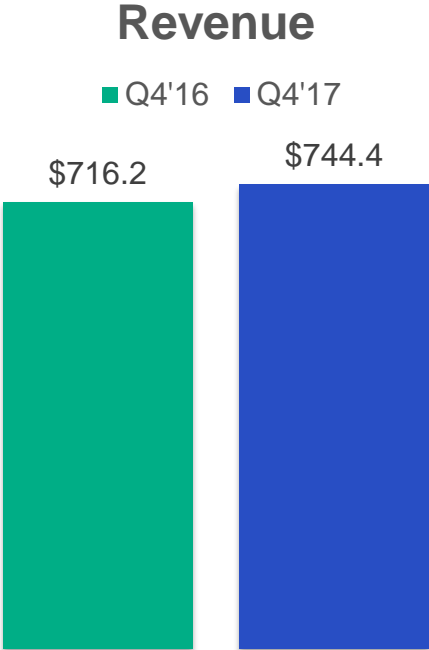
Q4 Fiscal 2017 Financial Highlights

Key Takeaways

- 1 Revenue of \$744.4 million
- 2 Adjusted Gross Margin of 44.2%*
- 3 Adjusted Operating Expense of \$240.9 million*
- 4 Adjusted Operating Margin of 11.9%*

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

Q4 Fiscal 2017 Comparisons (Year-over-Year)



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

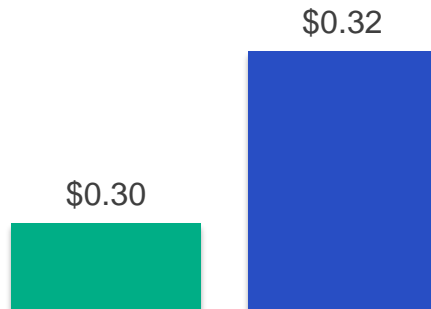
Q4 Fiscal 2017 Comparisons Adjusted EPS (Year-over-Year)

- Beginning this quarter, Ciena is changing how it calculates its adjusted Non-GAAP provision for income taxes in accordance with the SEC guidance. Ciena is providing these calculations under its "Prior Method" and the "New Method."
 - Under the "New Method," the Non-GAAP tax provision consists of current and deferred income tax expense commensurate with the level of adjusted income before income taxes using a current blended U.S. statutory and foreign tax rate (which was 36.5%).
 - Under the "Prior Method," the Non-GAAP tax provision consists of current and deferred income tax expense, and primarily related to foreign income tax, which is paid using cash.
- This change will not affect adjusted income before income taxes, actual cash tax payments, or cash flows. But, it will result in significantly higher non-GAAP provisions for income taxes than our Prior Method presentation.
- Ciena does not expect to pay substantial cash taxes on a GAAP basis for the foreseeable future primarily due to its deferred tax asset balance. As of October 31, 2017, it had deferred tax assets, net of approximately \$1.16 billion, and consequently, over the near term, cash taxes will continue to be primarily driven by the tax expense of Ciena's foreign subsidiaries, which amounts have not historically been significant.

New Method

Adj. EPS*

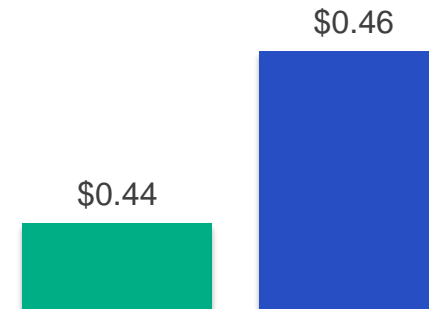
■ Q4'16 ■ Q4'17



Prior Method

Adj. EPS*

■ Q4'16 ■ Q4'17



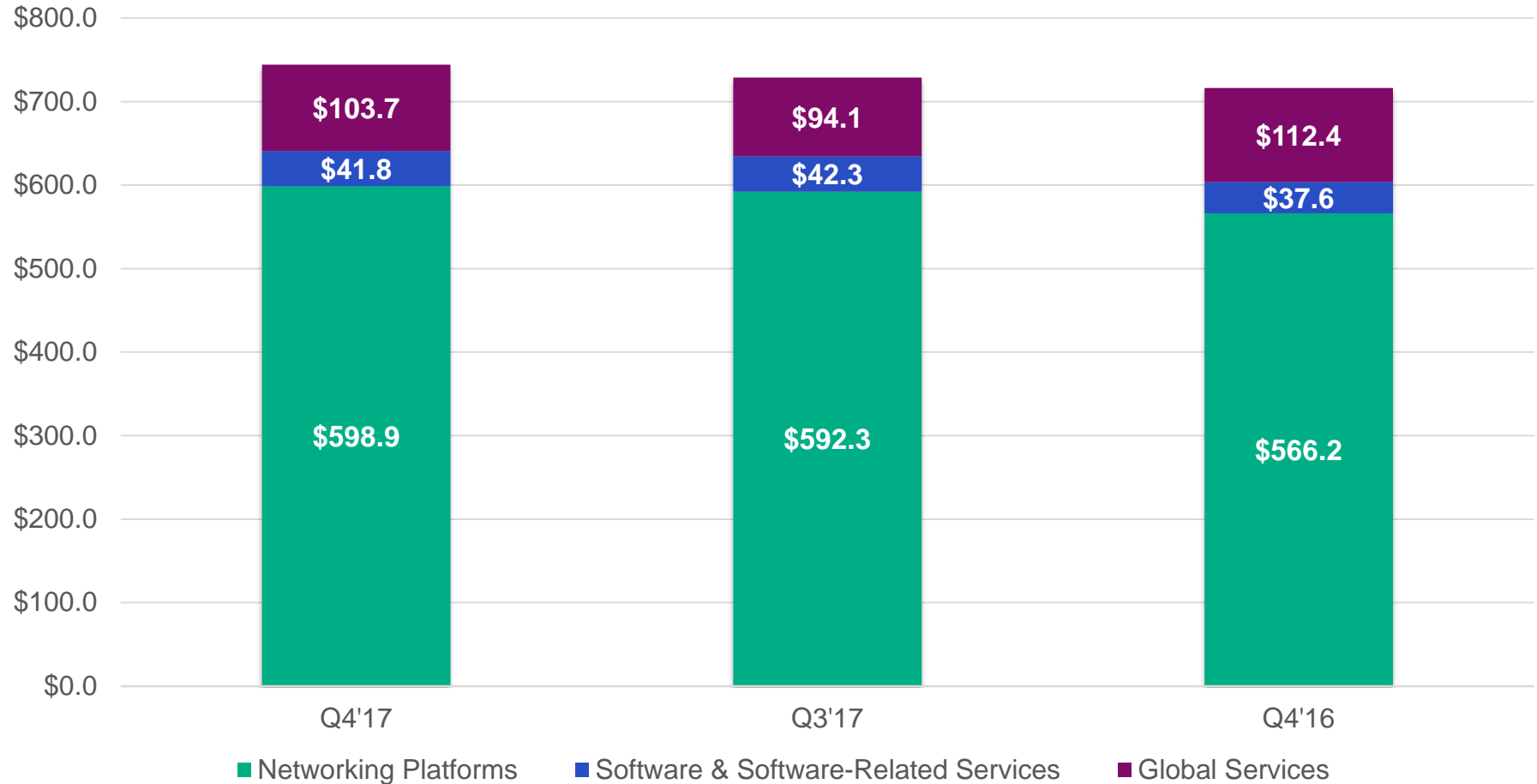
* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

Q4 Fiscal 2017 Balance Sheet and Operating Metrics

Cash and Investments	\$969.4 million
Cash Flow From Operations	\$138.5 million
DSO	75 Days
Inventory Turns	5.3

Q4 Fiscal 2017 Comparisons (Revenue by Segment)

(in millions)



Q4 Fiscal 2017 Revenue by Segment

(Amounts in millions)

	Q4 FY 2017		Q3 FY 2017		Q4 FY 2016	
	Revenue	%*	Revenue	%*	Revenue	%*
Networking Platforms						
Converged Packet Optical	\$504.7	67.8	\$506.5	69.5	\$488.0	68.1
Packet Networking	92.5	12.5	82.1	11.3	72.4	10.1
Optical Transport	1.7	0.2	3.7	0.5	5.8	0.8
Total Networking Platforms	598.9	80.5	592.3	81.3	566.2	79.0
Software and Software-Related Services						
Software Platforms	17.3	2.3	18.4	2.5	16.3	2.3
Software-Related Services	24.5	3.3	23.9	3.3	21.3	3.0
Total Software and Software-Related Services	41.8	5.6	42.3	5.8	37.6	5.3
Global Services						
Maintenance Support and Training	56.2	7.5	57.9	7.9	59.8	8.3
Installation and Deployment	33.5	4.5	27.4	3.8	38.6	5.4
Consulting and Network Design	14.0	1.9	8.8	1.2	14.0	2.0
Total Global Services	103.7	13.9	94.1	12.9	112.4	15.7
Total	\$744.4	100.0%	\$728.7	100.0%	\$716.2	100.0%

* Denotes % of total revenue



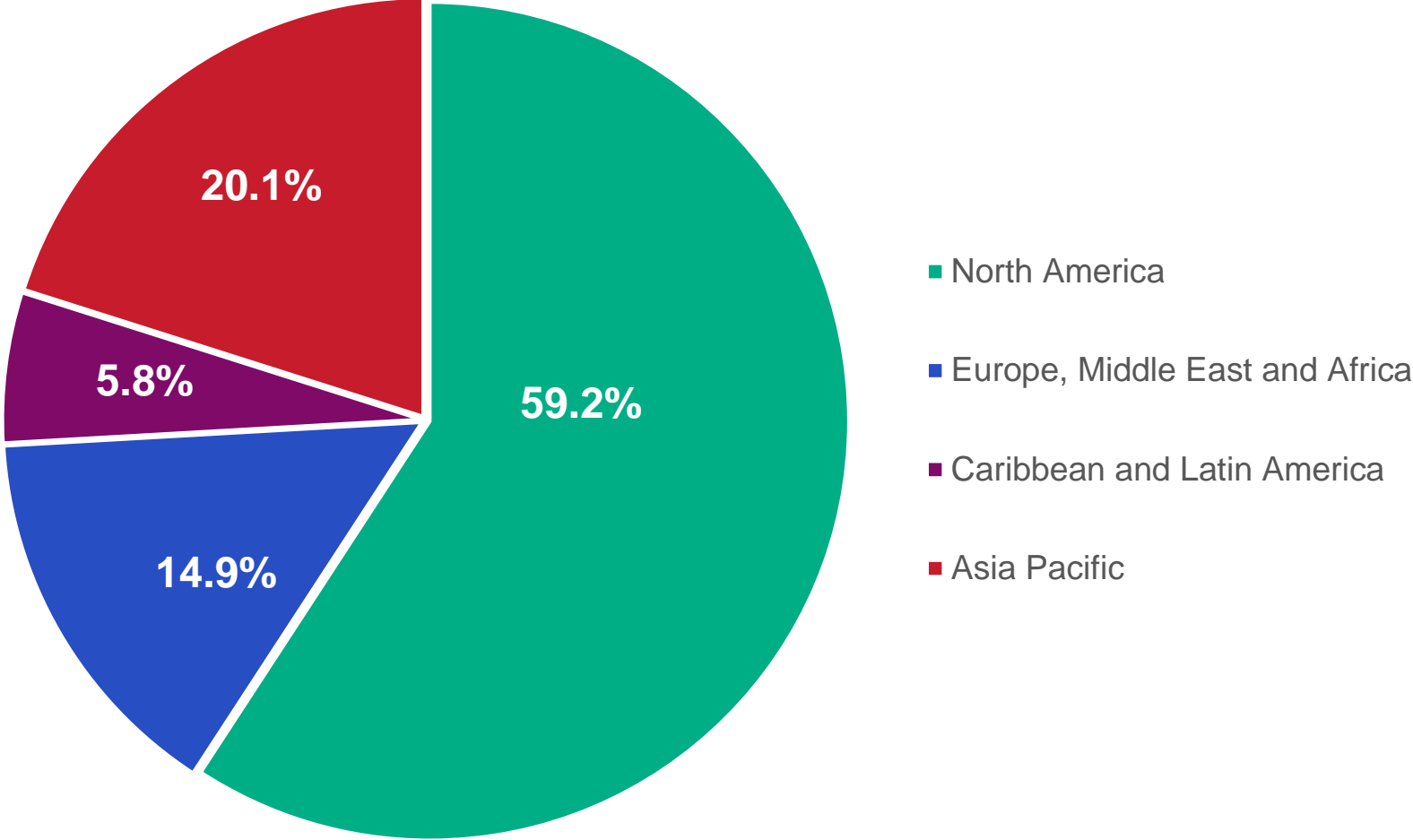
U.S. and International Revenue

(Amounts in millions)

Revenue					
	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
United States	\$418.2	\$438.1	\$392.0	\$379.7	\$436.9
International	\$326.2	\$290.6	\$315.0	\$241.8	\$279.3
Total	\$744.4	\$728.7	\$707.0	\$621.5	\$716.2

% of Total Revenue					
	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
United States	56.2%	60.1%	55.4%	61.1%	61.0%
International	43.8%	39.9%	44.6%	38.9%	39.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Q4 Fiscal 2017 Revenue by Geographic Region



Revenue by Geographic Region

(Amounts in millions)

Revenue

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
North America	\$440.5	\$465.2	\$424.4	\$405.9	\$463.1
Europe, Middle East and Africa	110.7	96.1	105.8	91.5	112.5
Caribbean and Latin America	43.5	51.7	33.9	35.2	46.8
Asia Pacific	149.7	115.7	142.9	88.9	93.8
Total	\$744.4	\$728.7	\$707.0	\$621.5	\$716.2

Revenue

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
North America	59.2%	63.8%	60.0%	65.3%	64.7%
Europe, Middle East and Africa	14.9%	13.2%	15.0%	14.7%	15.7%
Caribbean and Latin America	5.8%	7.1%	4.8%	5.7%	6.5%
Asia Pacific	20.1%	15.9%	20.2%	14.3%	13.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Business Outlook¹

Q1'18	
Revenue	\$625M to \$655M
Adjusted Gross Margin	Low-mid 40s percentage range
Adjusted Operating Expense	Approximately \$238M

¹ Projections or outlook with respect to future operating results are only as of December 7, 2017, the date presented on the related earnings call. Actual results may differ materially from these forward looking statements. Ciena assumes no obligation to update this information, whether as a result of new information, future events or otherwise.



Convertible Debt Overview

Convertible Notes and Diluted Earnings Per Share (EPS) Analysis (GAAP)

Outstanding Convertible Notes	Par Value (in thousands)	Underlying Shares (in thousands)	Conversion Price	Additional Shares In Diluted EPS Calculation (in thousands)	Quarterly Interest Expense Net of Tax (in thousands)	Diluted EPS Methodology ⁽²⁾	Memo: Ciena's quarterly net income must be equal to or greater than the below amounts for the Underlying Shares to be included in Diluted EPS Calculation (in thousands)
3.75% Senior Convertible Notes due October 15, 2018 (Issued 8/2/2017)⁽¹⁾	\$ 288,730	14,318	\$ 20.17	1,616 ⁽³⁾	N/A	Treasury Stock Method	N/A
3.75% Senior Convertible Notes due October 15, 2018 (Issued 10/18/2010)⁽¹⁾	\$ 61,270	3,038	\$ 20.17	3,038	\$ 399	If-Converted Method	\$ 19,166
4.0% Convertible Senior Notes due December 15, 2020	\$ 187,500	9,198	\$ 20.39	9,198	\$ 2,217	If-Converted Method	\$ 35,502
Total	\$ 537,500	26,554		13,852	\$ 2,616		

(1) On August 2, 2017, a portion of our 3.75% Senior Convertible Notes due October 15, 2018 (Issued 10/18/2010) (the "Original 2018 Notes") were exchanged by the holders thereof for 3.75% Senior Convertible Notes due October 15, 2018 (Issued 8/2/2017) (the "New 2018 Notes"). The New 2018 Notes give Ciena the option, at its election, to settle conversions of such notes for cash, shares of its common stock, or a combination of cash and shares. Except with respect to the additional cash settlement options upon conversion, the New 2018 Notes have substantially the same terms as the Original 2018 Notes.

(2) **Description of Diluted EPS Methodologies:**

Treasury Stock Method - Convertible debt instruments that may be settled entirely or partly in cash (such as the New 2018 Notes) may, in certain circumstances where the borrower has the ability and intent to settle in cash, be accounted for utilizing the Treasury Stock Method. Under this method, the underlying shares issuable upon conversion of the notes (the "Underlying Shares") are excluded from the calculation of diluted EPS, except to the extent that the Conversion Value (as defined on the following slide) of the notes exceeds their par value. No adjustment is made to the EPS numerator for interest expense recorded. It is Ciena's current intent, as of the date of this presentation, that upon conversion of the New 2018 Notes, the principal amount of these notes will be settled in cash, and therefore Ciena intends to use the Treasury Stock Method with respect to these notes in its diluted EPS calculation. See the following slide for an illustration of this method at varying stock prices and the "Additional EPS Shares" that would be included in calculating diluted EPS.

If-Converted Method - Convertible debt instruments that must be settled in shares (such as the Original 2018 Notes and the 4.0% Convertible Senior Notes due December 15, 2020) are accounted for under the If-Converted Method. Under this method, diluted EPS is computed assuming the conversion of the notes at the beginning of the reporting period. Ciena adds back to the EPS numerator the recorded interest expense, net of tax, applicable to the notes for the relevant reporting period, and adds the Underlying Shares to the denominator to compute EPS under this method; provided that such adjustments do not increase diluted EPS. If such adjustments increase diluted EPS, then diluted EPS is computed with the interest expense as recorded and without any Additional EPS Shares for the Underlying Shares of such notes.

(3) Computed for illustrative purposes using the Treasury Stock Method based on Ciena's \$22.74 average price per share during its fiscal fourth quarter. See the following slide for an illustration of the a calculation of Additional EPS Shares at varying stock prices.

NOTE: Net income, earnings per share and stock price assumptions in these materials are for illustrative purposes only and for the sole purpose of further explaining how diluted EPS is calculated in regard to Ciena's convertible notes. Such metrics do not reflect Ciena's business outlook. Ciena makes no assumptions as to whether or when it could achieve the relevant metrics provided in this presentation.

Illustrative Treasury Stock Method for New 2018 Notes

The following table (in thousands, except Stock Price Per Share) illustrates the treatment of Ciena's New 2018 Notes in calculating diluted EPS in the future based on various hypothetical stock prices and using the Treasury Stock Method. The range of stock prices listed in the table are for illustrative purposes only. Additional EPS Shares would be issuable at Ciena stock prices above \$35 per share with the calculation of such Additional EPS Shares to be determined using the same formula below. The actual number of shares of common stock, if any, issuable by Ciena upon conversion of any notes, will be governed by the terms of the indenture applicable to such notes.

Average Stock Price Per Share A	Underlying Shares B	Conversion Value C = (A * B)	Par Value D	Conversion Value in Excess of Par Value E = (C - D)	Additional Shares in Diluted EPS Calculation (Additional EPS Shares) E ÷ A
Below \$20.17	14,318	N/A	N/A	N/A	-
21	14,318	\$ 300,678	288,730	\$ 11,948	569
22	14,318	314,996	288,730	26,266	1,194
23	14,318	329,314	288,730	40,584	1,765
24	14,318	343,632	288,730	54,902	2,288
25	14,318	357,950	288,730	69,220	2,769
26	14,318	372,268	288,730	83,538	3,213
27	14,318	386,586	288,730	97,856	3,624
28	14,318	400,904	288,730	112,174	4,006
29	14,318	415,222	288,730	126,492	4,362
30	14,318	429,540	288,730	140,810	4,694
31	14,318	443,858	288,730	155,128	5,004
32	14,318	458,176	288,730	169,446	5,295
33	14,318	472,494	288,730	183,764	5,569
34	14,318	486,812	288,730	198,082	5,826
\$ 35	14,318	\$ 501,130	288,730	\$ 212,400	6,069

Q4 Fiscal 2017 Appendix



Gross Profit Reconciliation

(Amounts in thousands)

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP gross profit	\$325,685	\$328,076	\$318,240	\$273,785	\$318,548
Share-based compensation-products	694	709	708	561	612
Share-based compensation-services	561	619	679	628	557
Amortization of intangible assets	2,332	2,417	3,623	4,313	4,320
Total adjustments related to gross profit	3,587	3,745	5,010	5,502	5,489
Adjusted (non-GAAP) gross profit	\$329,272	\$331,821	\$323,250	\$279,287	\$324,037
Adjusted (non-GAAP) gross margin	44.2%	45.5%	45.7%	44.9%	45.2%

Operating Expense Reconciliation (Amounts in thousands)

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP operating expense	\$269,886	\$246,077	\$260,420	\$254,681	\$258,875
Share-based compensation-research and development	2,956	3,139	3,653	3,209	3,172
Share-based compensation-sales and marketing	3,218	3,242	3,513	2,873	2,890
Share-based compensation-general and administrative	4,130	4,321	3,417	5,453	2,961
Amortization of intangible assets	3,661	3,837	10,980	14,551	14,551
Significant asset impairments and restructuring costs	15,059	2,203	4,276	2,395	2,876
Total adjustments related to operating expense	\$29,024	\$16,742	\$25,839	\$28,481	\$26,450
Adjusted (non-GAAP) operating expense	\$240,862	\$229,335	\$234,581	\$226,200	\$232,425

Income from Operations Reconciliation (Amounts in thousands)

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP income from operations	\$55,799	\$81,999	\$57,820	\$19,104	\$59,673
Total adjustments related to gross profit	3,587	3,745	5,010	5,502	5,489
Total adjustments related to operating expense	29,024	16,742	25,839	28,481	26,450
Total adjustments related to income from operations	32,611	20,487	30,849	33,983	31,939
Adjusted (non-GAAP) income from operations	\$88,410	\$102,486	\$88,669	\$53,087	\$91,612
Adjusted (non-GAAP) operating margin	11.9%	14.1%	12.5%	8.5%	12.8%

Net Income Reconciliation – New Method (Amounts in thousands)

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP net income	\$1,160,056	\$60,010	\$38,026	\$3,861	\$36,587
Exclude GAAP provision (benefit) for income taxes	(1,117,531)	7,726	3,568	410	6,376
Income before income taxes	42,525	67,736	41,594	4,271	42,963
Total adjustments related to income from operations	32,611	20,487	30,849	33,983	31,939
Loss on extinguishment of debt	-	-	-	41	376
Non-cash interest expense	525	535	526	513	500
Modification of debt	692	-	2,924	-	-
Adjusted income before income taxes	76,353	88,758	75,893	38,808	75,778
Non-GAAP tax provision on adjusted income before income taxes	27,869	32,397	27,701	14,165	27,659
Adjusted (non-GAAP) net income	\$48,484	\$56,361	\$48,192	\$24,643	\$48,119
Weighted average basic common shares outstanding	143,097	142,464	141,743	140,682	139,741
Weighted average dilutive potential common shares outstanding ¹	158,791	172,112	174,471	165,104	174,496

Net Income per Common Share – New Method

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP diluted net income per common share	\$ 7.32	\$ 0.39	\$ 0.25	\$ 0.03	\$ 0.25
Adjusted (Non-GAAP) diluted net income per common share²	\$ 0.32	\$ 0.35	\$ 0.30	\$ 0.17	\$ 0.30

Net Income Reconciliation – Prior Method (Amounts in thousands)

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP net income	\$1,160,056	\$60,010	\$38,026	\$3,861	\$36,587
Exclude GAAP provision (benefit) for income taxes	(1,117,531)	7,726	3,568	410	6,376
Income before income taxes	42,525	67,736	41,594	4,271	42,963
Total adjustments related to income from operations	32,611	20,487	30,849	33,983	31,939
Loss on extinguishment of debt	-	-	-	41	376
Non-cash interest expense	525	535	526	513	500
Modification of debt	692	-	2,924	-	-
Adjusted income before income taxes	76,353	88,758	75,893	38,808	75,778
Non-GAAP tax provision on adjusted income before income taxes	7,597	7,726	3,568	410	6,376
Adjusted (non-GAAP) net income	\$68,756	\$81,032	\$72,325	\$38,398	\$69,402
Weighted average basic common shares outstanding	143,097	142,464	141,743	140,682	139,741
Weighted average dilutive potential common shares outstanding ¹	158,791	172,112	174,471	165,104	174,496

Net Income per Common Share – Prior Method

	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	Q4 FY 2016
GAAP diluted net income per common share	\$ 7.32	\$ 0.39	\$ 0.25	\$ 0.03	\$ 0.25
Adjusted (Non-GAAP) diluted net income per common share²	\$ 0.46	\$ 0.51	\$ 0.45	\$ 0.26	\$ 0.44

Reconciliation Endnotes

1. Weighted average dilutive potential common shares outstanding used in calculating New Method and Prior Method Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2017 includes 1.2 million shares underlying certain stock options and restricted stock units, 1.6 million shares underlying Ciena's "New" 3.75% convertible senior notes, due October 15, 2018, 3.7 million shares underlying Ciena's "Original" 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 New Method and Prior Method Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2017 includes 1.4 million shares underlying certain stock options and restricted stock units, 1.7 million shares underlying Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017, 17.4 million shares underlying Ciena's "Original" 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 New Method and Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017, 17.4 million shares underlying Ciena's "Original" 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 New Method and Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017 and 17.4 million shares underlying Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018.

Weighted average dilutive potential common shares outstanding used in calculating New Method and Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017, 17.4 million shares underlying Ciena's "Original" 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 New Method Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2017 requires adding back interest expense of approximately \$0.4 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 and approximately \$1.9 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the New Method Adjusted (non-GAAP) net income in order to derive the numerator for the New Method Adjusted earnings per common share calculation.

The calculation of Prior Method Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2017 requires adding back interest expense of approximately \$0.6 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 and approximately \$3.1 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the Prior Method Adjusted (non-GAAP) net income in order to derive the numerator for the Prior Method Adjusted earnings per common share calculation.

The calculation of New Method Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2017 requires adding back interest expense of approximately \$0.2 million associated with Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017, approximately \$2.2 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 and approximately \$1.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the New Method Adjusted (non-GAAP) net income in order to derive the numerator for the New Method Adjusted earnings per common share calculation.

Reconciliation Endnotes

The calculation of Prior Method Adjusted (non-GAAP) diluted net income per common share for the third quarter of fiscal 2017 requires adding back interest expense of approximately \$0.2 million associated with Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017, approximately \$3.6 million associated with Ciena's "Original" 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 Prior Method Adjusted (non-GAAP) net income in order to derive the numerator for the Prior Method Adjusted earnings per common share calculation.

The calculation of New Method Adjusted (non-GAAP) diluted net income per common share for the second quarter of fiscal 2017 requires adding back interest expense of approximately \$0.3 million associated with Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017, approximately \$2.3 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 and approximately \$1.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the New Method Adjusted (non-GAAP) net income in order to derive the numerator for the New Method Adjusted earnings per common share calculation.

The calculation of Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017, approximately \$3.6 million associated with Ciena's "Original" 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 Prior Method Adjusted (non-GAAP) net income in order to derive the numerator for the Prior Method Adjusted earnings per common share calculation.

The calculation of New Method Adjusted (non-GAAP) diluted net income per common share for the first quarter of fiscal 2017 requires adding back interest expense of approximately \$0.4 million associated with Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017 and approximately \$2.3 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 to the New Method Adjusted (non-GAAP) net income in order to derive the numerator for the New Method Adjusted earnings per common share calculation.

The calculation of Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017 and approximately \$3.6 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 to the Prior Method Adjusted (non-GAAP) net income in order to derive the numerator for the Prior Method Adjusted earnings per common share calculation.

The calculation of New Method Adjusted (non-GAAP) diluted net income per common share for the fourth quarter of fiscal 2016 requires adding back interest expense of approximately \$0.5 million associated with Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017, approximately \$2.3 million associated with Ciena's "Original" 3.75% convertible senior notes, due October 15, 2018 and approximately \$1.8 million associated with Ciena's 4.0% convertible senior notes, due December 15, 2020 to the New Method Adjusted (non-GAAP) net income in order to derive the numerator for the New Method Adjusted earnings per common share calculation.

The calculation of Prior Method 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, which were paid at maturity during the third quarter of fiscal 2017, approximately \$3.6 million associated with Ciena's "Original" 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 Prior Method Adjusted (non-GAAP) net income in order to derive the numerator for the Prior Method Adjusted earnings per common share calculation.

Gross debt-to-EBITDA Reconciliation

	2013	2014	2015	2016	2017
Net income (loss)	\$ (85,431)	\$ (40,637)	\$ 11,667	\$ 72,584	\$ 1,386,819
Provision for income taxes	5,240	13,964	12,097	14,134	(1,230,699)
Interest expense	44,042	47,115	51,179	56,656	55,852
Depreciation and amortization	127,007	112,767	135,767	141,692	122,902
EBITDA	\$ 90,858	\$ 133,209	\$ 210,710	\$ 285,066	\$ 334,874
Short-term and long-term debt, net*	\$ 1,198,106	\$ 1,451,064	\$ 1,264,089	\$ 1,253,682	\$ 935,981
Less:					
Cash and cash equivalents	\$ 346,487	\$ 586,720	\$ 790,971	\$ 777,615	\$ 640,513
Short-term investments	124,979	140,205	135,107	275,248	279,133
Long-term investments	15,031	50,057	95,105	90,172	49,783
Net Debt	\$ 711,609	\$ 674,082	\$ 242,906	\$ 110,647	\$ (33,448)
Gross debt-to-EBITDA leverage ratio	13.2	10.9	6.0	4.4	2.8

*Reflects the impact of the adoption of ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs in fiscal year 2017 related to balance sheet classification of unamortized debt issuance costs from other long-term assets to current portion of long-term debt and long-term debt.

Thank You

