

CIENA CORP
Form FWP
April 05, 2006

FINAL PRICING TERMS__ April 4, 2006

| | |
|------------------------------------|--|
| Issuer | Ciena Corporation (NASDAQ: CIEN) |
| Securities Offered | 0.250% Convertible Senior Notes due 2013 SEC Registered (Global) File No. 333-132952 |
| Aggregate principal amount offered | \$300,000,000 (plus option to purchase up to an additional \$45,000,000 in principal amount of notes to cover underwriters over-allotments) |
| Maturity Date | May 1, 2013, unless earlier redeemed, repurchased or converted |
| Interest | 0.250% per annum, accruing from the settlement date |
| Interest payment dates | Each May 1 and November 1, beginning November 1, 2006 |
| Price to Public | \$1,000 per \$1,000 principal amount |
| Underwriting Discount | 2.50% |
| Conversion premium | 15.0% over NASDAQ closing price on April 4, 2006 |
| Conversion price | \$5.65 (approximately) per share of common stock |
| Conversion rate | 177.1009 shares of common stock per \$1,000 principal amount of notes |
| Ranking | Senior unsecured obligations |
| Optional Redemption | The notes are not redeemable prior to May 5, 2009. At any time on or after May 5, 2009, if the closing sale price of common stock for at least 20 trading days in the 30 consecutive trading day period ending on the day one day prior to the date of a notice of redemption is greater than 130% of the applicable conversion price on the date of such notice, issuer may redeem all or a portion of the notes in whole or in part, at a redemption price in cash equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption |

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Repurchase
at Option of
Holder Upon
a
Fundamental
Change

Holders will, subject to certain exceptions, have the right, at their option, to require the issuer to purchase for cash any or all of their notes at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to the repurchase date

Use of Proceeds Issuer expects to receive approximately \$292,200,000 after deducting estimated fees and expenses and underwriting discounts
 Issuer intends to use approximately \$28.5 million of the net proceeds from the offering to purchase call spread option on its common stock to limit exposure to potential dilution from conversion of the notes, and the remaining proceeds will be used for general corporate purposes including possible repurchases of issuer's outstanding 3.75% notes due 2008

Trade date April 4, 2006

Settlement date April 10, 2006

CUSIP 171779 AB 7

Sole Bookrunner Goldman, Sachs & Co.

Adjustment to Conversion Rate Upon a Fundamental Change The following table sets forth number of additional shares to be issuable per \$1,000 initial principal amount of notes as a result of a fundamental change that occurs in the corresponding period subject to the conditions described in the prospectus.

In no event, however, will the total number of shares of common stock issuable upon conversion exceed 203.6660 per \$1,000 initial principal amount of notes, subject to adjustments. In addition, if the price paid per share of issuer's common stock in the fundamental change is less than \$4.91 or more than \$25.00 (subject to adjustment), there will be no change in the conversion rate.

Effective Date of Fundamental Change

| | Stock Price (\$) | | | | | | | | |
|----------------|------------------|------|------|------|-------|-------|-------|-------|-------|
| | 4.91 | 6.00 | 7.00 | 8.00 | 10.00 | 12.50 | 15.00 | 20.00 | 25.00 |
| April 10, 2006 | 26.6 | 17.7 | 13.8 | 8.8 | 5.0 | 2.8 | 1.8 | 1.5 | 1.2 |
| May 1, 2007 | 26.6 | 17.7 | 12.8 | 8.2 | 4.3 | 2.3 | 1.5 | 1.4 | 0.5 |
| May 1, 2008 | 26.6 | 16.8 | 11.4 | 6.7 | 3.0 | 1.5 | 1.4 | 1.3 | 0.3 |
| May 1, 2009 | 26.6 | 15.7 | 9.9 | 3.7 | 1.5 | 1.3 | 1.4 | 1.2 | 0.2 |
| May 1, 2010 | 26.6 | 15.7 | 8.4 | 2.4 | 1.3 | 1.1 | 1.0 | 1.0 | 0.1 |
| May 1, 2011 | 26.6 | 15.5 | 7.4 | 2.3 | 1.2 | 1.0 | 0.7 | 0.7 | 0.0 |
| May 1, 2012 | 26.6 | 15.4 | 6.0 | 1.2 | 1.0 | 0.9 | 0.5 | 0.4 | 0.0 |

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|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| May 1, 2013 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|

CAPITALIZATION

The following table sets forth:

the issuer's total cash and cash equivalents, short-term investments and long-term investments, total long-term debt and total capitalization as of January 31, 2006; and

these amounts as adjusted to give effect to the sale of the notes (assuming that the underwriter's option to purchase additional notes is not exercised), after deducting underwriting discounts and commissions, the issuer's estimated offering expenses and the approximately \$28.5 million cost of the call spread option on the issuer's common stock.

The table does not take into account any repurchases of the issuer's outstanding 3.75% Convertible Notes due February 1, 2008 that the issuer may make from the proceeds of the offering or otherwise. This table should be read in conjunction with the issuer's consolidated financial statements and the related notes as filed in the issuer's annual report on Form 10-K for the issuer's fiscal year ended October 31, 2005 and the issuer's quarterly report on Form 10-Q for the fiscal quarter ended January 31, 2006.

| | January 31, 2006 | |
|--|--|-----------------------|
| | Actual | As Adjusted(1) |
| | <i>(In thousands, except for share data)</i> | |
| Cash and cash equivalents | \$ 298,624 | \$ 562,324 |
| Short-term investments | 496,010 | 496,010 |
| Long-term investments | 166,951 | 166,951 |
| Total cash and cash equivalent, short-term and long-term investments | \$ 961,585 | \$ 1,225,285 |
| 3.75% Convertible Notes due February 1, 2008 | 542,262 | 542,262 |
| 0.250% Convertible Senior Notes due 2013 | | 300,000 |
| Total long-term debt | \$ 542,262 | \$ 842,262 |
| Stockholders' equity: | | |
| Preferred stock—par value \$0.01; 20,000,000 shares authorized; zero shares issued and outstanding actual and adjusted | \$ | \$ |
| Common stock—par value \$0.01; 980,000,000 shares authorized; 581,581,317 shares issued and outstanding actual and adjusted ⁽²⁾ | 5,816 | 5,816 |
| Additional paid-in capital | 5,493,614 | 5,465,114 |
| Changes in unrealized gains on investments, net | (3,433) | (3,433) |
| Translation adjustment | (505) | (505) |
| Accumulated deficit | (4,758,886) | (4,758,886) |
| Total stockholders' equity | \$ 736,606 | \$ 708,106 |
| Total capitalization | \$ 1,278,868 | \$ 1,550,368 |

(1) The as adjusted amounts reflect the

approximately
\$28.5 million
cost of the call
spread option on
the issuer's
common stock to
mitigate against
exposure to
dilution from the
conversion of
the notes.

- (2) Outstanding
common stock
does not include
(i) 101.1 million
shares of
common stock
reserved for
issuance under
the issuer's
equity incentive
plans, under
which options to
purchase 60.7
million shares
were outstanding
as of January 31,
2006, at a
weighted
average exercise
price of \$4.79
per share,
(ii) 25.0 million
shares reserved
for issuance
under the issuer's
Employee Stock
Purchase Plan at
January 31,
2006,
(iii) 5.2 million
shares of
common stock
issuable upon
conversion of
the issuer's
3.75%
Convertible
Notes due
February 1, 2008

and (iv) 53.1
million shares of
common stock
issuable upon
conversion of
the notes.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and the other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll free 1-866-471-2526.