13-Dec-01

CIENA CORPORATION

FINANCIAL MODEL PROJECTIONS

ProForma numbers

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
TOTAL REVENUES	\$1,603,300	\$865,782	\$995,649	\$1,144,997	\$1,316,746	\$1,514,258	\$1,741,397	\$2,002,606	\$2,302,997	\$2,648,447
% Change Y-O-Y		-46%	15%	15%	<mark>15%</mark>	15%	<mark>15%</mark>	15%	<mark>15%</mark>	<mark>15%</mark>
COST OF SALES	\$904,261	\$584,403	\$647,172	\$744,248	\$855,885	\$984,268	\$1,131,908	\$1,301,694	\$1,496,948	\$1,721,491
% Total Revenues	56.40%	67.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
GROSS PROFIT	\$699,039	\$281,379	\$348,477	\$400,749	\$460,861	\$529,990	\$609,489	\$700,912	\$806,049	\$926,956
% Total Revenues	43.60%	32.50%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
R & D	\$230,875	\$173,156	\$144,369	\$166,025	\$190,928	\$219,567	\$252,503	\$290,378	\$333,935	\$384,025
% Total Revenues	14.40%	20.00%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
SG&A	\$208,429	\$173,156	\$149,347	\$171,750	\$197,512	\$227,139	\$261,210	\$300,391	\$345,450	\$397,267
% Total Revenues	13.00%	20.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
TOTAL OPERATING EXPENSES	\$439,304	\$346,313	\$293,717	\$337,774	\$388,440	\$446,706	\$513,712	\$590,769	\$679,384	\$781,292
% Total Revenues	27.40%	40.00%	29.50%	29.50%	29.50%	29.50%	29.50%	29.50%	29.50%	29.50%
OPERATING INCOME	\$259,735	-\$64,934	\$54,761	\$62,975	\$72,421	\$83,284	\$95,777	\$110,143	\$126,665	\$145,665
% Total Revenues	16.20%	-7.50%	5.50%	5.50%	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	5.50%	5.50%	5.50%
INTEREST EXPENSE	\$7,200	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$0	\$0	\$0	\$0
% Total Revenues	0.45%	0.81%	0.70%	0.61%	0.53%	0.46%	0.00%	0.00%	0.00%	0.00%
OTHER INCOME / (EXPENSE)	\$45,000	\$16,000	\$14,000	\$10,000	\$5,000	\$0	0.00%	\$0	\$0	\$0
% Total Revenues	4.98%	2.74%	2.16%	1.34%	0.58%	0.00%		0.00%	0.00%	0.00%
INCOME BEFORE TAXES	\$297,535	-\$55,934	\$61,761	\$65,975	\$70,421	\$76,284	\$95,777	\$110,143	\$126,665	\$145,665
% Total Revenues	18.56%	-6.46%	6.20%	5.76%	5.35%	5.04%	<u>5.50%</u>	5.50%	5.50%	5.50%
TAXES	\$99,674	\$0	\$20,690	\$22,102	\$23,591	\$25,555	\$32,085	\$36,898	\$42,433	\$48,798
Tax Rate	33.50%	0.00%	33.50%	33.50%	33.50%	33.50%	33.50%	33.50%	33.50%	33.50%
NET INCOME AFTER TAXES	\$197,861	-\$55,934	\$41,071	\$43,873	\$46,830	\$50,729	\$63,692	\$73,245	\$84,232	\$96,867
SHARES O/S	334,717	359,717	384,717	409,717	434,717	459,717	484,717	509,717	534,717	559,717
EPS	\$0.59	(\$0.16)	\$0.11	\$0.11	\$0.11	\$0.11	\$0.13	\$0.14	\$0.16	\$0.17
EPS GROWTH USING ABOVE EPS	#VALUE!	-126.30%	-168.66%	0.31%	0.60%	2.43%	19.08%	9.36%	9.62%	9.86%
	#VALUE:	-120.30 %	5.25	5.75	6.25	2.45%	19.00 %	9.30%	5.62 %	10.5
INPUT A POSSIBLE PRICE / SHARE	\$5,020,755		\$2,019,764	\$2,355,873	\$2,716,981	\$3,218,019	\$3,877,736	\$4,587,453	\$5.347.170	\$5,877,029
P/E RATIO USING ABOVE DATA	25.38	-32.16	49.18	\$2,355,673 53.70	\$2,710,901 58.02	63.44	\$3,677,736 60.88	\$4,567,455 62.63	63.48	\$5,877,029 60.67
PEG RATIO USING ABOVE DATA	#VALUE!	0.25	-0.29	175.96	96.56	26.05	3.19	6.69	6.60	6.15
PRICE / REVENUES USING ABOVE DATA	3.13	2.08	2.03	2.06	2.06	2.13	2.23	2.29	2.32	2.22
TIMES INTEREST EARNED	36.07	(9.28)	7.82	9.00	10.35	11.90	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
PRICE / GROWTH FLOW RATIO (PGFR) PGFR cheap = 5 PGFR normal = 11	13.99	22.75	10.25	10.53	10.68	11.09	11.41	11.72	11.85	#DIV/0!

PGFR high > 15