UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 6, 2018

Ciena Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-36250	**23-2725311**
(Commission File Number)	(IRS Employer Identification No.)
7035 Ridge Road, Hanover, MD	**21076**
(Address of Principal Executive Offices)	(Zip Code)

(410) 694-5700
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 – RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On March 6, 2018, Ciena Corporation ("Ciena") issued a press release announcing its financial results for its first fiscal quarter ended January 31, 2018. The text of the press release is furnished as Exhibit 99.1 to this Report. As discussed in this press release, Ciena will be hosting an investor call to discuss its results of operations for its first fiscal quarter ended January 31, 2018.

In conjunction with the issuance of this press release, Ciena posted to the quarterly results page of the Investors section of www.ciena.com management's prepared remarks regarding Ciena's performance and results of operations, and an accompanying investor presentation. Management's prepared remarks and the related investor presentation are furnished as Exhibits 99.2 and 99.3 to this Report.

The information in Exhibits 99.1, 99.2 and 99.3 and Item 2.02 of this Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended. Investors are encouraged to review the "Investors" page of our website at www.ciena.com because, as with the other disclosure channels that we use, from time to time we may post material information exclusively on that site.

ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibit is being filed herewith:

Exhibit Number	Description of Document
Exhibit 99.1	Text of Press Release dated March 6, 2018, issued by Ciena Corporation, reporting its results of operations for its first fiscal quarter ended January 31, 2018
Exhibit 99.2	Management's Prepared Remarks Related to Ciena Corporation's first fiscal quarter ended January 31, 2018
Exhibit 99.3	Investor Presentation for Ciena Corporation's first fiscal quarter ended January 31, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ciena Corporation

Date: March 6, 2018

By: /S/ David M. Rothenstein

David M. Rothenstein

Senior Vice President, General Counsel and Secretary

FOR IMMEDIATE RELEASE

Ciena Reports Fiscal First Quarter 2018 Financial Results

HANVOER, Md. - March 6, 2018 - Ciena® Corporation (NYSE: CIEN)

- **Q1 Revenue**: $646.1 million, increasing 4% year over year
- **Q1 Net Income (Loss) per Share:** $(3.29) GAAP; $0.15 adjusted (non-GAAP)
  - GAAP loss primarily due to significant non-cash charges related to the Tax Cuts and Jobs Act, which resulted in an estimated $476.9 million of additional tax expense
- **Share Repurchase:** Commenced repurchase activity on three-year, $300 million repurchase program during Q1

Ciena, a network strategy and technology company, today announced unaudited financial results for its fiscal first quarter ended January 31, 2018.

“We demonstrated a strong start toward achieving our long-term financial goals with our fiscal first quarter results, including year-over-year top-line growth, continued cash generation and a strengthening balance sheet,” said Gary B. Smith, president and CEO, Ciena. “We also are confident in our ability to continue driving market share gains across key geographies and customer segments by intersecting the industry’s demand drivers with leading innovation.”

For the fiscal first quarter 2018, Ciena reported revenue of $646.1 million as compared to $621.5 million for the fiscal first quarter 2017.

Ciena's fiscal first quarter 2018 GAAP results include a non-cash $476.9 million charge related to the enactment of the Tax Cuts and Jobs Act. As a result, Ciena's GAAP net loss for the fiscal first quarter 2018 was $(473.4) million, or $(3.29) per diluted common share, which compares to a GAAP net income of $3.9 million, or $0.03 per diluted common share, for the fiscal first quarter 2017.

Ciena's adjusted (non-GAAP) net income for the fiscal first quarter 2018 was $21.9 million, or $0.15 per diluted common share, which compares to an adjusted (non-GAAP) net income of $24.6 million, or $0.17 per diluted common share, for the fiscal first quarter 2017.

Share Repurchase Program

On December 7, 2017, Ciena announced that its Board of Directors had authorized a program to repurchase up to $300 million of the Company’s common stock through the end of fiscal 2020. The Company commenced repurchases late in the fiscal first quarter 2018, and through March 5, 2018, has repurchased approximately 874,000 shares of its common stock, for an aggregate purchase price of $19.5 million at an average price of $22.34 per share.

Fiscal First Quarter 2018 Performance Summary

The tables below (in millions, except percentage data) provide comparisons of certain quarterly results to the prior year. Appendix A and B set forth reconciliations between the GAAP and adjusted (non-GAAP) measures contained in this release.

	GAAP Results		
	Q1	Q1	Period Change
	FY 2018	FY 2017	Y-T-Y*
Revenue	$ 646.1	$ 621.5	4.0 %
Gross margin	42.1%	44.1%	(2.0)%
Operating expense	$ 255.0	$ 254.7	0.1 %
Operating margin	2.6%	3.1%	(0.5)%

	Non-GAAP Results		
	Q1	Q1	Period Change
	FY 2018	FY 2017	Y-T-Y*
Revenue	$ 646.1	$ 621.5	4.0 %
Adj. gross margin	42.6%	44.9%	(2.3)%
Adj. operating expense	$ 234.4	$ 226.2	3.6 %
Adj. operating margin	6.3%	8.5%	(2.2)%
Adj. EBITDA	$ 61.8	$ 69.9	(11.6)%

* Denotes % change, or in the case of margin, absolute change

	Revenue by Segment							
	Q1 FY 2018				Q1 FY 2017			
	Revenue		%**		Revenue		%**	
Networking Platforms								
Converged Packet Optical [1]	$	427.4	66.1		$	417.8	67.2	
Packet Networking		68.6	10.6			72.2	11.6	
Total Networking Platforms		496.0	76.7			490.0	78.8	
Software and Software-Related Services								
Software Platforms		29.6	4.6			17.0	2.7	
Software-Related Services		23.9	3.7			22.3	3.6	
Total Software and Software-Related Services		53.5	8.3			39.3	6.3	
Global Services								
Maintenance Support and Training		56.0	8.7			55.0	8.9	
Installation and Deployment		30.0	4.7			27.9	4.5	
Consulting and Network Design		10.6	1.6			9.3	1.5	
Total Global Services		96.6	15.0			92.2	14.9	
Total	$	646.1	100.0		$	621.5	100.0	

1. As of the first fiscal quarter of 2018, sales of Optical Transport products are reflected within the Converged Packet Optical product line for all periods presented.

Additional Performance Metrics for Fiscal First Quarter 2018

	Revenue by Geographic Region					
	Q1 FY 2018			Q1 FY 2017		
	Revenue		% **	Revenue		% **
North America	$	402.9	62.4	$	405.9	65.3
Europe, Middle East and Africa		97.8	15.1		91.5	14.7
Caribbean and Latin America		34.6	5.4		35.2	5.7
Asia Pacific		110.8	17.1		88.9	14.3
Total	$	646.1	100.0	$	621.5	100.0

** Denotes % of total revenue

- U.S. customers contributed 59.3% of total revenue
- Two customers each accounted for greater than 10% of revenue and in aggregate represented 25% of total revenue
- Cash and investments totaled $986.8 million
- Cash flow from operations totaled $35.7 million
- Free cash flow totaled $10.0 million
- Average days' sales outstanding (DSOs) were 77
- Accounts receivable balance was $553.7 million
- Inventories totaled $255.3 million, including:
  - Raw materials: $47.7 million
  - Work in process: $16.5 million
  - Finished goods: $176.5 million
  - Deferred cost of sales: $64.4 million
  - Reserve for excess and obsolescence: $(49.8) million
- Product inventory turns were 4.9

- Headcount totaled 5,712

Impact of the Tax Cuts and Jobs Act

The first fiscal quarter 2018 provision for income taxes includes the following significant non-cash charges related to the enactment of the Tax Cuts and Jobs Act:

- $431.3 million charge related to the remeasurement of U.S. net deferred tax assets at the lower statutory rate under the Tax Cuts and Jobs Act; and
- $45.6 million charge related to a transition tax on accumulated historical foreign earnings and its deemed repatriation to the U.S.

Ciena continues to evaluate the impact of the Tax Cuts and Jobs Act. At this time, Ciena does not expect to pay substantial cash taxes for U.S. federal income tax for the foreseeable future primarily due to its deferred tax asset balance. As of January 31, 2018, Ciena has net deferred tax assets of approximately $739.4 million, and consequently, over the near term, Ciena's cash taxes will continue to be primarily related to the state taxes and tax expense of Ciena's foreign subsidiaries, which amounts have not historically been significant. Ciena's foreign and domestic income tax expense for the first quarter of fiscal 2018 and 2017 expected to be paid using cash was $1.0 million and $0.4 million, respectively.

Supplemental Materials and Live Web Broadcast of Unaudited Fiscal First Quarter 2018 Results

Today, Tuesday, March 6, 2018, in conjunction with this announcement, Ciena has posted to the Quarterly Results page of the Investor Relations section of its website supporting materials for its unaudited fiscal first quarter 2018 results, including prepared remarks from management and a related investor presentation.

Ciena's management will also host a discussion today with investors and financial analysts that will include the Company's fiscal second quarter outlook. The live audio web broadcast beginning at 8:30 a.m. Eastern will be accessible via www.ciena.com. An archived replay of the live broadcast will be available shortly following its conclusion on the Investor Relations page of Ciena's website.

Notes to Investors

Forward-Looking Statements. You are encouraged to review the Investors section of our website, where we routinely post press releases, SEC filings, recent news, financial results, supplemental financial information, and other announcements. From time to time we exclusively post material information to this website along with other disclosure channels that we use. This press release contains certain forward-looking statements that involve risks and uncertainties. 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 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. Forward-looking statements in this release include: "We demonstrated a strong start toward achieving our long-term financial goals with our fiscal first quarter results, including year-over-year top-line growth, continued cash generation and a strengthening balance sheet"; "We also are confident in our ability to continue driving market share gains across key geographies and customer segments by intersecting the industry’s demand drivers with leading innovation".

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; the impact of the Tax Cuts and Jobs Act, changes in estimates of prospective income tax rates and any adjustments to Ciena's provisional estimates whether related to further guidance, analysis or otherwise, and the other risk factors disclosed in Ciena's Report on Form 10-K, which Ciena filed with the Securities and Exchange Commission on December 22, 2017. Ciena assumes no obligation to update any forward-looking information included in this press release.

Non-GAAP Presentation of Quarterly and Annual Results. This release includes non-GAAP measures of Ciena's gross profit, operating expense, income from operations, earnings before interest, tax, depreciation and amortization (EBITDA), Adjusted EBITDA, and measures of net income and net income per share. In evaluating the operating performance of Ciena's business, management excludes certain charges and credits that are required by GAAP. These items share one or more of the following characteristics: they are unusual and Ciena does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of Ciena's control. Management believes that the non-GAAP measures below provide management and investors useful information and meaningful insight to the operating performance of the business. The presentation of these non-GAAP financial measures should be considered in addition to Ciena's GAAP results and these measures are not intended to be a substitute for the financial information prepared and presented in accordance with GAAP. Ciena's non-GAAP measures and the related adjustments may differ from non-GAAP measures used by other companies and should only be used to evaluate Ciena's results of operations in conjunction with our corresponding GAAP results. To the extent not previously disclosed in a prior Ciena financial results press release, Appendix A and B to this press release set forth a complete GAAP to non-GAAP reconciliation of the non-GAAP measures contained in this release.

About Ciena. Ciena (NYSE: CIEN) is a network strategy and technology company. We translate best-in-class technology into value through a high-touch, consultative business model - with a relentless drive to create exceptional experiences measured by outcomes. For updates on Ciena, follow us on Twitter @Ciena, LinkedIn, the Ciena Insights blog, or visit www.ciena.com.

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Quarter Ended January 31,	
	2018	2017
Revenue:		
Products	$ 525,609	$ 506,993
Services	120,526	114,504
Total revenue	646,135	621,497
Cost of goods sold:		
Products	313,120	286,811
Services	61,250	60,901
Total cost of goods sold	374,370	347,712
Gross profit	271,765	273,785
Operating expenses:		
Research and development	118,524	116,869
Selling and marketing	88,515	85,002
General and administrative	38,406	35,864
Amortization of intangible assets	3,623	14,551
Significant asset impairments and restructuring costs	5,961	2,395
Total operating expenses	255,029	254,681
Income from operations	16,736	19,104
Interest and other income (loss), net	1,575	370
Interest expense	(13,734)	(15,203)
Income before income taxes	4,577	4,271
Provision for income taxes [1]	477,940	410
Net income (loss)	$ (473,363)	$ 3,861
Net Income (Loss) per Common Share		
Basic net income (loss) per common share	$ (3.29)	$ 0.03
Diluted net income (loss) per potential common share	$ (3.29)	$ 0.03
Weighted average basic common shares outstanding	143,922	140,682
Weighted average dilutive potential common shares outstanding [2]	143,922	142,184

1. The provision for income taxes for the first quarter of fiscal 2018 is primarily related to the enactment of the Tax Cuts and Jobs Act. These amounts are provisional and reflect management's current estimates and current interpretations of the Tax Cuts and Jobs Act. These amounts may require adjustment in future periods as additional guidance under the Tax Cuts and Jobs Act becomes available and analysis of its provisions is completed.

2. Weighted average dilutive potential common shares outstanding used in calculating 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.

CIENA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	January 31, 2018	October 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 648,867	$ 640,513
Short-term investments	278,743	279,133
Accounts receivable, net	553,724	622,183
Inventories	255,251	267,143
Prepaid expenses and other	186,837	197,339
Total current assets	1,923,422	2,006,311
Long-term investments	59,151	49,783
Equipment, building, furniture and fixtures, net	318,835	308,465
Goodwill	267,899	267,458
Other intangible assets, net	96,485	100,997
Deferred tax asset, net	739,446	1,155,104
Other long-term assets	64,146	63,593
Total assets	$ 3,469,384	$ 3,951,711
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 209,243	$ 260,098
Accrued liabilities and other short-term obligations	268,164	322,934
Deferred revenue	103,216	102,418
Current portion of long-term debt	352,753	352,293
Total current liabilities	933,376	1,037,743
Long-term deferred revenue	79,297	82,589
Other long-term obligations	115,970	111,349
Long-term debt, net	584,601	583,688
Total liabilities	$ 1,713,244	$ 1,815,369
Stockholders' equity:		
Preferred stock – par value $0.01; 20,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock – par value $0.01; 290,000,000 shares authorized; 144,180,782 and 143,043,227 shares issued and outstanding	1,442	1,430
Additional paid-in capital	6,828,648	6,810,182
Accumulated other comprehensive income (loss)	2,375	(11,017)
Accumulated deficit	(5,076,325)	(4,664,253)
Total stockholders' equity	1,756,140	2,136,342
Total liabilities and stockholders' equity	$ 3,469,384	$ 3,951,711

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended January 31, 2018	Three Months Ended January 31, 2017
Cash flows provided by (used in) operating activities:		
Net income (loss)	$ (473,363)	$ 3,861
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	20,833	16,699
Share-based compensation costs	12,393	12,825
Amortization of intangible assets	5,912	18,864
Deferred taxes	476,897	—
Provision for inventory excess and obsolescence	6,804	5,431
Provision for warranty	4,657	553
Other	2,269	4,452
Changes in assets and liabilities:		
Accounts receivable	72,439	(21,956)
Inventories	5,199	(78,749)
Prepaid expenses and other	16,120	(1,004)
Accounts payable, accruals and other obligations	(111,476)	4,037
Deferred revenue	(2,981)	8,737
Net cash provided by (used in) operating activities	35,703	(26,250)
Cash flows used in investing activities:		
Payments for equipment, furniture, fixtures and intellectual property	(25,662)	(25,706)
Purchase of available for sale securities	(118,877)	(89,897)
Proceeds from maturities of available for sale securities	110,000	95,000
Settlement of foreign currency forward contracts, net	1,061	440
Net cash used in investing activities	(33,478)	(20,163)
Cash flows provided by (used in) financing activities:		
Payment of long term debt	(1,000)	(46,296)
Payment of capital lease obligations	(914)	(605)
Repurchases of common stock-repurchase program	(4,103)	—
Proceeds from issuance of common stock	11,008	9,708
Net cash provided by (used in) financing activities	4,991	(37,193)
Effect of exchange rate changes on cash and cash equivalents	1,138	(156)
Net increase (decrease) in cash and cash equivalents	8,354	(83,762)
Cash and cash equivalents at beginning of period	640,513	777,615
Cash and cash equivalents at end of period	$ 648,867	$ 693,853
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	$ 10,020	$ 11,831
Cash paid during the period for income taxes, net	$ 3,498	$ 5,521
Non-cash investing activities		
Purchase of equipment in accounts payable	$ 2,014	$ 5,293
Non-cash financing activities		
Repurchase of common stock in accrued liabilities from repurchase program	$ 1,652	$ —

APPENDIX A - Reconciliation of Adjusted (Non- GAAP) Quarterly Measures (unaudited)

	Quarter Ended January 31,	
	2018	2017
Gross Profit Reconciliation (GAAP/non-GAAP)		
GAAP gross profit	$ 271,765	$ 273,785
Share-based compensation-products	672	561
Share-based compensation-services	625	628
Amortization of intangible assets	2,289	4,313
Total adjustments related to gross profit	3,586	5,502
Adjusted (non-GAAP) gross profit	$ 275,351	$ 279,287
Adjusted (non-GAAP) gross profit percentage	42.6%	44.9%
Operating Expense Reconciliation (GAAP/non-GAAP)		
GAAP operating expense	$ 255,029	$ 254,681
Share-based compensation-research and development	3,255	3,209
Share-based compensation-sales and marketing	3,328	2,873
Share-based compensation-general and administrative	4,474	5,453
Amortization of intangible assets	3,623	14,551
Significant asset impairments and restructuring costs	5,961	2,395
Total adjustments related to operating expense	20,641	28,481
Adjusted (non-GAAP) operating expense	$ 234,388	$ 226,200
Income from Operations Reconciliation (GAAP/non-GAAP)		
GAAP income from operations	$ 16,736	$ 19,104
Total adjustments related to gross profit	3,586	5,502
Total adjustments related to operating expense	20,641	28,481
Total adjustments related to income from operations	24,227	33,983
Adjusted (non-GAAP) income from operations	$ 40,963	$ 53,087
Adjusted (non-GAAP) operating margin percentage	6.3%	8.5%
Net Income (Loss) Reconciliation (GAAP/non-GAAP)		
GAAP net income (loss)	$ (473,363)	$ 3,861
Exclude GAAP provision for income taxes	477,940	410
Income before income taxes	$ 4,577	$ 4,271
Total adjustments related to income from operations	24,227	33,983
Loss on extinguishment of debt	—	41
Non-cash interest expense	749	513
Adjusted income before income taxes	$ 29,553	$ 38,808
Non-GAAP tax provision on adjusted income before income taxes	7,645	14,165
Adjusted (non-GAAP) net income	$ 21,908	$ 24,643
Weighted average basic common shares outstanding	143,922	140,682
Weighted average dilutive potential common shares outstanding [1]	145,558	165,104
Net Income (Loss) per Common Share		
GAAP diluted net income (loss) per common share	$ (3.29)	$ 0.03
Adjusted (non-GAAP) diluted net income per common share [2]	$ 0.15	$ 0.17

1. 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 2018 includes 0.9 million shares underlying certain stock options and restricted stock units and 0.7 million shares underlying Ciena's "New" 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 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.

2. 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 $0.4 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 Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

APPENDIX B - Calculation of EBITDA and Adjusted EBITDA (unaudited)

	Quarter Ended January 31,	
	2018	2017
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)		
Net income (loss) (GAAP)	$ (473,363)	$ 3,861
Add: Interest expense	13,734	15,203
Less: Interest and other income (loss), net	1,575	370
Add: Provision for income taxes	477,940	410
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	20,833	16,699
Add: Amortization of intangible assets	5,912	18,864
EBITDA	$ 43,481	$ 54,667
Add: Shared-based compensation cost	12,393	12,825
Add: Significant asset impairments and restructuring costs	5,961	2,395
Adjusted EBITDA	$ 61,835	$ 69,887

* * *

The adjusted (non-GAAP) measures above and their reconciliation to Ciena's GAAP results for the periods presented reflect adjustments relating to the following items:

- *Share-based compensation* - a non-cash expense incurred in accordance with share-based compensation accounting guidance.
- *Amortization of intangible assets* - a non-cash expense arising from the acquisition of intangible assets, principally developed technologies and customer-related intangibles, that Ciena is required to amortize over its expected useful life.
- *Significant asset impairments and restructuring costs* - costs incurred as a result of restructuring activities taken to align resources with perceived market opportunities.
- *Non-cash loss on extinguishment of debt* - related to certain private repurchases conducted with several holders of Ciena's 0.875% convertible senior notes, which were paid at maturity during the third quarter of fiscal 2017.
- *Non-cash interest expense* - a non-cash debt discount expense amortized as interest expense during the term of Ciena's 4.0% senior convertible notes due December 15, 2020 relating to the required separate accounting of the equity component of these convertible notes.
- *Non-GAAP tax provision* - consists of current and deferred income tax expense commensurate with the level of adjusted income before income taxes and utilizes a current, blended U.S. and foreign statutory annual tax rate of 25.87% for the first fiscal quarter of 2018, and 36.5% for the first fiscal quarter of 2017. This rate may be subject to change in the future, including as a result of changes in tax policy or tax strategy. In calculating, the Non-GAAP tax provision for the first fiscal quarter of 2018, Ciena excluded certain significant non-cash

charges resulting from the enactment of Tax Cuts and Jobs Act. Specifically, during the first quarter of fiscal 2018, Ciena recorded a provisional, non-cash charge of $476.9 million, consisting of a $431.3 million charge related to the re-measurement of net deferred tax assets at the lower statutory rate, and a $45.6 million charge related to the U.S. transition tax described above. These amounts are provisional in nature based on Securities and Exchange Commission Staff Accounting Bulletin No. 118 and therefore subject to adjustment in future periods, including as a result of the availability of additional guidance and further analysis by Ciena under the Tax Cuts and Jobs Act.

MANAGEMENT’S PREPARED REMARKS

FIRST FISCAL QUARTER ENDED

JANUARY 31, 2018

March 6, 2018

Investors should also review the Important Notes to Investors immediately following these remarks.

Introduction

- Last quarter we shared a set of long-term financial targets and our strategy for managing the business over the next several years to hit those targets.
    - Our fiscal first quarter 2018 (“Q1”) results today demonstrate that we are off to a strong start and making solid progress toward those goals.
- As we said last quarter, we are focused on profitability and taking market share given the opportunities we see within the current industry environment.
    - In the first quarter, we continued to grow and diversify our business.
    - In the meantime, our competitors are still struggling on a number of fronts, including keeping up with the pace of innovation given the level of expertise required and how high the threshold for investment is today.
- This quarter, we delivered particularly strong diversification metrics.
    - Non-telco revenue comprised roughly 35% of total sales. And our Direct webscale business was 15% of revenue, which is roughly double the contribution from this key customer segment in Q1’17 - both as a percentage of revenue and in absolute dollars.
    - Our Asia-Pacific momentum continued. The region contributed 17% of Q1 revenue, up 25% from the same quarter last year, including contributions from several customers outside of our strong India base.
    - And, our submarine business was up 10% year over year, largely driven by the continued growth of webscale traffic.
- Overall, we performed very well in Q1, including a particularly strong order flow performance for a fiscal first quarter, which is often challenging due to seasonality.
    - And, we continued to execute on our strategy of capturing new footprint around the world, primarily with global service providers, and also with non-telco customers.

Q1’18 Financial Results

- For Q1:
    - We posted revenue of $646.1 million, which is above the midpoint of our guidance.
    - We delivered adjusted gross margin of 42.6%, which is within our expected range and is a result of our deliberate strategy to take share from competitors and gain footprint with new and existing customers.
    - And, finally, we reported adjusted operating expense of $234.4 million.

- With respect to profitability measures in the first quarter, we delivered:
    - Adjusted operating margin of 6.3%
    - Adjusted net income of $21.9 million
    - Adjusted earnings-per-share (EPS) of $0.15

- Both earnings before interest, taxes, depreciation and amortization (EBITDA) and cash flow have become more meaningful measures of our progress and performance as our business has grown and matured. In Q1…
    - Our adjusted EBITDA was $61.8 million
    - We generated $35.7 million in cash from operations
    - And free cash flow was $10 million

- We ended the quarter with approximately $1 billion in cash and investments.

Q1'18 Performance Highlights

- We have been delivering consistent and differentiated financial performance with respect to top-line growth, profitability and cash generation for some time.

- We've been successful - and will continue to be - because of our ability to do the following:

    - Deliver innovations ahead of the competition that directly address the changing business and consumption models of our customers.

    - Leverage our exposure and investment in high-growth and emerging markets to intersect the demand drivers that play a key role in our market share opportunities.

- From the rapid proliferation and adoption of mobile applications, to cloud-based services, to over-the-top video streaming, network operators around the world are working to respond to the increased demand for capacity. And we are uniquely positioned to help them solve this challenge.

    - With our WaveLogic Ai coherent modem, we lead the market across the full range of high-capacity technologies, including 400G, which is beginning to change the "unit of currency" for capacity in our customers' networks today.

        - Specifically, we expect that 200G will begin to replace many 100G long-haul connections over time, while 300G can now be deployed for 1000km distances, and 400G for shorter reach distances.

        - In Q1, we had 7 new wins for our 400G-capable WaveLogic Ai, bringing us to total of 17 to date.

- We're seeing this capacity trend play out with global Tier 1 service providers, notably in Asia Pacific, where a key contributor to our Q1 growth in region was revenue from our recent wins in Japan and Korea, in addition to continued strength in India.

    - This capacity trend also encompasses the metro builds we've discussed, including a strong contribution from the Verizon metro network project in Q1, which is rolling out as expected.

- And, it's no surprise that DCI applications - particularly in our webscale customer base - are driving a need for higher-capacity solutions. Highlighting the rapid adoption of our purpose-built DCI solution, Waveserver generated approximately $65 million in revenue in Q1, and today claims more than 80 customers globally.

- In subsea, traffic levels continue to rise on existing cables and new cables are now being deployed. We signed two new deals in January - one for a trans-pacific cable system and another for a trans-Atlantic system.

- On the emerging side of our strategic drivers is fiber densification, which is becoming a more frequent topic of conversation with our customers. This includes 5G network strategies, where we recently announced our solution plans. It also includes *Fiber Deep* strategies with cable operators, where in Q1 we secured our second MSO customer for this application.

- And, of course, software automation is critical in optimizing all of this capacity. Q1 got us off to a good start for the year in software with a strong contribution to our top line from our Blue Planet network domain controller and orchestration solutions.

- Overall, it is clear that our key market segments and customer verticals performed very well in the first quarter.

Market Commentary

- With respect to our overall market conditions, we are seeing continued growth in network traffic, increased network service and capacity requirements, and the transition to more open, programmable and adaptive networks.

    - Accordingly, the primary driver for network operators' spend in our space is the need to deploy and manage capacity as demand continues to grow and fiber densification architectures are implemented.

    - These factors went into the long-term financial targets we laid out for you last quarter.

- Since our last quarterly report, however, there has been a lot of speculation about additional demand drivers in our industry, including the impact of U.S. Tax Reform and an acceleration of 5G-related deployments.

    - We believe that tax reform is a positive for our customers, however definitive plans are largely yet to be determined.

    - In any event, we view the effect of Tax Reform as secondary to the core industry trends that have been impacting and continue to drive customer network spending.

- Accordingly, while we are well positioned to benefit from these and other similar dynamics at some point, we view them as secondary to the core industry trends that have been impacting and continue to impact customer network spending.

- We remain confident in the outlook we provided three months ago and in our long-term plans for managing the business to continue growing faster than market and expanding our profitability at the bottom line.

Financial Updates

- Like most other U.S.-based companies, we've had to account for the impact of the Tax Cuts and Jobs Act in our financial results.

- In the first quarter, we experienced a GAAP loss primarily due to significant non-cash charges related to U.S. Tax Reform, which resulted in an estimated $476.9 million of additional tax expense.

- As of today, we do not expect to pay substantial cash taxes for U.S. federal income tax for the foreseeable future primarily due to our deferred tax asset balance.

- And with respect to our tax rate for fiscal 2018, there may be quarterly fluctuations, however we currently expect our blended GAAP tax rate for the year to be 29%.

    - In calculating adjusted net income, we expect to use a 25.8% rate for FY18.

- We are also providing an update on the share repurchase program that we announced with last quarter's results, which allows us to repurchase up to $300 million of Ciena common stock through the end of fiscal 2020.

    - We began repurchases late in our fiscal first quarter 2018, and through March 5, 2018, we have repurchased approximately 874,000 shares of common stock, for an aggregate purchase price of $19.5 million at an average price of $22.34 per share.

    - We intend to continue repurchasing activity as part of the strategy we articulated last quarter and our commitment to returning capital to shareholders. Investors should view this as an indication of our confidence in our long-term growth and our strong balance sheet and cash flow generation.

Closing Commentary

- As highlighted by today's results, our business is strong and we are executing well on our strategy.

- We are uniquely positioned in the industry to continue delivering a combination of top-line growth, profitability and cash generation with a strengthening balance sheet.

IMPORTANT NOTES TO INVESTORS

Forward-Looking Statements

Information presented in these remarks contains a number of forward-looking statements. These statements are based on current expectations, forecasts, assumptions and other information available to Ciena 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 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.

Forward-looking statements in these remarks include, but are not limited to:

- “[W]e expect that 200G will begin to replace many 100G long-haul connections over time…”
- “We remain confident in the outlook we provided three months ago and in our long-term plans for managing the business to continue growing faster than market and expanding our profitability at the bottom line.”
- “[W]e do not expect to pay substantial cash taxes for U.S. federal income tax for the foreseeable future primarily due to our deferred tax asset balance.”
- “[W]e currently expect our blended GAAP tax rate for the year to be 29%.”
- “In calculating adjusted net income, we expect to use a 25.8% rate for FY18.”
- “We intend to continue repurchasing activity as part of the strategy we articulated last quarter and our commitment to returning capital to shareholders.”
- “We are uniquely positioned in the industry to continue delivering a combination of top-line growth, profitability and cash generation with a strengthening balance sheet.”

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; the impact of the Tax Cuts and Jobs Act, changes in estimates of prospective income tax rates and any adjustments to Ciena's provisional estimates whether related to further guidance, analysis or otherwise; and the other risk factors disclosed in Ciena's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on December 22, 2017 and Ciena’s Quarterly Report on Form 10-Q for its first fiscal quarter to be filed with the SEC.

All information, statements, and projections in these remarks speak only as of the date of these remarks. Ciena assumes no obligation to update any forward-looking or other information included in these remarks, whether as a result of new information, future events or otherwise.

Availability of Important Information

You are encouraged to review the Investors section of our website, where we routinely post press releases, SEC filings, recent news, financial results, supplemental financial information, and other announcements. From time to time we exclusively post material information to this website along with other disclosure channels that we use.

GAAP Measures at or as of Fiscal Quarter ended January 31, 2018

The following table includes certain comparable GAAP measures for Non-GAAP measures included in these remarks:

Gross Profit	$271.8 million
Operating Expense	$255.0 million
Income from Operations	$16.7 million
Net Income (Loss)	$(473.4 million)
Diluted Net Income (Loss) per Common Share	$(3.29)

Non-GAAP Measures

These remarks include non-GAAP measures of Ciena's gross profit, operating expense, income from operations, earnings before interest, tax, depreciation and amortization (EBITDA), Adjusted EBITDA, and measures of net income and net income per share. These measures are not intended to be a substitute for financial information presented in accordance with GAAP. In evaluating the operating performance of Ciena's business, management excludes certain charges and credits that are required by GAAP. These items share one or more of the following characteristics: they are unusual and Ciena does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of Ciena's control. Management believes that the non-GAAP measures provided herein provide management and investors useful information and meaningful insight to the operating performance of the business. The presentation of these non-GAAP financial measures should be considered in addition to Ciena's GAAP results and these measures are not intended to be a substitute for the financial information prepared and presented in accordance with GAAP. Ciena's non-GAAP measures and the related adjustments may differ from non-GAAP measures used by other companies and should only be used to evaluate Ciena's results of operations in conjunction with our corresponding GAAP results.

A reconciliation of non-GAAP measures used in these remarks to Ciena’s GAAP results for the relevant period can be found in the Appendix to our Q1 FY2018 investor presentation, posted to the quarterly results page of the Investor Relations section of our website:

http://investor.ciena.com/financials/default.aspx#section=quarterly

Additional information can also be found in our press release filed this morning and in our reports filed with the Securities and Exchange Commission.

Ciena Corporation

Investor presentation

For the Quarter ended January 31, 2018

March 6, 2018

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; the impact of the Tax Cuts and Jobs Act, changes in estimates of prospective income tax rates and any adjustments to Ciena's provisional estimates whether related to further guidance, analysis or otherwise; and the other risk factors disclosed in Ciena's Quarterly Report on Form 10-Q to be filed with the Securities and Exchange Commission (SEC) on March 7, 2018 and Ciena's Annual Report on Form 10-K filed with the SEC on December 22, 2017.

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, EBITDA, 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.

Q1 Fiscal 2018 key achievements

1 Diversification and growth through market share gains

- Non-telco represented 35% of total revenue
- Direct webscale revenue was 15% of total revenue; $65 million for Waveserver
- Submarine business was up 10% year over year
- APAC contributed 17% of total revenue, and grew 25% year over year

2 Forcing the pace of innovation with next generation solutions

- 400G-capable WaveLogic Ai: 17 total customers
- Waveserver: 80 customers*
- Blue Planet Domain Controller and Orchestration: revenue up nearly 3x year over year

3 Delivering shareholder value and strengthening our balance sheet

- Share repurchase: Repurchased approximately 874,000 shares of common stock, for an aggregate of $19.5 million*
- Cash generation
  - Cash flow from operations: $36 million
  - Free cash flow: $10 million
- Stock Return for the quarter of 2% versus peer[1] average return of -2%

1. Peers include ACIA, ADTN, ADVA, CSCO, INFN, JNPR and NOKIA for the period 11/1/17-1/31/18

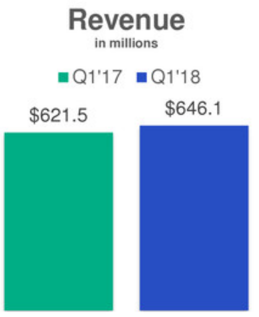
*as of March 5, 2018

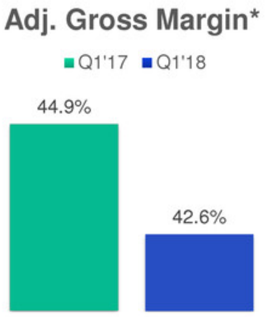
Q1 Fiscal 2018 Financial Highlights

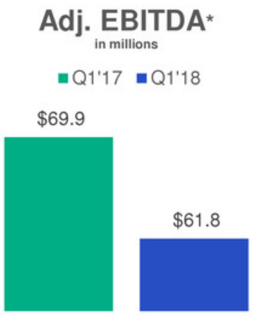
Key Takeaways	
1	Revenue of $646.1 million
2	Adjusted Gross Margin of 42.6%*
3	Adjusted Operating Expense of $234.4 million*
4	Adjusted Operating Margin of 6.3%*
5	Adjusted EBITDA of $61.8 million*
6	Cash flow from Operations of $35.7 million

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

Q1 Fiscal 2018 Comparisons (Year-over-Year)

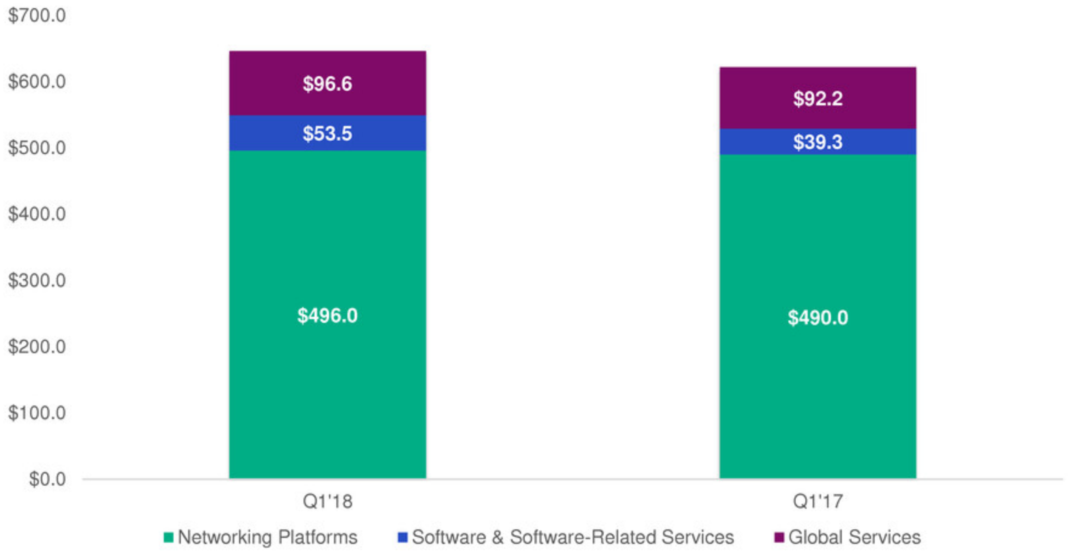






* A reconciliation of these non-GAAP measures to our GAAP results is included in the appendix to this presentation.

Q1 Fiscal 2018 Comparisons (Revenue by Segment)
(in millions)



Q1 Fiscal 2018 Revenue by Segment

(Amounts in millions)

	Q1 FY 2018		Q1 FY 2017	
	Revenue	%*	Revenue	%*
Networking Platforms				
Converged Packet Optical	$427.4	66.1	$417.8	67.2
Packet Networking	68.6	10.6	72.2	11.6
Total Networking Platforms	496.0	76.7	490.0	78.8
Software and Software-Related Services				
Software Platforms	29.6	4.6	17.0	2.7
Software-Related Services	23.9	3.7	22.3	3.6
Total Software and Software-Related Services	53.5	8.3	39.3	6.3
Global Services				
Maintenance Support and Training	56.0	8.7	55.0	8.9
Installation and Deployment	30.0	4.7	27.9	4.5
Consulting and Network Design	10.6	1.6	9.3	1.5
Total Global Services	96.6	15.0	92.2	14.9
Total	**$646.1**	**100.0%**	**$621.5**	**100.0%**

* Denotes % of total revenue

U.S. and International Revenue
(Amounts in millions)

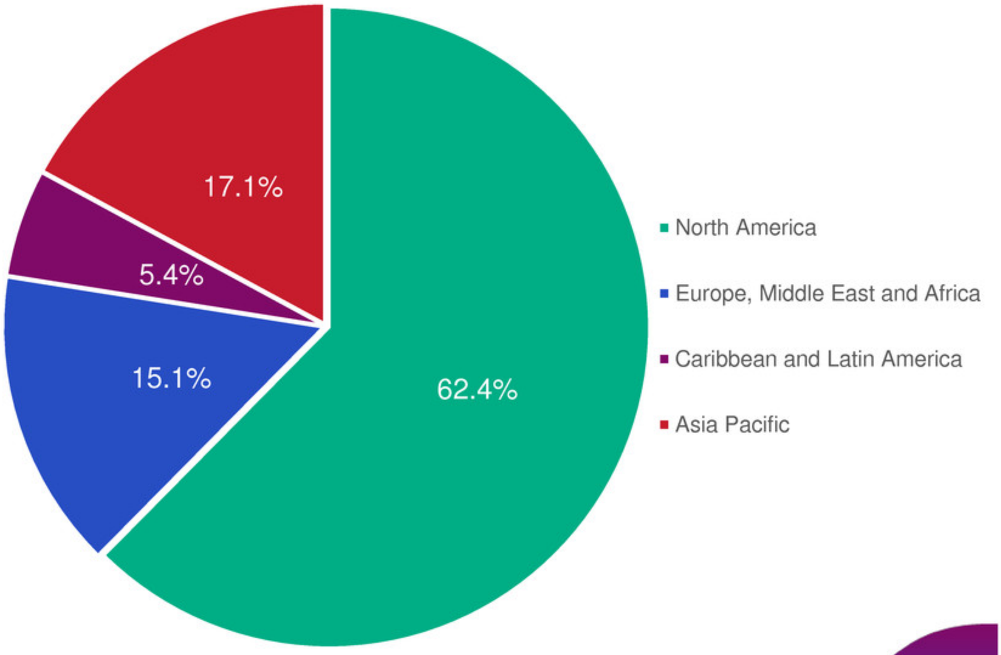
Revenue

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
United States	$383.4	$418.2	$438.1	$392.0	$379.7
International	$262.7	$326.2	$290.6	$315.0	$241.8
Total	**$646.1**	**$744.4**	**$728.7**	**$707.0**	**$621.5**

% of Total Revenue

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
United States	59.3%	56.2%	60.1%	55.4%	61.1%
International	40.7%	43.8%	39.9%	44.6%	38.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Q1 Fiscal 2018 Revenue by Geographic Region



Revenue by Geographic Region
(Amounts in millions)

Revenue

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
North America	$402.9	$440.5	$465.2	$424.4	$405.9
Europe, Middle East and Africa	97.8	110.7	96.1	105.8	91.5
Caribbean and Latin America	34.6	43.5	51.7	33.9	35.2
Asia Pacific	110.8	149.7	115.7	142.9	88.9
Total	**$646.1**	**$744.4**	**$728.7**	**$707.0**	**$621.5**

Revenue

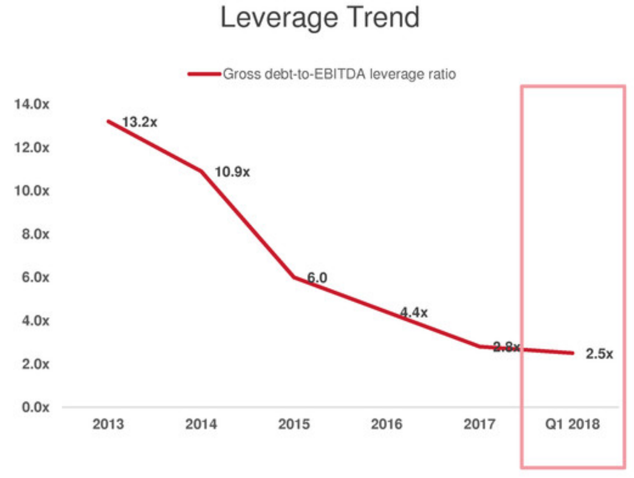
	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
North America	62.4%	59.2%	63.8%	60.0%	65.3%
Europe, Middle East and Africa	15.1%	14.9%	13.2%	15.0%	14.7%
Caribbean and Latin America	5.4%	5.8%	7.1%	4.8%	5.7%
Asia Pacific	17.1%	20.1%	15.9%	20.2%	14.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

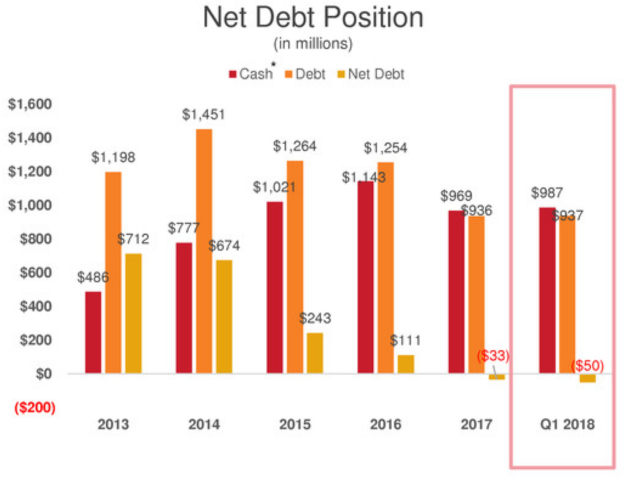
Q1 Fiscal 2018 Balance Sheet and Operating Metrics

Cash and Investments	$986.8 million
Cash Flow From Operations	$35.7 million
DSO	77 Days
Inventory Turns	4.9

Strengthening balance sheet

Ciena has improved its leverage and reduced its debt position





*Cash & cash equivalents

Impact of the Tax Cuts and Jobs Act

- **GAAP net loss primarily due to significant non-cash charges related to enactment of the Tax Cuts and Jobs Act. The first fiscal quarter 2018 provision for income taxes includes the following significant non-cash charges:**
  - $431.3 million charge related to the remeasurement of U.S. net deferred tax assets at the lower statutory rate under the Tax Cuts and Jobs Act; and
  - $45.6 million charge related to a transition tax on accumulated historical foreign earnings and its deemed repatriation to the U.S.

- **Ciena continues to evaluate the impact of the Tax Cuts and Jobs Act. At this time, Ciena does not expect to pay substantial cash taxes for U.S. federal income tax for the foreseeable future primarily due to its deferred tax asset balance ($739.4 million as of January 31, 2018).**

- **Over the near term, Ciena's cash taxes will continue to be primarily related to the state taxes and tax expense of Ciena's foreign subsidiaries, which amounts have not historically been significant.**

- **Estimated FY18 tax rate is expected to be 29.0% for GAAP and 25.8% for Adjusted non-GAAP.**

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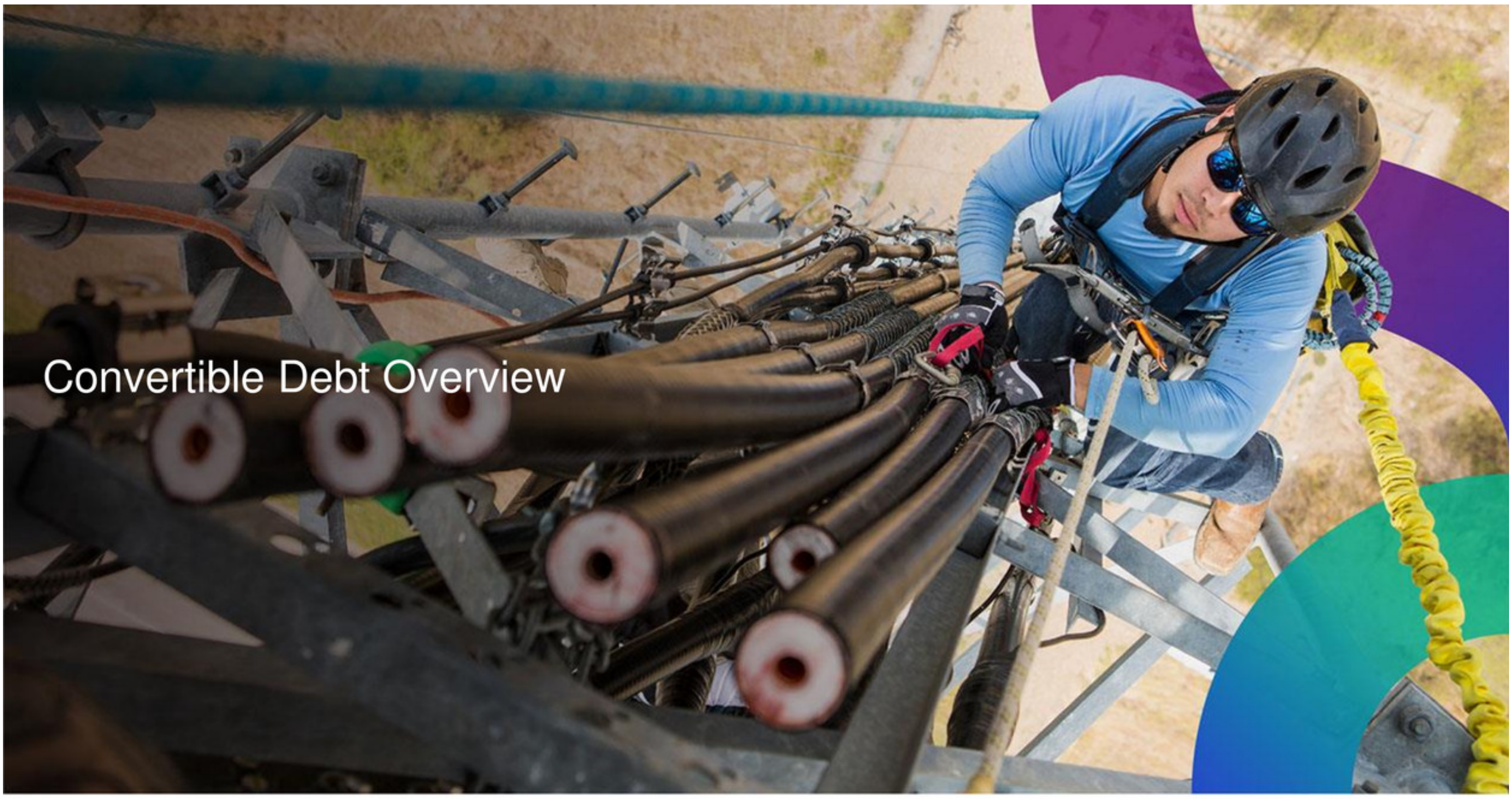
Convertible Debt Overview



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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	691[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	$ 466	If-Converted Method	$ 22,318
4.0% Convertible Senior Notes due December 15, 2020	$ 187,500	9,198	$ 20.39	9,198	$ 2,588	If-Converted Method	$ 41,345
Total	**$ 537,500**	**26,554**		**12,927**	**$ 3,054**		

(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 $21.19 average price per share during its fiscal first quarter. See the following slide for an illustration of the a calculation of Additional EPS Shares at varying stock prices.

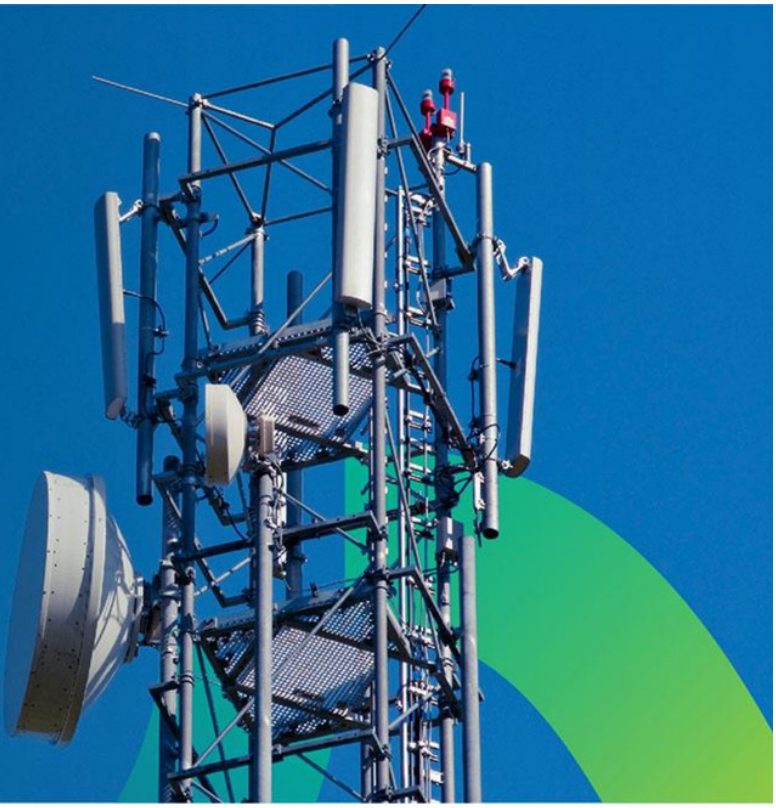
NOTE: Net income, earnings per share and stock price assumptions in these materials are for illustrative purposes only and for the sole purpose of further explaining how diluted EPS is calculated in regard to Ciena's convertible notes. Such metrics do not reflect Ciena's business outlook. Ciena makes 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

Q1 Fiscal 2018 Appendix



Gross Profit Reconciliation
(Amounts in thousands)

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
GAAP gross profit	$271,765	$325,685	$328,076	$318,240	$273,785
Share-based compensation-products	672	694	709	708	561
Share-based compensation-services	625	561	619	679	628
Amortization of intangible assets	2,289	2,332	2,417	3,623	4,313
Total adjustments related to gross profit	3,586	3,587	3,745	5,010	5,502
Adjusted (non-GAAP) gross profit	**$275,351**	**$329,272**	**$331,821**	**$323,250**	**$279,287**
Adjusted (non-GAAP) gross margin	**42.6%**	**44.2%**	**45.5%**	**45.7%**	**44.9%**

Operating Expense Reconciliation
(Amounts in thousands)

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
GAAP operating expense	$255,029	$269,886	$246,077	$260,420	$254,681
Share-based compensation-research and development	3,255	2,956	3,139	3,653	3,209
Share-based compensation-sales and marketing	3,328	3,218	3,242	3,513	2,873
Share-based compensation-general and administrative	4,474	4,130	4,321	3,417	5,453
Amortization of intangible assets	3,623	3,661	3,837	10,980	14,551
Significant asset impariments and restructuring costs	5,961	15,059	2,203	4,276	2,395
Total adjustments related to operating expense	$20,641	$29,024	$16,742	$25,839	$28,481
Adjusted (non-GAAP) operating expense	**$234,388**	**$240,862**	**$229,335**	**$234,581**	**$226,200**

Income from Operations Reconciliation
(Amounts in thousands)

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
GAAP income from operations	$16,736	$55,799	$81,999	$57,820	$19,104
Total adjustments related to gross profit	3,586	3,587	3,745	5,010	5,502
Total adjustments related to operating expense	20,641	29,024	16,742	25,839	28,481
Total adjustments related to income from operations	24,227	32,611	20,487	30,849	33,983
Adjusted (non-GAAP) income from operations	**$40,963**	**$88,410**	**$102,486**	**$88,669**	**$53,087**
Adjusted (non-GAAP) operating margin	**6.3%**	**11.9%**	**14.1%**	**12.5%**	**8.5%**

Net Income Reconciliation
(Amounts in thousands)

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
GAAP net income (loss)	($473,363)	$1,160,056	$60,010	$38,026	$3,861
Exclude GAAP provision (benefit) for income taxes	477,940	(1,117,531)	7,726	3,568	410
Income before income taxes	4,577	42,525	67,736	41,594	4,271
Total adjustments related to income from operations	24,227	32,611	20,487	30,849	33,983
Loss on extinguishment of debt	-	-	-	-	41
Non-cash interest expense	749	525	535	526	513
Modification of debt	-	692	-	2,924	-
Adjusted income before income taxes	29,553	76,353	88,758	75,893	38,808
Non-GAAP tax provision on adjusted income before income taxes	7,645	27,869	32,397	27,701	14,165
Adjusted (non-GAAP) net income	**$21,908**	**$48,484**	**$56,361**	**$48,192**	**$24,643**
Weighted average basic common shares outstanding	143,922	143,097	142,464	141,743	140,682
Weighted average dilutive potential common shares outstanding[1]	145,558	158,791	172,112	174,471	165,104

Net Income per Common Share

	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
GAAP diluted net income (loss) per common share	$ (3.29)	$ 7.32	$ 0.39	$ 0.25	$ 0.03
Adjusted (Non-GAAP) diluted net income per common share[2]	**$ 0.15**	**$ 0.32**	**$ 0.35**	**$ 0.30**	**$ 0.17**

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)
(Amounts in thousands)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017
Net income (loss) (GAAP)	($473,363)	$1,160,056	$60,010	$38,026	$3,861
Add: Interest expense	13,734	13,926	13,415	13,308	15,203
Less: Interest and other income (loss), net	1,575	652	(848)	(2,918)	370
Add: Provision for income taxes	477,940	(1,117,531)	7,726	3,568	410
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	20,833	21,316	20,325	18,849	16,699
Add: Amortization of intangible assets	5,912	5,993	6,254	14,602	18,864
EBITDA	**$43,481**	**$83,108**	**$108,578**	**$91,271**	**$54,667**
Add: Shared-based compensation cost	12,393	11,517	12,014	12,004	12,825
Add: Significant asset impairments and restructuring costs	5,961	15,059	2,203	4,276	2,395
Adjusted EBITDA	**$61,835**	**$109,684**	**$122,795**	**$107,551**	**$69,887**

Reconciliation Endnotes

1. 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 2018 includes 0.9 million shares underlying certain stock options and restricted stock units and 0.7 million shares underlying Ciena's "New" 3.75% convertible senior notes, due October 15, 2018.

Weighted average dilutive potential common shares outstanding used in 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 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 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 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.

2. The calculation of 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 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 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 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 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 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 $0.4 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 Adjusted (non-GAAP) net income in order to derive the numerator for the Adjusted earnings per common share calculation.

Thank You

Experience. Outcomes.