

CIENA CORP
Form S-4
March 20, 2002

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As filed with the Securities and Exchange Commission on March 20, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CIENA Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3661
(Primary Standard Industrial
Classification Code Number)

23-2725311
(I.R.S. Employer
Identification Number)

1201 Winterson Road
Linthicum, MD 21090
(410) 865-8500

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Russell B. Stevenson, Jr.
Senior Vice President, General Counsel and Secretary
CIENA Corporation
1201 Winterson Road
Linthicum, MD 21090
(410) 865-8500

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

Michael J. Silver
Amy Bowerman Freed
Stephanie D. Marks
Hogan & Hartson L.L.P.
111 South Calvert Street
Baltimore, MD 21202
(410) 659-2700

Richard L. Dickson
Horace L. Nash
David A. Bell
Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306
(650) 494-0600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the merger contemplated by the Agreement and Plan of Merger dated as of February 17, 2002, as such agreement may be amended, described in the enclosed Prospectus have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same

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offering. o _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. o _____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$.01 par value(1)(2)	117,177,890	Not Applicable	\$966,585,628.58(3)	\$88,925.88

- (1) The Registration Statement covers the maximum number of shares of CIENA common stock which are expected to be issued in connection with the transactions described herein in the proposed merger of ONI Systems Corp. with and into CIENA, assuming the exercise of all currently outstanding stock options and warrants.
- (2) Includes corresponding rights to purchase shares of CIENA series A Junior Participating Preferred Stock pursuant to a Rights Agreement dated as of December 29, 1997, as amended, between CIENA and BankBoston N.A.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, by multiplying the average of the high and low prices of shares of ONI Systems common stock on March 19, 2002, as reported on Nasdaq by 164,946,353, the number of shares of ONI Systems common stock outstanding on the close of business on March 19, 2002, assuming the exercise of all currently outstanding stock options and warrants.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus Dated March 20, 2002

Dear CIENA and ONI Systems stockholders:

On behalf of the boards of directors and management teams of both CIENA and ONI Systems, we are pleased to deliver our joint proxy statement/prospectus for the proposed merger involving CIENA and ONI Systems. Upon completion of the merger, holders of ONI Systems common stock will receive 0.7104 shares of CIENA common stock for each share of ONI Systems common stock they hold at that time. CIENA common stock is traded on the Nasdaq Stock Market under the trading symbol CIEN.

The boards of directors of CIENA and ONI Systems recommend that you vote in favor of the proposed merger.

The combination of our companies will create a company that is better positioned to serve the needs of communications service providers for next-generation optical networking products and will reduce both the capital and operating costs for our customers. There are significant financial benefits from the combination, including cost savings from the elimination of duplicative infrastructures and the opportunity to take advantage of economies of scale.

We encourage you to read this joint proxy statement/prospectus which includes important information about the merger. In addition, the section entitled Risk Factors beginning on page of this joint proxy statement/ prospectus contains a description of risks that you should consider in evaluating the merger.

Completion of the merger requires the approval of both CIENA and ONI Systems stockholders. CIENA and ONI Systems have scheduled special meetings of their stockholders to obtain these approvals on , 2002. Information regarding these special meeting is included in this joint proxy statement/ prospectus. The CIENA board of directors recommends that CIENA stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger. The ONI Systems board of directors recommends that ONI Systems stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

Your vote is very important. Please vote FOR your company s proposal by signing and dating the enclosed proxy card or voting instruction card today and returning it in the pre-addressed envelope provided.

Thank you for your support.

Gary B. Smith

Hugh C. Martin

**Prospectus dated , 2002
First mailed to stockholders on or about , 2002**

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus and proxy statement. Any representation to the contrary is a criminal offense.

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CIENA CORPORATION

1201 Winterson Road
Linthicum, Maryland 21090
(410) 865-8500

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS

Time and Date , local time, on , 2002

Place BWI Marriott Hotel, 1743 W. Nursery Road, Linthicum, Maryland 21090

Item of Business To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger between CIENA Corporation and ONI Systems Corp. and approve the merger and the issuance of CIENA common stock contemplated by the Agreement and Plan of Merger.

Adjournments and Postponements Any action on the item described above may be considered at the special meeting at the time and on the date specified above or at any time and date to which the special meeting may properly be adjourned or postponed.

Record Date You are entitled to vote only if you were a CIENA stockholder at the close of business on , 2002.

Voting Your vote is very important. Whether or not you plan to attend the special meeting, we encourage you to read this joint proxy statement/ prospectus and submit your proxy or voting instructions for the special meeting as soon as possible. You may submit your proxy or voting instructions for the special meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled "The Special Meeting of CIENA Stockholders" beginning on page of this joint proxy statement/ prospectus and the instructions on the proxy card or voting instruction card.

By order of the Board of Directors

Russell B. Stevenson, Jr.
Senior Vice President, General Counsel and
Secretary

, 2002
Linthicum, Maryland

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ONI SYSTEMS CORP.

5965 Silver Creek Valley Road
San Jose, CA 95138
(408) 965-2600

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS

Time and Date , local time, on , 2002

Place

Item of Business To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger between CIENA Corporation and ONI Systems Corp. and approve the merger contemplated by the Agreement and Plan of Merger.

Adjournments and Postponements Any action on the item described above may be considered at the special meeting at the time and on the date specified above or at any time and date to which the special meeting may properly be adjourned or postponed.

Record Date You are entitled to vote only if you were an ONI Systems stockholder at the close of business on , 2002.

Voting Your vote is very important. Whether or not you plan to attend the special meeting, we encourage you to read this joint proxy statement/ prospectus and submit your proxy or voting instructions for the special meeting as soon as possible. You may submit your proxy or voting instructions for the special meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled "The Special Meeting of ONI Systems Stockholders" beginning on page of this joint proxy statement/ prospectus and the instructions on the proxy card or voting instruction card.

By order of the Board of Directors

Michael A. Dillon
Vice President, General Counsel and Secretary

 , 2002
San Jose, California

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This joint proxy statement/prospectus incorporates important business and financial information about CIENA and ONI Systems from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this joint proxy statement/ prospectus. For a listing of documents incorporated by reference into this joint proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page of this joint proxy statement/ prospectus.

CIENA will provide you with copies of this information relating to CIENA, without charge, upon written or oral request to:

CIENA Corporation
1202 Winterson Road
Linthicum, Maryland 21090
Attention: Investor Relations
Telephone Number: (410) 865-8500

In addition, you may obtain copies of this information by sending an e-mail to ir@ciena.com. A list of those stockholders entitled to vote at the special meeting will be available for inspection for ten days preceding the meeting at the address set forth above, and will also be available for inspection at the meeting itself.

ONI Systems will provide you with copies of this information relating to ONI Systems, without charge, upon written or oral request to:

ONI Systems Corp.
5965 Silver Creek Valley Road
San Jose, California 95138
Attention: Investor Relations
Telephone Number: (408) 571-4050

In addition, you may obtain copies of this information by sending an e-mail to ir@oni.com. A list of those stockholders entitled to vote at the special meeting will be available for inspection for ten days preceding the meeting at the address set forth above, and will also be available for inspection at the meeting itself.

In order for you to receive timely delivery of the documents in advance of the special meetings, CIENA or ONI Systems should receive your request no later than .

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving this joint proxy statement/ prospectus?

A: CIENA and ONI Systems have agreed to combine their businesses under the terms of a merger agreement that is described in this joint proxy statement/ prospectus. A copy of the merger agreement is attached to this joint proxy statement/ prospectus as Annex A.

In order to complete the merger, CIENA and ONI Systems stockholders must approve and adopt the merger agreement and approve the merger. Each of CIENA and ONI Systems will hold a special meeting of its respective stockholders to obtain these approvals. This joint proxy statement/ prospectus contains important information about the merger and the special meeting of each of CIENA and ONI Systems, and you should read it carefully. The enclosed voting materials for the special meeting allow you to vote your shares of common stock without attending the special meeting.

Q: Why are CIENA and ONI Systems proposing the merger?

A: We believe that the merger of ONI Systems and CIENA will create one of the leading optical networking equipment companies in the world. We believe that together we will be a stronger and more competitive company by expanding our product offerings and accessing each other's customer relationships. For a complete description of CIENA's and ONI Systems' reasons for the merger, we encourage you to refer to pages .

Q: How do the boards of directors of CIENA and ONI Systems recommend that I vote?

A: The CIENA board of directors recommends that CIENA stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

The ONI Systems board of directors recommends that ONI Systems stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

For a more complete description of the recommendations of the boards of directors of CIENA and ONI Systems, see The Merger Recommendation of CIENA's Board of Directors and Reasons for the Merger on page and The Merger Recommendation of ONI Systems' Board of Directors and Reasons for the Merger on page .

Q: Have executive officers and directors of ONI Systems agreed to vote their shares in favor of the merger?

A: Yes. The executive officers and directors of ONI Systems and their affiliates have agreed to vote shares representing approximately 11.5% of ONI Systems' outstanding common stock as of February 17, 2002 in favor of the merger. See Terms of the Merger Agreement and Related Transactions' Stockholder Agreements on page .

Q: Are there risks that I should consider in deciding to vote for the merger?

A: Yes. For example, the combined company might not realize the expected benefits of the merger. In evaluating the merger, you should carefully consider the factors discussed in Risk Factors on page . You should also consider the risks associated with CIENA stock ownership and ONI Systems stock ownership which are incorporated by reference into this joint proxy statement/ prospectus. See Where You Can Find More Information on page .

Q: What will happen to CIENA and ONI Systems as a result of the merger?

A: If the merger is completed, ONI Systems will merge into CIENA. The merged businesses will continue to be conducted under the CIENA name.

Q: What will I receive in the merger?

A: *ONI Systems Stockholders:* ONI Systems stockholders will receive 0.7104 shares of CIENA common stock for each share of ONI Systems common stock they now own. Instead of a fractional share of CIENA common stock, you will be entitled to receive an amount of cash equal to the value of the fractional share remaining after aggregating all of your ONI Systems shares held based on the closing price of CIENA common

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stock on the closing date. After the merger, ONI Systems security holders will own approximately 24% of the outstanding shares of CIENA common stock on a fully diluted basis based on shares, options and warrants outstanding on February 17, 2002. For a more complete description of what you will receive in the merger, see Terms of the Merger Agreement and Related Transactions Treatment of Stock, Options and Warrants on page .

CIENA Stockholders: A CIENA stockholder will continue with the same number of CIENA shares he or she now owns. These shares however, will represent a smaller proportion of the outstanding shares of the combined company.

Q: What are the federal income tax consequences of the merger?

A: In general, we expect that ONI Systems stockholders will not be required to pay federal income taxes as a result of exchanging ONI Systems shares for CIENA shares, except for taxes on any cash that is received in lieu of fractional shares. For a more complete description of the tax consequences of the merger, see The Merger Federal Income Tax Consequences on page .

Q: When and where will the special meetings take place?

A: *ONI Systems Stockholders:* The special meeting will be held on , 2002, at a.m., local time, at .

CIENA Stockholders: The special meeting will be held on , 2002, at a.m., local time, at the BWI Marriott Hotel, 1743 W. Nursery Road, Linthicum, Maryland 21090.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will not be able to vote your shares unless you provide instructions on how to vote your shares. You should instruct your broker to vote your shares following the directions provided by your broker. Without instructions, your shares will not be voted and you will, in effect, be voting against the merger.

Q: What happens if I do not vote?

A: Failure to vote or to give voting instructions to your broker or nominee will have the same effect as voting AGAINST the proposal to approve and adopt the merger agreement and approve the merger. Therefore, we urge you to vote. For a more complete description of voting, see The Special Meeting of CIENA Stockholders on page and The Special Meeting of ONI Systems Stockholders on page .

Q: When do CIENA and ONI Systems expect the merger to be completed?

A: CIENA and ONI Systems are working to complete the merger as quickly as possible. We hope to complete the merger during the second or third calendar quarter of 2002. However, we cannot predict the exact timing of the completion of the merger because the merger is subject to government and regulatory review processes and other conditions.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this joint proxy statement/ prospectus. You should then complete and sign your proxy and return it in the enclosed return envelope as soon as possible so that your shares will be represented at your company's special meeting.

Q: Who must approve the merger?

A: In addition to the approvals of the boards of directors of CIENA and ONI Systems which have already been obtained, the stockholders of ONI Systems and CIENA must also approve the merger. For a more complete description of voting, see The Special Meeting of CIENA Stockholders on page and The Special Meeting of ONI Systems Stockholders on page .

Q: As an ONI Systems stockholder, will I be able to trade the CIENA common stock that I receive in connection with the merger?

A: The shares of CIENA common stock you receive in the merger will be freely tradable, unless you are an affiliate of ONI Systems. The shares will be listed on the Nasdaq Stock Market under the symbol CIEN. Generally, persons who are deemed to be

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affiliates of ONI Systems must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of CIENA common stock received in connection with the merger. You will be notified if you are an affiliate of ONI Systems.

Q: Can I change my vote after I mail my signed proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting of your company's stockholders. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy. If you choose either of these two methods, you must submit your notice of revocation or your new proxy for CIENA shares at the address on page [redacted] and for ONI Systems shares at the address on page [redacted]. Third, you can attend the special meeting of your company's stockholders and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow the directions received from your broker to change those instructions.

Q: What is the required vote to approve and adopt the merger agreement and approve the merger?

A: Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of a majority of the shares of each of CIENA common stock and ONI Systems common stock outstanding as of the record date.

Q: Should I send in my certificates now?

A: **No, you should not send in your stock certificates with your proxy.** You will receive instructions for exchanging your stock certificates if the merger is consummated.

Q: Who can help answer my questions?

A: If you have any questions about the merger, how to vote or revoke your proxy, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy, you should contact:

ONI Systems:

[proxy solicitor]

CIENA Corporation:

Georgeson Shareholder Communications, Inc.

1717 State Street

New York, New York 10004

Phone: (866) 800-0431

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that is important to you. You should carefully read this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page . In this joint proxy statement/prospectus, we, us and our may refer to either CIENA or ONI Systems, depending on the context in which they are used, and you and your refer to stockholders of ONI Systems or stockholders of CIENA, depending on the context in which they are used.

The Companies (page)

CIENA Corporation

1201 Winterson Road
Linthicum, Maryland 21090
(410) 865-8500

CIENA is a leader in the intelligent optical networking equipment industry. CIENA offers a portfolio of products for communications service providers worldwide. CIENA's customers include long-distance carriers, competitive and incumbent local exchange carriers, Internet service providers and wireless and wholesale carriers. CIENA offers optical transport and intelligent optical switching systems that enable service providers to provision, manage and deliver high-bandwidth services to their customers. CIENA has pursued a strategy to develop and leverage the power of disruptive technologies to change the fundamental economics of building carrier-class tele-and data-communications networks, thereby providing our customers with a competitive advantage. CIENA's intelligent optical networking products are designed to enable carriers to deliver any time, any size, any priority bandwidth to their customers.

ONI Systems Corp.

5965 Silver Creek Road
San Jose, CA 95138

ONI Systems develops, markets and sells optical communications networking equipment specifically designed to address the bandwidth and service limitations of metropolitan area and regional networks. Communications service providers can cost-effectively deploy ONI Systems products to relieve the traffic bottleneck in these networks and offer new revenue-generating services including wavelength, private-line, ethernet and data storage services. By deploying ONI Systems' equipment, service providers can rapidly build high-capacity flexible and scalable networks that are able to support multiple services on a single platform from their central offices at the core of their networks to their customers sites at the edge of their networks. In addition, ONI Systems' equipment can be introduced into a network without requiring complete replacement of the existing network infrastructure.

The Merger (page)

The merger agreement provides that ONI Systems will merge with and into CIENA and CIENA will be the surviving company. CIENA and ONI Systems hope to complete the merger during the second or third calendar quarter of 2002.

The merger agreement is included as Annex A to this joint proxy statement/prospectus. It is the legal document that governs the merger. We cannot predict the exact timing of the completion of the merger because the merger is subject to government and regulatory review processes and other conditions.

What You Will Receive in the Merger (page)

Each outstanding share of ONI Systems common stock will be cancelled and each ONI Systems stockholder will receive 0.7104 shares of CIENA common stock for each share of ONI Systems common stock that the stockholder owns. An ONI Systems stockholder will also receive a cash payment for any fraction of a share of CIENA common stock that the stockholder would otherwise be entitled to receive

For example, a stockholder who owns 10,000 shares of ONI Systems common stock on the closing date will receive 7,104 CIENA shares. A stockholder who owns 100 shares of ONI Systems will receive 71 shares of CIENA plus cash equal to 0.04 times the closing price of a share of CIENA stock on the Nasdaq National Market on the closing date.

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At the earliest practicable date after the completion of the merger, you will receive a letter of transmittal that will provide instructions on the procedure for exchanging your share certificates. For more information on how the election and exchange procedures work, see [Terms of the Merger Agreement and Related Transactions](#) Exchange of Certificates; Fractional Shares on page .

Please do not send your stock certificates at this time.

ONI Systems Employee Stock Options

Each outstanding option to purchase shares of ONI Systems common stock will be converted into an option to purchase a number of shares of CIENA common stock equal to the number of shares of ONI Systems common stock that were subject to the option multiplied by 0.7104. The exercise price per share for each ONI Systems option will be divided by 0.7104. Except for some acceleration of vesting for some officers, that will occur as a result of the merger under the terms of their offer letters from ONI Systems all other terms of the option will remain unchanged.

What is Needed to Complete the Merger (page)

Several conditions must be satisfied before the merger will be completed. These include:

adoption of the merger agreement and approval of the merger by stockholders representing a majority of the outstanding shares of each of ONI Systems and CIENA;

the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 must have expired or been terminated;

receipt by ONI Systems of an opinion of its tax counsel that, for U.S. federal income tax purposes, the merger is generally not taxable to ONI Systems or its stockholders;

receipt by CIENA of an opinion of its tax counsel that, for U.S. federal income tax purposes, the merger is generally not taxable to CIENA or its stockholders; and

other customary contractual conditions set forth in the merger agreement.

If the law permits, CIENA or ONI Systems may each waive conditions for the benefit of their company and stockholders and complete the merger even though one or more of these conditions has not been met. We cannot assure you that the conditions will be satisfied or waived or that the merger will occur.

Federal Income Tax Consequences (page)

The merger is intended to qualify as a reorganization under Section 368(a) of the Internal Revenue Code. CIENA and ONI Systems have respectively received opinions of Hogan & Hartson L.L.P. and Fenwick & West LLP that the merger will qualify as a reorganization if the merger takes place as described in the merger agreement. The opinions are based upon the assumption that factual representations made by CIENA and ONI Systems, which are ordinarily given in transactions of this type, will be correct when the merger closes. If the merger qualifies as a reorganization, no gain or loss will be recognized by CIENA or ONI Systems stockholders as a result of the merger, except with respect to cash received by ONI Systems stockholders in lieu of fractional shares. For a further discussion of the federal income tax consequences of the merger to CIENA and ONI Systems stockholders, see [The Merger Federal Income Tax Consequences](#). However, different tax consequences may apply to you because of your individual circumstances or because special tax rules apply to you, for example, if you:

are a tax-exempt organization;

are a dealer in securities;

are a financial institution;

are an insurance company;

are a non-United States person;

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acquired your shares of ONI Systems stock from the exercise of options or otherwise as compensation or through a qualified retirement plan; or

hold shares of ONI Systems stock as part of a straddle, hedge or conversion transaction.

These matters are very complicated. You should consult your tax advisor for a full explanation of the tax consequences of the merger to you.

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Accounting Treatment (page)

CIENA will account for the merger using the purchase method of accounting.

Governmental and Regulatory Approvals (page)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, CIENA and ONI Systems must notify U.S. antitrust authorities of the proposed merger and must observe a waiting period before it can be completed. Therefore, the merger cannot occur until this waiting period has expired or has been terminated by the antitrust authorities. In addition, foreign, state and other regulatory authorities may also need to approve or be notified of the merger before it can be completed. CIENA and ONI Systems have filed, or expect soon to file, all of the required applications or notices with these regulatory authorities. While neither CIENA nor ONI Systems knows of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will receive them.

Termination of the Merger Agreement; Expenses (page)

CIENA and ONI Systems may mutually agree at any time to terminate the merger agreement without completing the merger, even if the ONI Systems or CIENA stockholders have approved it. Either party (so long as it has not materially breached the merger agreement) may terminate the merger if:

the merger has not been consummated by September 30, 2002;

ONI Systems or CIENA stockholders do not approve the merger; or

if a court forbids the merger to occur.

ONI Systems may terminate the merger agreement prior to obtaining stockholder approval if the ONI Systems board of directors determines to enter into an alternative transaction that it views as superior or if CIENA's board of directors changes its recommendation to stockholders in favor of the merger. CIENA may similarly terminate the merger agreement if ONI Systems' board of directors withdraws, modifies or amends, in any respect adverse to CIENA, its recommendation to stockholders in favor of the merger. ONI Systems agreed to pay CIENA a termination fee of \$36.7 million if the merger agreement is terminated because of a change in ONI Systems' board of directors recommendation (unless due to a material adverse effect on CIENA) or if ONI Systems accepts an alternative superior proposal. ONI Systems would also be required to pay this termination fee if there is a change in ONI Systems' board of directors recommendation and CIENA terminates the agreement, or ONI Systems stockholders do not approve the merger, and there is a publicly announced third party offer to acquire ONI Systems, which ONI Systems accepts within 12 months of the termination. The merger agreement also requires ONI Systems to reimburse CIENA for CIENA's out-of-pocket expenses, up to a maximum of \$2 million, in those situations where the termination fee is payable.

CIENA agreed to pay ONI Systems a similar fee and expense reimbursement if ONI Systems terminates the merger agreement because of a change in the CIENA board of director's recommendation, except that if ONI Systems' board of directors terminates the merger agreement because of a change in the CIENA board of directors recommendation or the CIENA stockholders do not approve the merger and there is a publicly announced third party offer to acquire CIENA, which offer CIENA accepts within 12 months of the termination, CIENA in most cases will pay ONI Systems a termination fee of \$87.2 million, plus expenses of \$2 million. There are also circumstances where terminations may occur without payment of any termination fees.

No Solicitation by ONI Systems (page)

Under the merger agreement, ONI Systems agreed not to solicit, enter into, negotiate or participate in discussions regarding an acquisition proposal directly or indirectly, as described further on page . However, this provision does not prohibit ONI Systems from providing information or entering into negotiations with a person in response to an unsolicited written bona fide acquisition proposal if ONI Systems' board of directors determines in good faith that the acquisition proposal is reasonably likely to be consummated, the proposal if consummated would result in a transaction that is more favorable to ONI Systems stockholders than the merger with CIENA and that taking that action is necessary to fulfil its fiduciary duties to stockholders. ONI Systems has agreed to inform CIENA promptly of

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any acquisition proposal and inquiries with respect to an acquisition proposal. The ONI Systems board of directors may also change its recommendation in favor of the merger if it concludes in good faith, after consultation with outside counsel, that changing its recommendation is necessary to satisfy its fiduciary duty to ONI stockholders under applicable law, but ONI Systems would nevertheless be required to convene and hold the special meeting unless the merger agreement is earlier terminated by CIENA due to the change in recommendation, and a termination fee may then be payable under those circumstances.

Restrictions on Resales of CIENA Common Stock (page)

All shares of CIENA common stock to be issued to ONI Systems stockholders in the merger will be freely tradable, unless the holder is considered an affiliate of ONI Systems, and will be listed on the Nasdaq Stock Market under the symbol CIEN.

Waiver and Amendment (page)

CIENA and ONI Systems may agree to amend the merger agreement prior to the time the merger becomes effective, subject to applicable law. Either of us can waive our right to require the other party to adhere to the terms and conditions of the merger agreement, if the law allows, at any time prior to the time the merger becomes effective.

Interests of ONI Systems Executive Officers and Directors in the Merger (page)

In considering the recommendation of the ONI Systems board of directors about the merger, you should be aware of the interests which executive officers and directors of ONI Systems have in the merger that are different from your and their interests as stockholders. William Cumpston and Rohit Sharma have entered into employment agreements with CIENA. Hugh Martin has entered into a consulting agreement with CIENA. Contemporaneously with the approval of the merger agreement, the ONI Systems board of directors approved the grant of options to purchase 750,000 and 550,000 shares of ONI Systems common stock to Messrs. Cumpston and Sharma, respectively. The exercise price of these options is \$5.21, the fair market value of ONI Systems common stock on February 21, 2001. The merger agreement requires CIENA to indemnify directors and officers of ONI Systems for events occurring before the merger, including events that are related to the merger. The ONI Systems board of directors recognized all those interests described above and concluded that those interests did not detract from the fairness of the merger to the stockholders of ONI Systems who are not executive officers or directors of ONI Systems.

Reasons for the Merger and Recommendation of the CIENA Board of Directors (page)

THE CIENA BOARD OF DIRECTORS RECOMMENDS THAT CIENA STOCKHOLDERS VOTE **FOR** THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER.

The CIENA board of directors has determined that the merger is advisable and in the best interests of CIENA and its stockholders. The CIENA board of directors made this determination based on its review of:

the potential strategic benefits of the merger, including (among other things) the complementary nature of the technologies and products of CIENA and ONI Systems; the advantages of combining their respective management, sales forces and technical teams; and the prospect of an improved competitive and market position of the combined company.

the potential financial implications of the merger, including (among other things) CIENA's management's views as to the business, results of operations and financial condition, technology, management and competitive position of CIENA and ONI Systems; potential cost savings and synergies; current and prospective financial market and commercial conditions; and the opinion of Morgan Stanley referred to below.

the potential adverse effects of the merger, including (among other things) the risk that the potential benefits of the merger might not be realized; risks relating to integrating the businesses; the possibility of management and employee disruption; and the potential disruption of customer relationships.

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The CIENA board of directors did not quantify or assign relative weight to the factors summarized above. For a more complete discussion of the CIENA board of directors' reasons for the merger, see "The Merger Recommendation of CIENA's Board of Directors and Reasons for the Merger" beginning on page [] of this joint proxy statement/prospectus.

Reasons for the Merger and Recommendation of the ONI Systems Board of Directors (page [])

THE ONI SYSTEMS BOARD OF DIRECTORS RECOMMENDS THAT ONI SYSTEMS STOCKHOLDERS VOTE **FOR** THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER.

The ONI Systems board of directors has determined that the merger is advisable and in the best interests of ONI Systems and its stockholders. The ONI Systems board of directors made this determination and its determination to recommend approval of the merger based on its review of:

the potential strategic benefits of the merger, including (among other things) the complementary nature of the technologies and products of CIENA and ONI Systems; the advantages of combining their respective management, sales forces and technical teams; and the prospect of an improved competitive and market position of the combined company.

the potential financial implications of the merger, including (among other things) ONI Systems' management's views as to the business, results of operations and financial condition, technology, management and competitive position of CIENA and ONI Systems; potential cost savings and synergies; CIENA's pre-announcement of its anticipated financial condition and results of operations; current and prospective financial market and commercial conditions; possible alternative transactions; and the opinions of Goldman Sachs referred to below.

the potential adverse effects of the merger, including (among other things) the risk that the potential benefits of the merger might not be realized; risks relating to integrating the businesses; the possibility of management and employee disruption; and the potential disruption of customer relationships.

The ONI Systems board of directors did not quantify or assign relative weight to the factors summarized above. For a more complete discussion of the ONI Systems board of directors' reasons for the merger, see "The Merger Recommendation of the ONI Systems Board of Directors and Reasons for the Merger" beginning on page [] of this joint proxy statement/prospectus.

Opinion of CIENA's Financial Advisor (page [])

On February 15, 2002, Morgan Stanley delivered its oral opinion to the CIENA board of directors, subsequently confirmed in writing, that, as of February 15, 2002, the exchange ratio pursuant to the merger agreement was fair to CIENA from a financial point of view. The full text of Morgan Stanley's opinion, which identifies assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this joint proxy statement/prospectus. Stockholders of CIENA are urged to, and should, read this opinion in its entirety. Morgan Stanley's opinion does not constitute a recommendation as to how any shareholder of CIENA should vote with respect to the merger.

Opinion of ONI Systems' Financial Advisor (page [])

On February 15, 2002, Goldman Sachs proffered its oral opinion to the board of directors of ONI Systems, which opinion was subsequently confirmed in writing on February 17, 2002 that, as of the date of that opinion, the exchange ratio of 0.7104 shares of CIENA common stock to be received for each share of ONI Systems common stock pursuant to the merger agreement was fair from a financial point of view to the holders of shares of ONI Systems common stock. In addition, on March 18, 2002, at the request of the board of directors of ONI Systems, Goldman Sachs delivered its opinion to the board of directors of ONI Systems that, as of the date of that opinion, the exchange ratio was fair from a financial point of view to the holders of shares of ONI Systems common stock, which opinion was subsequently confirmed in writing by means of an opinion letter dated as of March 18, 2002. The full text of the written opinion of Goldman Sachs dated March 18, 2002, which identifies assumptions made, matters considered and limitations on

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the review undertaken in connection with the opinion, is attached as Annex E to this joint proxy statement/ prospectus. The terms of the opinion letter dated February 17, 2002 were substantially identical to the terms of the opinion letter dated March 18, 2002. Stockholders of ONI Systems are urged to, and should, read this opinion in its entirety. The opinion of Goldman Sachs does not constitute a recommendation as to how any stockholder of ONI Systems should vote with respect to the merger.

Differences in the Rights of Stockholders (page)

If you own ONI Systems common stock and receive CIENA common stock in the merger you would become a stockholder of CIENA upon completion of the merger. Your rights would continue to be governed by Delaware law but your rights would be governed by CIENA s certificate of incorporation, bylaws and stockholder rights plan, rather than ONI Systems certificate of incorporation and bylaws. Your rights as a stockholder of CIENA would differ from your rights as a stockholder of ONI Systems. To review these differences in more detail, see CIENA Capital Stock and Comparison of Stockholder Rights on page .

Special Meeting of CIENA Stockholders (page)

The special meeting will be held on , 2002 at a.m. at the BWI Marriott Hotel, 1743 W. Nursery Road, Linthicum, Maryland 21090. At the special meeting, you will be asked to vote to adopt the merger agreement and to approve the merger.

You can vote, or submit a proxy to vote, at the special meeting if you were a record holder of CIENA common stock at the close of business on , 2002. You can vote your shares by attending the meeting and voting in person or you can mark the enclosed proxy card with your vote, sign it and mail it in the enclosed return envelope. You can revoke your proxy at any time before it is exercised.

Special Meeting of ONI Systems Stockholders (page)

The special meeting will be held on , 2002 at a.m. at . At the special meeting, you will be asked to vote to adopt the merger agreement and to approve the merger.

You can vote, or submit a proxy to vote, at the special meeting if you were a record holder of ONI Systems common stock at the close of business on , 2002. You can vote your shares by attending the meeting and voting in person or you can mark the enclosed proxy card with your vote, sign it and mail it in the enclosed return envelope. You can revoke your proxy at any time before it is exercised.

Vote Required (page)

Holders of a majority of the outstanding shares of CIENA common stock must vote in favor of adoption of the merger agreement before the merger can occur. There were shares of CIENA common stock outstanding as of . Each holder of CIENA common stock is entitled to one vote per share. CIENA s officers, directors and their affiliates owned % of CIENA s outstanding stock as of the record date.

Holders of a majority of the outstanding shares of ONI Systems common stock must vote in favor of adoption of the merger agreement before the merger can occur. There were shares of ONI Systems common stock outstanding as of , 2002. Each holder of ONI Systems common stock is entitled to one vote per share. ONI Systems officers, directors and their affiliates owned % of ONI Systems outstanding stock as of the record date.

Neither CIENA nor ONI Systems stockholders are entitled to dissenters rights of appraisal for their shares under the Delaware General Corporation Law in connection with the merger.

Stockholder Agreements (page)

In connection with the merger agreement, several executive officers and directors of ONI Systems and their affiliates owning in the aggregate shares of ONI Systems common stock, representing approximately 11.5% of the outstanding ONI Systems common stock as of the record date, entered into agreements under which they agreed to vote their shares in favor of the merger. The form of this stockholder agreement is attached as Annex B to this joint proxy statement/ prospectus.

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**SUMMARY SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA
OF CIENA AND ONI SYSTEMS**

Summary Selected Consolidated Historical Financial Data of CIENA

The information in the following summary selected consolidated financial data as of October 31, 1997, 1998, 1999, 2000 and 2001 and for the years ended October 31, 1997, 1998, 1999, 2000 and 2001 is derived from CIENA's audited consolidated financial statements. You should read this information in conjunction with the financial statements and notes to the consolidated financial statements which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" which begins on page . CIENA's financial statements as of October 31, 2000 and 2001 and for each of the three years ended October 31, 2001 were audited by PricewaterhouseCoopers LLP, independent accountants. Selected financial information as of January 31, 2001 and 2002 and for the three months then ended is derived from CIENA's unaudited consolidated financial statements, which are incorporated into this joint proxy statement/prospectus by reference. CIENA has a 52 or 53 week fiscal year, which ends on the Saturday nearest to the last day of October in each year. For purposes of financial statement presentation, each fiscal year is described as having ended on October 31. Fiscal 1997, 1998, 1999 and 2000 comprised 52 weeks and fiscal 2001 comprised 53 weeks. Historical events are not necessarily indicative of results to be expected in the future and results of interim periods are not necessarily indicative of the results of the entire year.

	As of October 31,					As of January 31,	
	1997	1998	1999	2000	2001	2001	2002
	(in thousands)						
Balance Sheet Data:							
Cash and cash equivalents	\$273,286	\$250,714	\$143,440	\$143,187	\$397,890	\$176,725	\$472,533
Working capital	338,078	391,305	427,471	639,675	1,936,707	724,025	1,653,035
Total assets	468,247	602,809	677,835	1,027,201	3,317,301	1,167,152	3,218,778
Long-term obligations, excluding current portion	1,900	3,029	4,881	4,882	869,865	4,986	695,740
Stockholders' equity	\$377,278	\$501,036	\$530,473	\$809,835	\$2,128,982	\$921,861	\$2,068,365

	Year Ended October 31,					Three Months Ended January 31,	
	1997	1998	1999	2000	2001	2001	2002
	(in thousands, except per share data)						
Statement of Operations Data:							
Revenue	\$413,215	\$508,087	\$482,085	\$858,750	\$1,603,229	\$351,989	\$162,156
Cost of goods sold	166,472	256,014	299,769	477,393	904,549	191,837	139,687
Gross profit	246,743	252,073	182,316	381,357	698,680	160,152	22,469
Operating expenses:							
Research and development (exclusive of \$0, \$0, \$0, \$0, \$17,825, \$0 and \$3,951 deferred stock compensation costs)	23,773	71,186	101,006	125,434	235,831	42,504	64,756
Selling and marketing (exclusive of \$0, \$0, \$0, \$0, \$8,336, \$0 and \$956 deferred stock compensation costs)	22,627	47,343	61,603	90,922	146,949	29,636	37,600

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General and administrative (exclusive of \$40, \$40, \$40, \$40, \$15,206, \$90 and \$227 deferred stock compensation costs)	11,436	18,428	22,696	33,960	57,865	11,145	13,655
Settlement of accrued contract obligation				(8,538)			
Deferred stock compensation costs	40	40	40	40	41,367		5,134
Amortization of goodwill		2,341	3,197	3,197	177,786	898	
Amortization of intangible assets		229	438	438	4,413	109	1,813
In-process research and development		9,503			45,900		
Restructuring costs					15,439		6,828

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	Year Ended October 31,					Three Months Ended January 31,	
	1997	1998	1999	2000	2001	2001	2002
(in thousands, except per share data)							
Goodwill impairment					1,719,426		
Pirelli litigation	7,500	30,579					
Merger related costs		2,548	13,021				
Provision for doubtful accounts	489	806	250	28,010	(6,579)		
Total operating expenses	65,865	183,003	202,251	273,463	2,438,397	84,292	129,786
Income (loss) from operations	180,878	69,070	(19,935)	107,894	(1,739,717)	75,860	(107,317)
Other income (expense), net	7,178	12,830	13,944	12,680	32,988	4,209	361
Income (loss) before income taxes	188,056	81,900	(5,991)	120,574	(1,706,729)	80,069	(106,956)
Provision (benefit) for income taxes	72,488	36,200	(2,067)	39,187	87,333	26,823	(36,365)
Net income (loss)	\$ 115,568	\$ 45,700	\$ (3,924)	\$ 81,387	\$ (1,794,062)	\$ 53,246	\$ (70,591)
Basic net income (loss) per common share	\$ 0.76	\$ 0.19	\$ (0.01)	\$ 0.29	\$ (5.75)	\$ 0.19	\$ (0.22)
Diluted net income (loss) per common and dilutive potential common share	\$ 0.55	\$ 0.18	\$ (0.01)	\$ 0.27	\$ (5.75)	\$ 0.18	\$ (0.22)
Weighted average basic common shares outstanding	151,928	235,980	267,042	281,621	311,815	287,001	327,620
Weighted average basic common and dilutive potential common shares outstanding	209,686	255,788	267,042	299,662	311,815	300,956	327,620

Significant events affecting CIENA's operating trends. The comparability of CIENA's operating results is affected by a number of significant and nonrecurring items recognized in some periods as well as acquisitions. In fiscal 1997, CIENA incurred special charges of \$7.5 million related to the Pirelli litigation. In fiscal 1998, CIENA incurred special charges of \$30.6 million related to the Pirelli litigation, \$2.6 million of merger related costs associated with an unsuccessful merger and \$9.5 million in-process research and development charge associated with the acquisition of Terabit Technologies. In fiscal 1999, CIENA incurred \$13.0 million of merger related costs associated with Omnia and Lightera. In fiscal 2000, CIENA incurred \$28.0 million of additional provision for doubtful accounts associated with the write-off of customer receivables. In fiscal 2001, CIENA recorded a goodwill impairment of \$1,719.4 million related to the Cyras acquisition, an in-process research and development charge of \$45.9 million in connection with the Cyras acquisition, and restructuring costs to close facilities and terminate employees of \$15.4 million. CIENA consummated the acquisition of Cyras Systems, Inc. on March 29, 2001. During the three months ended January 31, 2002, CIENA recorded \$6.8 million of restructuring costs associated with exiting facilities and terminating employees.

Table of Contents**Summary Selected Consolidated Historical Financial Data of ONI Systems**

The information in the following summary selected consolidated financial data is derived from ONI Systems' audited consolidated financial statements. You should read this information in conjunction with the financial statements and notes to the consolidated financial statements which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" which begins on page . ONI Systems' financial statements as of December 31, 2000 and 2001 and for each of the three years ended December 31, 2001 were audited by KPMG LLP, independent accountants. The historical results are not necessarily indicative of results to be expected for any future period.

	As of December 31,				
	1998	1999	2000	2001	
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 19,092	\$ 80,023	\$ 852,360	\$ 338,511	
Working capital	19,627	81,758	917,608	415,336	
Total assets	21,312	100,942	1,015,468	916,355	
Long term obligations, excluding current portion	79	367	300,187	300,048	
Total stockholders' equity	\$ 20,565	\$ 91,728	\$ 677,644	\$ 557,780	
	Period from October 20, 1997 (inception) to December 31, 1997	Years Ended December 31,			
		1998	1999	2000	2001
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue	\$	\$ 1,733	\$ 3,034	\$ 59,662	\$ 195,680
Costs of goods sold, excluding amortization of deferred stock compensation:					
Product sales		1,208	1,032	39,980	121,281
Inventory related charges					45,335
Gross profit		525	2,002	19,682	29,064
Operating expenses:					
Research and development, excluding amortization of deferred stock compensation	39	4,009	24,858	53,654	78,355
Sales and marketing, excluding amortization of deferred stock compensation	21	649	4,557	25,304	51,322
General and administrative, excluding amortization of deferred stock compensation	49	1,591	3,455	16,385	37,388
Restructuring and impairment charges					17,350
Amortization of deferred stock compensation	89	3,310	11,422	66,413	27,009
Amortization of goodwill and intangibles			1,842	3,594	9,067
Common stock warrant expense			2,891	4,545	
In-process research and development			170		8,240
Total operating expenses	198	9,559	49,195	169,895	228,731

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Operating loss	(198)	(9,034)	(47,193)	(150,213)	(199,667)
Interest and other income (expense), net	(1)	183	623	13,333	11,813
Loss before income taxes	(199)	(8,851)	(46,570)	(136,880)	(187,854)
Income taxes		1	2	7	412
Net loss	(199)	(8,852)	(46,572)	(136,887)	(188,266)
Beneficial conversion of preferred stock				(4,242)	

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	Period from October 20, 1997 (inception) to December 31, 1997	Years Ended December 31,			
		1998	1999	2000	2001
(In thousands, except per share data)					
Net loss attributable to common stockholders	\$ (199)	\$ (8,852)	\$ (46,572)	\$ (141,129)	\$ (188,266)
Basic and diluted net loss per share	\$(0.77)	\$ (0.74)	\$ (2.58)	\$ (1.22)	\$ (1.40)
Weighted-average shares outstanding used in computing basic and diluted net loss per share	257	11,919	18,043	115,587	134,756

Significant events affecting ONI Systems operating trends. The comparability of ONI Systems operating results is affected by a number of significant and non-recurring items recognized in some periods. In fiscal 2001, ONI Systems recorded an in-process research and development charge of \$8.2 million related to acquisition of a product line from Finisar Corporation, restructuring charges of \$17.4 million related to the exiting of certain facilities and employee terminations and inventory related charges of \$45.4 million.

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The following selected unaudited pro forma combined financial data was prepared using the purchase method of accounting. Due to different fiscal period ends for CIENA and ONI Systems, the unaudited pro forma combined statement of earnings data combined the historical consolidated statements of earnings data for CIENA for the year ended October 31, 2001, with ONI Systems' historical consolidated statements of income data for the year ended December 31, 2001, giving effect to the merger as if it had occurred on November 1, 2000. The unaudited pro forma combined balance sheet data combines CIENA's historical consolidated balance sheet data as of January 31, 2002 with ONI Systems' historical consolidated balance sheet data as of December 31, 2001, giving effect to the merger as if it had occurred as of January 31, 2002. Due to the differences in year ends, the ONI Systems fourth quarter 2001 operating results are included in both the year ended October 31, 2001 and the three months ended January 31, 2002 pro forma operating results. The ONI Systems revenue and net loss for the fourth quarter of 2001 are included in the unaudited pro forma combined statement of operations for the quarter ended January 31, 2002 on page . On March 29, 2001, CIENA acquired Cyras Systems, Inc. in a purchase business combination. Due to the significance of that acquisition, the CIENA pro forma operating results include adjustments to reflect the acquisition of Cyras Systems as of November 1, 2000.

The selected unaudited pro forma combined financial data is based on estimates and assumptions which are preliminary. This data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of CIENA that would have been reported had the merger been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations of CIENA.

This selected unaudited pro forma combined financial data should be read in conjunction with the summary selected historical consolidated financial data and the unaudited pro forma combined financial data and accompanying notes contained elsewhere in this joint proxy statement/prospectus and the separate historical consolidated financial statements and accompanying notes of CIENA and ONI Systems incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page of this joint proxy statement/prospectus.

	As of January 31, 2002
	(in thousands)
PRO FORMA COMBINED BALANCE SHEET DATA:	
Cash and cash equivalents	\$ 801,799
Working capital	2,059,126
Total assets	4,493,746
Long-term obligations, excluding current position	995,788
Stockholders' equity	2,984,758

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	Year Ended Oct. 31, 2001	Three Months Ended Jan. 31, 2002
(in thousands, except per share amounts)		
PRO FORMA COMBINED STATEMENT OF OPERATIONS DATA:		
Revenue	\$ 1,798,909	\$ 204,319
Cost of goods sold (exclusive of \$6,941 and \$1,244 deferred stock compensation costs)	1,071,165	174,665
Gross profit	<u>727,744</u>	<u>29,654</u>
Operating expenses		
Research and development (exclusive of \$39,952 and \$6,418 deferred stock compensation costs)	363,240	84,586
Sales and marketing (exclusive of \$23,755 and \$3,279 deferred stock compensation costs)	203,798	51,220
General and administrative (exclusive of \$22,884 and \$1,090 deferred stock compensation costs)	91,872	20,612
Deferred stock compensation costs	93,532	12,031
Amortization of goodwill	300,301	
Amortization of intangible assets	15,477	3,467
In-process research and development	8,240	
Restructuring costs	32,789	8,086
Goodwill impairment	1,719,426	
Provision for doubtful accounts	4,042	
Total operating expenses	<u>2,832,717</u>	<u>180,002</u>
Loss from operations	(2,104,973)	(150,348)
Other income (expense), net	35,149	730
Loss before income taxes	(2,069,824)	(149,618)
Provision (benefit) for income taxes	87,797	(36,110)
Net loss	<u>\$ (2,157,621)</u>	<u>\$ (113,508)</u>
Basic net loss per common share	<u>\$ (5.14)</u>	<u>\$ (0.27)</u>
Diluted net loss per common and dilutive potential common share	<u>\$ (5.14)</u>	<u>\$ (0.27)</u>
Weighted average basic common shares outstanding	<u>419,604</u>	<u>426,331</u>
Weighted average basic common and dilutive potential common shares outstanding	<u>419,604</u>	<u>426,331</u>

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The following table reflects the historical net income and book value per share of CIENA common stock and the historical net loss and book value per share of ONI Systems common stock in comparison with the unaudited pro forma net loss and book value per share after giving effect to the pending merger of CIENA and ONI Systems. The information presented in the following table should be read in conjunction with the unaudited pro forma combined financial data and the CIENA historical consolidated financial statements and the ONI Systems historical financial statements incorporated by reference or included elsewhere in this joint proxy statement/prospectus.

	Year Ended October 31, 2001	Three Months Ended January 31, 2002
CIENA HISTORICAL PER SHARE DATA:		
Basic net loss per common share	\$(5.75)	\$(0.22)
Diluted net loss per common and dilutive potential common share	\$(5.75)	\$(0.22)
Book value per share at period end(1)		\$ 6.29

	Year Ended December 31, 2001
ONI SYSTEMS HISTORICAL PER SHARE DATA:	
Basic net loss per common share	\$(1.40)
Diluted net loss per common and dilutive potential common share	\$(1.40)
Book value per share at period end(2)	\$ 3.97

	Year Ended October 31, 2001	Three Months Ended January 31, 2002
UNAUDITED PRO FORMA COMBINED CIENA (3):		
Basic net loss per common share	\$(5.14)	\$(0.27)
Diluted net loss per common and dilutive potential common share	\$(5.14)	\$(0.27)
Book value per share at period end(4)		\$ 6.97

	Year Ended October 31, 2001	Three Months Ended January 31, 2002
EQUIVALENT PRO FORMA COMBINED ONI SYSTEMS(5):		
Basic net loss per common share	\$(3.65)	\$(0.19)
Diluted net loss per common and dilutive potential common share	\$(3.65)	\$(0.19)
Book value per share at period end		\$ 4.95

1. CIENA's book value per share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at January 31, 2002.
2. ONI Systems' book value per share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at December 31, 2001.
3. Pro forma combined per share CIENA information combines pro forma financial information of CIENA for the year ended October 31, 2001 (which includes certain pro forma adjustments related to the March 29, 2001 acquisition of Cyras System, Inc.) with the financial information of ONI Systems for the year ended December 31, 2001 and combines financial information of CIENA for the three months

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ended January 31, 2002 with the financial information of ONI Systems for the three months ended December 31, 2001. This information also assumes the merger occurred as of November 1, 2000 and was accounted for using the purchase method. The ONI Systems fourth quarter 2001 operating results are included in both the pro forma combined data for the year ended October 31, 2001 and the three months ended January 31, 2002.

4. Pro forma combined book value per share is computed by dividing pro forma stockholders' equity at January 31, 2002 by the pro forma number of shares of CIENA common stock which would have been outstanding had the merger been consummated as of January 31, 2002.
5. The equivalent pro forma combined amounts are calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 0.7104 shares of CIENA common stock for each share of ONI Systems common stock.

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COMPARATIVE PER SHARE MARKET PRICE DATA

CIENA common stock trades on the Nasdaq Stock Market under the symbol CIEN. ONI Systems common stock trades on the Nasdaq Stock Market under the symbol ONIS.

The following table shows the high and low sales prices per share of CIENA common stock and ONI Systems common stock, each as reported on the Nasdaq National Market on (i) February 15, 2002, the last full trading day preceding public announcement that CIENA and ONI Systems had entered into the merger agreement and (ii) the last full trading day for which high and low sales prices were available as of the date of this joint proxy statement/prospectus.

The table also includes the equivalent high and low sales prices per share of ONI Systems common stock on those dates. These equivalent high and low sales prices per share reflect the fluctuating value of the CIENA common stock that ONI Systems stockholders would receive in exchange for each share of ONI Systems common stock if the merger was completed on either of these dates, applying the exchange ratio of 0.7104 shares of CIENA common stock for each share of ONI Systems common stock.

	CIENA Common Stock		ONI Systems Common Stock		Equivalent Price Per Share	
	High	Low	High	Low	High	Low
February 15, 2002	\$9.20	\$8.54	\$5.54	\$5.11	\$6.54	\$6.07
March , 2002						

The above table shows only historical comparisons. These comparisons may not provide meaningful information to CIENA stockholders in determining whether to approve the issuance of shares of CIENA common stock in connection with the merger and to ONI Systems stockholders in determining whether to approve and adopt the merger agreement and approve the merger. CIENA and ONI Systems stockholders are urged to obtain current market quotations for CIENA and ONI Systems common stock and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to approve and adopt the merger agreement and approve the merger. See the section entitled Where You Can Find More Information beginning on page of this joint proxy statement/prospectus.

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FORWARD-LOOKING STATEMENTS

Some of the statements contained, or incorporated by reference, in this joint proxy statement/prospectus discuss future expectations, contain projections of results of operations or financial condition or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. In some cases, you can identify these so-called forward-looking statements by words like may, will, should, expects, plans, anticipates, believes, estimates, predicts, continue or the negative of those words and other comparable words. You should be aware that those statements only reflect our predictions. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements are disclosed under the heading Risk Factors beginning on page and throughout this joint proxy statement/prospectus.

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RISK FACTORS

*CIENA and ONI Systems will operate as a combined company in a market environment that involves significant risks. In addition to the risks described in each company's reports on Forms 10-K and 10-Q relating to each company as an independent business, you should carefully consider the following risk factors relating to the merger and to ownership of CIENA common stock before deciding how to vote your shares. You should also consider the other information contained in, or incorporated by reference into, this joint proxy statement/prospectus. See *Where You Can Find More Information* on page . Among other things, the combined company will face all of the risks that the individual companies now face, as described in the incorporated documents, and face heightened risks in areas such as competition and intellectual property protection.*

The Value of the CIENA Common Stock that ONI Systems Stockholders Receive in the Merger Will Depend on its Market Price at the Time of the Merger, and No Adjustment Will be Made if that Market Price Declines.

Under the merger agreement, ONI Systems stockholders will receive 0.7104 shares of CIENA common stock for each share of ONI Systems common stock regardless of any changes in the market value of ONI Systems or CIENA before the completion of the merger. The market price of CIENA common stock is extremely volatile and has fluctuated over a wide range. From April 20, 2001 to February 22, 2002, CIENA common stock traded as high as \$70.89 per share and as low as \$7.13 per share. The market price of CIENA common stock may continue to fluctuate significantly in response to various factors, including:

quarterly variations in operating results or growth rates;

changes in estimates by securities analysts;

market conditions in the industry;

announcements and actions by customers or competitors;

regulatory and judicial actions; and

general economic conditions.

The dollar value of CIENA common stock that ONI Systems stockholders will receive upon completion of the merger will depend on the market value of CIENA common stock at the time of completion of the merger, which may be different from, and lower than, the closing price of CIENA common stock on the last full trading day preceding public announcement that CIENA and ONI Systems entered into the merger agreement, the last full trading day prior to the date of this joint proxy statement/prospectus or the date of the special meetings. Moreover, completion of the merger may occur some time after stockholder approval has been obtained. There will be no adjustment to the exchange ratio, and the parties do not have a right to terminate the merger agreement, based upon changes in the market price of either CIENA common stock or ONI Systems common stock.

If CIENA Is Not Able to Integrate ONI Systems into its Operations Successfully, Some or All of the Potential Benefits of the Merger May Not Be Realized.

Although CIENA and ONI Systems expect that the merger will result in benefits to the combined company, the combined company may not realize these benefits because of integration and other challenges. The failure of the combined company to realize any of the anticipated benefits of the merger could severely harm the results of operations of the combined company.

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Achieving the benefits of the merger will depend in part on the integration of the technology, operations and personnel of the two companies in a timely and efficient manner, which involves many risks, including:

difficulty assimilating ONI Systems' technology, product offerings, sales efforts, operations and personnel;

difficulty coordinating research and development efforts to introduce new products and technologies;

diversion of management attention;

potential disruption of ongoing business;

inability to retain key personnel;

potential expenditures of significant cash resources to accomplish the benefits of the merger;

inability to maintain uniform standards, controls, procedures and policies; and

impairment of relationships with employees, customers or vendors.

Failure to overcome these risks or any other problems encountered in connection with the merger or other similar transactions could have a material adverse effect on CIENA's business, results of operations and financial condition.

Directors and Officers of ONI Systems May Have Conflicts of Interest that Influence their Decision to Approve the Merger.

You should be aware of potential conflicts of interest of, and the benefits available to, directors and executive officers of ONI Systems when considering the ONI Systems board of directors' recommendation of the merger agreement. The directors and executive officers of ONI Systems have interests in the merger that are in addition to, or different from, their interests as ONI Systems stockholders.

These interests include:

New Employment and Consulting Agreements. Hugh Martin has entered into a consulting agreement with CIENA. William Cumpston and Rohit Sharma have both entered into employment agreements with CIENA. Each of these agreements become effective upon the completion of the merger. Under the agreements, these individuals are entitled to receive compensation and benefits as described under "The Merger - Interests of Executive Officers and Directors in the Merger" on page .

Stock Option Grants and Accelerations. ONI Systems stock options held by members of the ONI Systems board of directors will accelerate in connection with the merger and become 100% vested and exercisable in full. The ONI Systems options held by Robert J. Jandro and Michael A. Dillon, both of whom are executive officers of ONI Systems, will accelerate in connection with the merger so that 25% of the unvested shares subject to these options will become vested. In addition, several other employees of ONI Systems have stock options with acceleration of vesting in connection with the merger.

Loan Agreements with Executive Officers. ONI Systems made two loans to Michael Dillon with a current balance of \$102,407 and one loan to Hugh Martin, with a current balance of \$1,726,576. In addition, the promissory note from Robert Jandro, with an outstanding balance of \$2,451,164 was amended to allow for partial prepayment in proportion to the amount of stock sold. All of the promissory notes issued in exchange for the loans are secured by shares of ONI Systems common stock.

Directors' and Officers' Insurance; Indemnification of ONI Systems' Directors and Officers. Under the merger agreement, present and former directors and officers of ONI Systems have significant rights to directors' and officers' insurance coverage and to indemnification with respect to acts and

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omissions in their capacities as directors and officers of ONI Systems, for six years following closing, including acts and omissions relating to the merger.

The \$300 Million in Additional Debt that CIENA Will Assume in Connection with the Merger May Limit CIENA's Financing Options in the Future and Could Weaken Our Business.

ONI Systems has \$300 million principal amount of 5% convertible subordinated notes due October 15, 2005 outstanding. CIENA will assume these ONI Systems notes at the effective date of the merger. In addition, CIENA issued \$690 million principal amount of 3.75% convertible notes due February 1, 2008 and assumed \$150 million principal amount of 4.50% convertible subordinated notes when it acquired Cyras in March 2001. This additional indebtedness could adversely affect CIENA in a number of ways, including:

limiting CIENA's ability to obtain additional financing in the future;

limiting CIENA's flexibility to plan for, or react to, changes in its business;

requiring CIENA to use a substantial portion of its cash flow from operations or utilize a significant portion of cash on hand to repay the debt when due, rather than for other purposes, such as working capital or capital expenditures;

making CIENA more highly leveraged than some of its competitors, which may place it at a competitive disadvantage; and

making CIENA more vulnerable to a downturn in its business.

Additionally, in the event that the holders of the notes convert their notes into CIENA common stock, CIENA would have to issue a significant number of shares of additional common stock. For example, if the merger had closed on March 19, 2002, CIENA would have to issue 2,325,757 shares of its common stock if holders of the entire \$300 million convertible notes elected to convert. The 3.75% notes and 4.50% notes are currently convertible at conversion prices of \$104.38 and \$144.64 per share.

CIENA and ONI Systems May Be Unable to Obtain the Regulatory Approvals Required to Complete the Merger or the Combined Company May Be Required to Comply with Material Restrictions or Conditions.

The merger is subject to review by the United States Federal Trade Commission and the Antitrust Division of the Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Under this statute, CIENA and ONI Systems are required to make pre-merger notification filings and await the expiration or early termination of statutory waiting periods prior to completing the merger. CIENA and ONI Systems may receive a request for additional information and other documentary material from the Department of Justice or the Federal Trade Commission under the Hart-Scott-Rodino Act in connection with the merger. In practice, complying with a request for additional information or material under the Hart-Scott-Rodino Act can take a significant amount of time. Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction. The merger also may be subject to review by the governmental authorities of various other jurisdictions under the antitrust laws of those jurisdictions.

The reviewing authorities may sue to block the merger or may try to impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. CIENA is not required under the merger agreement to agree to restrictions or conditions requested by governmental authorities that would require it to divest any material business or materially restrict the combined company's business. CIENA and ONI Systems could agree, however, to restrictions or conditions imposed by antitrust authorities in order to obtain regulatory approval, and these restrictions or conditions could harm the combined company's operations. No additional stockholder approval is expected to be required for any decision by CIENA or ONI Systems, after the special meeting of ONI

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Systems stockholders and the special meeting of CIENA stockholders, to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

Charges to Earnings Resulting from the Application of the Purchase Method of Accounting May Adversely Affect the Market Value of CIENA's Common Stock Following the Merger.

In accordance with United States generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting, which will result in charges to earnings that could have a material adverse effect on the market value of the common stock of CIENA following completion of the merger. Under the purchase method of accounting, the combined company will allocate the total estimated purchase price to ONI Systems' net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development based on their fair values as of the date of completion of the merger, and record the excess of the purchase price over those fair values as goodwill. The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. In addition, to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired, the combined company may be required to incur material charges relating to the impairment of those assets. These depreciation, amortization, in-process research and development and potential impairment charges could have a material impact on the combined company's results of operations.

The Economic Downturn Could Continue to Adversely Affect the Revenues, Gross Margins and Expenses of the Combined Company.

The revenues and gross margins of the combined company will depend significantly on the overall demand for fiber-optic telecommunications equipment. Continued weakening in demand for fiber-optic telecommunications equipment of CIENA and ONI Systems caused by the ongoing economic downturn may result in decreased revenues for the combined company. The global economy has weakened and market conditions continue to be challenging. As a result, individuals and companies are delaying or reducing expenditures. CIENA and ONI Systems have observed effects of the global economic downturn in many areas of their businesses. The downturn has contributed to reported net revenue declines during recent quarters for CIENA, as well as a lowered revenue outlook for both companies. The economic downturn has also led to restructuring actions and contributed to writedowns to reflect the impairment of certain assets.

The Competitive Pressures the Combined Company Will Face Could Harm Its Revenues, Gross Margins and Prospects.

The combined company will encounter aggressive competition from numerous and varied competitors in all areas of its business. If the combined company fails to develop new products, periodically enhance its existing products, or otherwise compete successfully, it could harm its operations and prospects. Further, the combined company may have to continue to lower the prices of its products to stay competitive, while at the same time trying to maintain or improve gross margins. We believe that the merger will result in improvements to gross margin on a combined company basis, principally through lower costs and increased manufacturing efficiencies. However, if the combined company cannot decrease its cost structure in response to competitive pressures, its gross margins and therefore the profitability of the combined company could be adversely affected.

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The Businesses of CIENA and ONI Systems May Be Adversely Affected if the Merger Is Not Completed.

If the merger is not completed, CIENA and ONI Systems could each suffer a number of consequences that would adversely affect its business, including:

failure to realize the enhanced financial and competitive position each expects as a result of the acquisition;

the diversion of management attention from day-to-day business and the unavoidable disruption to each company's employees and relationships with customers as a result of efforts and uncertainties relating to the anticipated merger may detract from each company's ability to grow revenues and minimize costs, which, in turn may lead to a loss of market position;

the significant expenses related to the merger each has incurred and will continue to incur prior to closing of the transaction; and

the possibility that either company could, under certain circumstances, be required to pay the other a substantial termination fee if its board of directors were to change recommendations in favor of the merger.

The Combined Company May Suffer if It Cannot Satisfactorily Resolve Litigation by Nortel against ONI Systems or if Third Parties Assert that the Combined Company Violates Their Intellectual Property Rights.

In March 2000, Nortel Networks filed suit against ONI Systems in the United States District Court for the Northern District of California. The suit alleges that ONI Systems' products infringe five patents held by Nortel Networks, and sets forth allegations of misappropriation of trade secrets, unlawful business practices and common law unfair competition. Nortel Networks is seeking preliminary and permanent injunctions and damages against ONI in connection with these claims. If Nortel Networks is able to obtain an injunction preventing ONI Systems from selling its products, ONI Systems would suffer a substantial reduction in its revenues and incur losses over an extended period of time. ONI Systems has incurred substantial legal and other expenses as well as diversion of management time and attention in connection with this litigation. The expenses and diversion of resources associated with this litigation could seriously harm the business and financial condition of ONI Systems. Following the merger, the combined company will incur these litigation-related expenses, diversion of management time and attention, and would be subject to any adverse ruling, including an injunction preventing sale of ONI Systems' products, which could seriously harm the combined company's business and financial condition and could affect the combined company's ability to raise capital in the future. In the event of an adverse ruling, ONI Systems or the combined company may be unable to sell its products or be required to pay substantial damages to Nortel Networks, and if this litigation is resolved by settlement, ONI Systems or the combined company might need to make substantial payments to Nortel Networks.

The combined company generally will rely upon patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and agreements with its employees, customers, partners and other parties, to establish and maintain its intellectual property rights in technology and products used in the combined company's operations. However, any of its intellectual property rights could be challenged, invalidated or circumvented, or its intellectual property rights may not provide competitive advantages, which could significantly harm its business. Also, because of the rapid pace of technological change in the information technology industry, much of the combined company's business and many of its products will rely on key technologies developed by third parties, and the combined company may not be able to obtain or renew licenses and technologies from these third parties at all or on reasonable terms. Third parties also may claim that the combined company is infringing upon their intellectual property rights. Even if the combined company does not believe that its products or business are infringing upon third parties' intellectual property rights, the claims can be time-consuming and costly to defend and divert management's attention and resources away from the combined company's business. Claims of intellectual property infringement also might require the combined company to enter into costly settlement or license

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agreements. If the combined company cannot or does not license the infringed technology at all or on reasonable terms or substitute similar technology from another source, its operations could suffer. In addition, it is possible that as a consequence of the merger, some intellectual property rights of the combined company may be licensed to a third party that had not been licensed prior to the creation of the combined company or that certain restrictions could be imposed on the business of CIENA or ONI Systems prior to the merger. Consequently, the combined company may lose a competitive advantage with respect to these intellectual property rights or the combined company may be required to enter into costly arrangements in order to terminate or limit these agreements.

ONI Systems is Prohibited from Soliciting Other Offers.

The merger agreement contains detailed provisions that prohibit ONI Systems and its officers and directors, from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to any acquisition proposal as defined in the merger agreement. The merger agreement does not, however, prohibit ONI Systems or its board of directors from considering, or in the event of a tender or exchange offer made directly to stockholders, recommending, an unsolicited bona fide written acquisition proposal from a third party, if specified conditions are met.

CIENA and ONI Systems May Terminate the Merger Agreement Under Specified Circumstances.

Under certain circumstances specified in the merger agreement, either CIENA or ONI Systems may terminate the merger agreement. These circumstances generally include if:

the merger is not completed by September 30, 2002;

a final, non-appealable order of a court or other action of any governmental authority has the effect of permanently prohibiting completion of the merger;

the required approval of the stockholders of each of CIENA and ONI Systems has not been obtained at its duly held special meeting;

the board of directors of the other party takes any of the actions in opposition to the merger as described in the merger agreement;

the other party breaches its representations, warranties or covenants in the merger agreement and as a result there is or would likely be a material adverse effect on the breaching party;

ONI Systems determines to accept a superior acquisition proposal from a third party; or

the other party consents to termination.

If the merger agreement is terminated, depending on the circumstances one party may be required to reimburse expenses of up to \$2 million and pay the other a termination fee of \$36.7 million, or CIENA may be required to pay ONI Systems a termination fee of \$87.2 million under certain limited conditions.

The Merger May Fail to Qualify as a Reorganization, Resulting in the Recognition of Taxable Gains or Losses on ONI System Shares.

CIENA and ONI Systems have structured the merger to qualify as a reorganization under Section 368(a) of the Internal Revenue Code. Although the Internal Revenue Service has not provided a ruling on the matter, CIENA and ONI Systems expect to obtain legal opinions from their respective counsel that the merger qualifies as a reorganization. These opinions do not bind the IRS or prevent the

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IRS from adopting a contrary position. If the merger fails to qualify as a reorganization and the companies decide to proceed with the merger, ONI Systems stockholders generally would recognize gains or losses on each share of ONI Systems common stock surrendered in the amount of the difference between the basis in that share and the fair market value of the CIENA common stock received in exchange for that share at the effective time of the merger.

ONI Systems is the Subject of Legal Proceedings Regarding the Merger.

On February 20, 2002, a complaint was filed on behalf of a purported class of ONI Systems security holders in the Superior Court of the State of California, County of San Mateo against ONI Systems, Matthew Bross, Kevin Compton, Jonathan Feiber, Gregory Maffei and Hugh Martin, seeking an injunction to prevent the consummation of the proposed merger with CIENA. The complaint alleges that the director defendants, in connection with the approval of the proposed merger with CIENA, breached their fiduciary duties, including duties of loyalty and good faith, to ONI stockholders by, among other things, allegedly failing to obtain the highest value for ONI stockholders, engaging in self-dealing and unjustly enriching themselves and other insiders or affiliates of ONI. The complaint, which is encaptioned K.W. Sams, On Behalf of Himself and All Others Similarly Situated v. ONI Systems Corporation, et al., Case No. CIV-420819, seeks declaratory, injunctive and other relief permitted by equity. ONI Systems believes that the lawsuit is without merit and intends to defend the case vigorously.

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THE SPECIAL MEETING OF CIENA STOCKHOLDERS

General

CIENA is furnishing this document to holders of CIENA common stock in connection with the solicitation of proxies by the CIENA board of directors for use at the special meeting of CIENA stockholders to be held on _____, 2002 and at any adjournment or postponement thereof.

This document was first mailed to stockholders of CIENA on or about _____, 2002.

Date, Time and Place

The special meeting will be held on _____, 2002 at 9:00 a.m., local time, at the BWI Marriott Hotel, 1743 W. Nursery Road, Linthicum, Maryland 21090. CIENA's telephone number is (410)865-8500.

Purpose of the Special Meeting

At the special meeting, and any adjournment or postponement thereof the holders of CIENA common stock will be asked to consider and vote on a proposal to approve and adopt the merger agreement by and among CIENA and ONI Systems and the related issuance of shares of CIENA common stock to ONI Systems stockholders in the merger.

A copy of the merger agreement is attached to this document as Annex A. CIENA stockholders are encouraged to read the merger agreement in its entirety.

Record Date for the Special Meeting

The CIENA board of directors has fixed the close of business on _____, 2002 as the record date for determination of CIENA stockholders entitled to notice of and to vote at the special meeting.

Voting of Proxies at the Special Meeting and Revocation of Proxies

CIENA requests that all holders of CIENA common stock on the record date complete, date and sign the accompanying proxy card and promptly return it in the accompanying envelope or otherwise mail it to CIENA. All properly executed proxies that CIENA receives prior to the vote at the special meeting, and that are not revoked, will be voted in accordance with the instructions indicated on the proxies. If no direction is indicated on such proxies, such proxies will be voted in favor of approval and adoption of the merger agreement and approval of the merger and the share issuance. The CIENA board of directors does not currently intend to bring any other business before the special meeting and, to the knowledge of the CIENA board of directors, no other matters are to be brought before the special meeting. If other business properly comes before the special meeting, the proxies will vote in accordance with their own judgment.

A CIENA stockholder may revoke a proxy at any time prior to its use:

by delivering to the Secretary of CIENA a signed notice of revocation;

by delivering to the Secretary of CIENA a later-dated, signed proxy; or

by attending the special meeting and voting in person.

Attendance at the special meeting does not in itself constitute the revocation of a proxy.

Votes Required for Approval and Adoption of the Merger Agreement and Approval of the Merger

In order for the merger to be effective, the holders of a majority of the shares of CIENA common stock outstanding as of the record date must vote to adopt and approve the merger agreement and approve the issuance of shares in the merger. As of the close of business on the record date for the special meeting, _____ shares of CIENA common stock were outstanding and there were approximately _____

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stockholders of record. Each share of CIENA common stock outstanding on the record date is entitled to one vote at the special meeting on each matter to be voted on.

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As of the close of business on the record date for the special meeting, CIENA's directors and executive officers (and their respective affiliates) held approximately _____ shares of CIENA common stock, or approximately _____ % of the shares of CIENA common stock entitled to vote at the special meeting, excluding options and warrants to purchase CIENA common stock which were unexercised as of the record date.

Quorum and Abstentions

A majority of all shares of CIENA common stock outstanding as of the record date, represented in person or by proxy, constitutes a quorum for the transaction of business at the special meeting. Broker non-votes and shares held by persons abstaining will be counted in determining whether a quorum is present at the CIENA special meeting. CIENA has appointed its Senior Vice President, General Counsel and Secretary to function as the inspector of elections of the special meeting. The inspector of elections will ascertain whether a quorum is present, tabulate votes and determine the voting results on all matters presented to CIENA stockholders at the special meeting. If a quorum is not present, or fewer shares of CIENA common stock are voted for the adoption and approval of the merger agreement and the approval of the merger than a majority of the shares eligible to vote at the special meeting in person or by proxy, the special meeting may be postponed or adjourned for the purpose of allowing additional time for obtaining additional proxies or votes, and at any subsequent reconvening of the special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent special meeting.

If you submit a proxy that indicates an abstention from voting, your shares will be counted as present for the purpose of determining the existence of a quorum at the special meeting, but they will not be voted at the applicable special meeting. Consequently, your abstention will have the same effect as a vote against the proposal to adopt and approve the merger agreement and to approve the merger and share issuance.

If your shares are held by your broker, your broker will vote your shares for you only if you provide instructions on how to vote your shares. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your broker cannot vote your shares of common stock at the special meeting without specific instructions from you. Because the affirmative vote of a majority of the outstanding shares of CIENA common stock is required to adopt and approve the merger agreement and to approve the merger and share issuance, if you do not instruct your broker how to vote, it will have the effect of a vote against adoption and approval of the merger agreement and approval of the merger and share issuance.

Solicitation of Proxies and Expenses

CIENA will bear its own expenses in connection with the solicitation of proxies for its special meeting of stockholders, except that CIENA will bear all printing and filing costs and expenses, other than attorneys' and accountants' fees and expenses of ONI Systems. CIENA will bear all other expenses incurred in connection with the preparation of this document and the preparation and filing of the registration statement of which this document forms a part.

In addition to solicitation by mail, directors, officers and employees of CIENA may solicit proxies from stockholders by telephone, facsimile, e-mail or in person. No additional compensation will be paid to these individuals for any such services. Nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable expenses incurred in sending proxy materials to beneficial owners. CIENA intends to use Georgeson Shareholder Communications, Inc. as a proxy solicitor to solicit proxies from stockholders, either personally, or by telephone, telegram, facsimile or electronic or United States mail, and will pay Georgeson a fee of approximately \$ _____ for these services plus reimbursement of expenses. Additionally, if a telephone campaign to investors becomes necessary and is authorized by CIENA, there could be a charge of \$ _____ per completed telephone contact.

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Board of Directors Recommendation

The CIENA board of directors has determined that the merger agreement is advisable, and that the terms of the merger agreement and the merger are fair to and in the best interests of CIENA and its stockholders. Accordingly, the CIENA board of directors has approved the merger agreement and recommends that stockholders vote **FOR** adoption and approval of the merger agreement, approval of the merger and approval of the issuance of shares in the merger.

The matter to be considered at the special meeting is of great importance to the stockholders of CIENA. Accordingly, CIENA stockholders are urged to read and carefully consider the information presented in this document and to complete, date, sign and promptly return the enclosed proxy in the enclosed, postage-paid envelope.

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THE SPECIAL MEETING OF ONI SYSTEMS STOCKHOLDERS

General

ONI Systems is furnishing this document to holders of ONI Systems common stock in connection with the solicitation of proxies by the ONI Systems board of directors for use at the special meeting of ONI Systems stockholders to be held on _____, 2002, and at any adjournment or postponement thereof. This document also is being furnished to ONI Systems stockholders by CIENA as a prospectus of CIENA in connection with the issuance by CIENA of shares of CIENA common stock as contemplated by the merger agreement.

This document was first mailed to stockholders of ONI Systems on or about _____, 2002.

Date, Time and Place

The special meeting will be held on _____, 2002 at 9:00 a.m., local time, at _____ . ONI Systems telephone number is (408) 965-2600.

Purpose of the Special Meeting

The purpose of the ONI Systems special meeting is to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of February 17, 2002 between CIENA and ONI Systems. The merger agreement provides for the merger of ONI Systems with and into CIENA, with CIENA surviving the merger. In the merger, ONI Systems stockholders will receive 0.7104 shares of CIENA common stock, par value \$0.01 per share, for each share of ONI Systems common stock, par value \$0.0001 per share.

A copy of the merger agreement is attached to this document as Annex A. ONI Systems stockholders are encouraged to read the merger agreement in its entirety.

Record Date for the Special Meeting

The ONI Systems board of directors has fixed the close of business on _____, 2002 as the record date for determination of ONI Systems stockholders entitled to notice of and to vote at the special meeting.

Voting of Proxies at the Special Meeting and Revocation of Proxies

ONI Systems requests that all holders of ONI Systems common stock on the record date complete, date and sign the accompanying proxy card and promptly return it in the accompanying envelope or otherwise mail it to ONI Systems. All properly executed proxies that ONI Systems receives prior to the vote at the special meeting, and that are not revoked, will be voted in accordance with the instructions indicated on the proxies. If no direction is indicated on such proxies, such proxies will be voted in favor of approval and adoption of the merger agreement and approval of the merger.

An ONI Systems stockholder may revoke a proxy at any time prior to its use:

by delivering to the Secretary of ONI Systems a signed notice of revocation;

by delivering to the Secretary of ONI Systems a later-dated, signed proxy; or

by attending the special meeting and voting in person.

Attendance at the special meeting does not in itself constitute the revocation of a proxy. If you have instructed a broker to vote your shares, you must follow the directions received from your broker to change those instructions.

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Votes Required for Approval and Adoption of the Merger Agreement and Approval of the Merger

In order for the merger to be effective, the holders of a majority of the shares of ONI Systems common stock outstanding as of the record date must vote to adopt and approve the merger agreement and approve the merger. As of the close of business on the record date for the special meeting, approximately _____ shares of ONI Systems common stock were outstanding and there were approximately _____ stockholders of record. Each share of ONI Systems common stock outstanding on the record date is entitled to one vote at the special meeting on each matter to be voted on.

As of the close of business on the record date for the special meeting, ONI Systems directors and executive officers (and their respective affiliates) held approximately _____ shares of ONI Systems common stock or approximately _____ % of the shares of ONI Systems common stock entitled to vote at the special meeting, excluding options and warrants to purchase ONI Systems common stock which were unexercised as of the record date. In addition, directors, executive officers and stockholders of ONI Systems beneficially owning an aggregate of approximately _____ shares of ONI Systems common stock (excluding any shares issuable upon the exercise of options and warrants) as of the close of business on the record date for the special meeting, or approximately _____ % of the shares of ONI Systems common stock entitled to vote at the special meeting, have entered into stockholder agreements, pursuant to which they have agreed to vote their ONI Systems shares in favor of adoption and approval of the merger agreement and approval of the merger, in favor of any matter that could reasonably be expected to facilitate the merger, against any proposal made in opposition to, or in competition with, the merger, and against any amendment of the ONI Systems certificate of incorporation or bylaws that is intended to, or that could reasonably be expected to impede, frustrate, prevent or nullify the merger or change the voting rights of the capital stock. As of the close of business on the record date for the special meeting, no director or executive officer of ONI Systems owned any shares of CIENA common stock. See the section entitled *The Merger Interests of Executive Officers and Directors in the Merger*.

Quorum and Abstentions

A majority of all shares of ONI Systems common stock outstanding as of the record date, represented in person or by proxy, constitutes a quorum for the transaction of business at the special meeting. Broker non-votes and shares held by persons abstaining will be counted in determining whether a quorum is present at the ONI Systems special meeting. ONI Systems has appointed its transfer agent, Mellon Investor Services LLC, to function as the inspector of elections of the special meeting. The inspector of elections will ascertain whether a quorum is present, tabulate votes and determine the voting results on all matters presented to ONI Systems stockholders at the special meeting. If a quorum is not present, or fewer shares of ONI Systems common stock are voted for the adoption and approval of the merger agreement and the approval of the merger than a majority of the shares eligible to vote at the special meeting in person or by proxy, the special meeting may be postponed or adjourned for the purpose of allowing additional time for obtaining additional proxies or votes, and at any subsequent reconvening of the special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent special meeting.

If you submit a proxy that indicates an abstention from voting in all matters, your shares will be counted as present for the purpose of determining the existence of a quorum at the special meeting, but they will not be voted on any matter at the applicable special meeting. Consequently, your abstention will have the same effect as a vote against the proposal to adopt and approve the merger agreement and to approve the merger.

If your shares are held by your broker, your broker will vote your shares for you only if you provide instructions on how to vote your shares. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your broker cannot vote your shares of ONI Systems common stock at the special meeting without specific instructions from you. Because the affirmative vote of a majority of the outstanding shares of ONI Systems common stock is required to

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approve and adopt the merger agreement and to approve the merger, if you do not instruct your broker how to vote, it will have the effect of a vote against approval and adoption of the merger agreement and approval of the merger.

Solicitation of Proxies and Expenses

ONI Systems will bear its own expenses in connection with the solicitation of proxies for its special meeting of stockholders, except that CIENA will bear all printing and filing costs and expenses, other than attorneys' and accountants' fees and expenses of ONI Systems. ONI Systems will bear all other expenses incurred in connection with the preparation of this document and the preparation and filing of the registration statement of which this document forms a part.

In addition to solicitation by mail, directors, officers and employees of ONI Systems may solicit proxies from stockholders by telephone, facsimile, e-mail or in person. No additional compensation will be paid to these individuals for any such services. Some of these individuals may have interests in the merger that are different from, or in addition to, the interests of ONI Systems stockholders generally. See *The Merger and Related Transactions - Interests of Executive Officers and Directors in the Merger*. Nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable expenses incurred in sending proxy materials to beneficial owners. ONI Systems intends to use _____ as a proxy solicitor to solicit proxies from stockholders, either personally, or by telephone, telegram, facsimile or electronic or United States mail, and will pay _____ a fee of approximately \$ _____ for these services plus reimbursement of expenses. Additionally, if a telephone campaign to investors becomes necessary and is authorized by ONI Systems, there could be a charge of \$ _____ per completed telephone contact.

Board of Directors Recommendation

The ONI Systems board of directors has unanimously determined that the merger agreement is advisable, and that the terms of the merger agreement and the merger are fair to and in the best interests of ONI Systems and its stockholders. Accordingly, the ONI Systems board of directors has unanimously approved the merger agreement and unanimously recommends that stockholders vote **FOR** adoption and approval of the merger agreement and approval of the merger. In considering such recommendation, ONI Systems stockholders should be aware that some ONI Systems directors and officers have interests in the merger that are different from, or in addition to, those of ONI Systems stockholders, and that ONI Systems has agreed to provide indemnification arrangements to directors and officers of ONI Systems. See *The Merger and Related Transactions - Interests of Executive Officers and Directors of ONI Systems in the Merger*.

The matter to be considered at the special meeting is of great importance to the stockholders of ONI Systems. Accordingly, ONI Systems stockholders are urged to read and carefully consider the information presented in this document and to complete, date, sign and promptly return the enclosed proxy in the enclosed, postage-paid envelope.

ONI Systems stockholders should not send any stock certificates with their proxy cards. A transmittal form with instructions for the surrender of ONI Systems common stock certificates will be mailed to ONI Systems stockholders promptly following completion of the merger. For more information regarding the procedures for exchanging ONI Systems stock certificates for CIENA stock certificates, see *Terms of the Merger Agreement and Related Transactions - Exchange of Certificates; Fractional Shares*.

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THE MERGER

General

The boards of directors of CIENA and ONI Systems have each approved the merger agreement, which provides for the merger of ONI Systems with and into CIENA, with CIENA being the surviving corporation of the merger. Each share of ONI Systems common stock outstanding immediately prior to the merger will be converted into the right to receive 0.7104 shares of CIENA common stock. Fractional shares of CIENA common stock will not be issued in connection with the merger, and ONI Systems stockholders otherwise entitled to a fractional share will be paid in cash for the fractional share, in the manner described under Terms of the Merger Agreement and Related Transactions Exchange of Certificates; Fractional Shares.

Background of the Merger

As a regular part of their businesses, CIENA and ONI Systems from time to time have each independently considered opportunities to expand and strengthen their own technology, products, research and development capabilities and distribution channels, including opportunities through strategic acquisitions, business combinations, investments, licenses, development agreements and joint ventures.

In late September 2001, Robert Finch, CIENA's Senior Vice President Corporate Development, contacted and had a brief conversation with Andrew Page, Vice President of Business Development for ONI Systems, whom he had met at a prior industry conference. The purpose of this call was to determine whether ONI Systems had any interest in discussing potential synergies between the two companies.

In early October 2001, Mr. Page telephoned Mr. Finch and informed him that ONI Systems would be interested in a transaction only if it brought important strategic benefits to the combined company.

On November 12, 2001, Dr. Patrick Nettles, CIENA's Executive Chairman, met with Hugh Martin, Chairman, President and Chief Executive Officer of ONI Systems, at CIENA's offices in Linthicum, Maryland to discuss a potential business combination or strategic relationship between the two companies. As a result of that meeting, Dr. Nettles asked Steve Chaddick, CIENA's Senior Vice President and Chief Strategy Officer, to meet further with Mr. Martin to discuss ONI Systems. Thereafter, on December 6, 2001, Mr. Chaddick met with Mr. Martin in Cupertino, California.

On December 17, 2001, Mr. Martin, Jonathan Feiber and Kevin Compton, all of whom are members of the ONI Systems board of directors, met to discuss overall business strategies and the potential combination of the two companies.

Commencing in early January 2002 and continuing through Goldman, Sachs & Co.'s formal engagement later in January, ONI Systems executives held many discussions with representatives of Goldman Sachs regarding strategic alternatives and opportunities for ONI Systems. Commencing January 20, 2002, Lawton Fitt, a Managing Director of Goldman Sachs International, an affiliate of Goldman Sachs, who is also a director of CIENA, recused herself from deliberating and voting on any proposals presented to CIENA's board of directors in respect of the merger agreement and merger.

On January 8, 2002, both Mr. Chaddick and Gary Smith, CIENA's President and Chief Executive Officer, had separate, brief conversations with Mr. Martin at an industry conference in Scottsdale, Arizona regarding potential strategic opportunities, including the potential combination of the two companies.

On January 9, 2002, Stephen Alexander, Senior Vice President and Chief Technology Officer of CIENA, contacted Mr. Martin to inform him that CIENA was interested in pursuing a potential business combination between the two companies.

On January 11, 2002, Mr. Chaddick met with Mr. Martin and Rohit Sharma, ONI Systems' founder and Chief Technology Officer, at ONI Systems' offices in San Jose, California. The ONI Systems executives gave a presentation of ONI Systems' current products, product strategies and development efforts and a tour of ONI Systems' manufacturing facilities.

On January 14, 2002, CIENA and ONI Systems entered into a general purpose nondisclosure agreement.

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Also on January 14, 2002, Mr. Alexander and Jeffrey Livas, CIENA's Vice President Systems Technology, met with Messrs. Martin and Sharma, Paul Mitalas, ONI Systems' Vice President ONLINE Development, and Brian Pheiffer, ONI Systems' Senior Network Architect, at ONI Systems' offices in San Jose. The CIENA executives presented an overview of CIENA's various products and technologies. The ONI Systems executives presented an overview of ONI Systems' products and a tour of its manufacturing facilities.

On January 16, 2002, Mr. Martin and Mr. Smith had a telephone conversation to discuss due diligence issues and to set up further meetings to discuss a potential business combination of the two companies.

On January 18, 2002, a meeting took place in Saratoga, California between representatives of CIENA and ONI Systems. CIENA's team consisted of Messrs. Smith, Finch, Alexander and Joseph R. Chinnici, CIENA's Senior Vice President, Finance and Chief Financial Officer. ONI Systems was represented by Messrs. Martin, Sharma, Page and William Cumpston, ONI Systems' Executive Vice President and Chief Operating Officer. The ONI Systems executives provided a review of ONI Systems' products, current business status and future prospects, and the parties engaged in a discussion regarding the possibility of a business combination.

Also on January 18, 2002, members of the board of directors of ONI Systems held informal discussions during which Mr. Martin described the progress of the discussions between the companies regarding a potential business combination.

At several meetings in January and February 2002, ONI Systems' executives met with representatives of Goldman Sachs to discuss potential strategic combinations. ONI Systems' management and representatives of Goldman Sachs considered additional companies that could potentially be interested in pursuing a business combination or other strategic transaction with ONI Systems. They also considered these companies' business strategies, market valuations and financial abilities to pursue and consummate such a transaction. As a result of this analysis, representatives of Goldman Sachs contacted the companies that the board had determined would likely be interested in evaluating a potential business combination or other strategic transaction with ONI Systems (including CIENA and two other Nasdaq-listed telecommunications equipment companies, Company A and Company B).

On January 24, 2002, at its regularly scheduled meeting, the ONI Systems board of directors met with representatives of its outside legal counsel, Fenwick & West LLP, and discussed the potential combination with CIENA among other matters. During this discussion it was proposed that ONI Systems engage Goldman Sachs as its financial advisor. Mr. Page presented the material terms of the engagement of Goldman Sachs, which were approved by the board. Representatives of Goldman Sachs joined the meeting, and, with its advisors, the board conducted an extensive discussion of the potential transaction with CIENA and other parties potentially interested in pursuing a strategic transaction with ONI Systems, including Company A and Company B. Representatives of Goldman Sachs presented a detailed initial analysis of a potential combination with CIENA, as well as analyses regarding potential combinations with other companies, including Company A, Company B and Company C, a NYSE-listed telecommunications equipment company and major issues associated with business combinations. The Goldman Sachs representatives left the meeting and the board further discussed the possibility of a business combination at length. The board directed ONI Systems' management to obtain additional information on various subjects, including synergies, product roadmap and other matters.

On January 25, 2002, Messrs. Smith and Finch met with Messrs. Martin, Sharma and Page at a hotel in McLean, Virginia, to discuss potential terms of a business combination. The CIENA executives gave a presentation of CIENA's customers, business outlook and organization.

On January 26 and 27, 2002, Messrs. Smith and Martin had further telephone conversations about the potential terms of a business combination.

Also on January 26, 2002, a representative of Goldman Sachs contacted a representative of Company A regarding a potential strategic relationship.

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On January 28, 2002, the ONI Systems board of directors held a meeting by teleconference to receive an update from management regarding the status and substance of the discussions with CIENA and other possible business combinations or strategic relationships. Mr. Martin led a detailed discussion regarding management's initial due diligence of CIENA including CIENA's financial outlook, product lines and key accounts. Mr. Martin then updated the board on the current negotiations regarding the valuation and the role of ONI Systems management in the combined entity. Mr. Martin then described the status of discussions with other possible acquisition partners, including Company A. The board actively discussed the CIENA transaction and other possibilities at length, including the need for additional due diligence investigation. The board instructed management to conduct additional diligence on CIENA and authorized management and its advisors to continue discussions with CIENA, while also continuing to explore alternatives, including the possibility of a transaction with Company A.

On January 29, 2002, CIENA and ONI Systems entered into a mutual non-disclosure agreement regarding discussions in connection with a potential combination, which superseded a prior general non-disclosure agreement between the companies dated January 14, 2002.

From late January 2002 through February 17, 2002, representatives of CIENA and its advisors performed a detailed review of ONI Systems business operations, affairs and prospects. ONI Systems' management made presentations to these representatives and advisors regarding ONI Systems' business and finances, and these representatives and advisors reviewed ONI Systems' legal and business documents.

From late January 2002 through February 17, 2002, representatives of ONI Systems and its advisors performed a detailed review of CIENA's business operations, affairs and prospects. CIENA management made presentations to these representatives and advisors regarding CIENA's business and finances, and these representatives and advisors reviewed CIENA's legal and business documents.

On January 29, 30 and 31, 2002, a CIENA due diligence team conducted a series of meetings with ONI Systems' representatives at the offices of Fenwick & West in Palo Alto, California and at a nearby hotel. CIENA representatives at those meetings included Messrs. Finch, Chinnici, Chaddick and Livas, Jesus Leon, CIENA's Senior Vice President, Metro Transport and Metro Switching Divisions, and Dawn DiRocco, CIENA's Senior Director, Global Financial Operations and Assistant Controller. CIENA's financial advisors from Morgan Stanley, accounting advisors from PricewaterhouseCoopers LLP and legal advisors from Hogan & Hartson L.L.P. were also present at one or more of those meetings. ONI Systems representatives at those meetings included Messrs. Martin, Sharma, Cumpston, Page and Mitalas, David Lam, Senior Manager of Business Development, Michael Dillon, Vice President and General Counsel, George Reyes, Interim Chief Financial Officer, Lisa Blos-Johnson, Vice President, Human Resources, Stewart Grierson, Corporate Controller, Robert Jandro, Executive Vice President, Global Sales and Services, Ken Burckhardt, former Vice President, Finance and Interim Chief Financial Officer, Peter Evans, Senior Vice President, Product Marketing, Martin Desroches, Vice President, Operations, Jalal Habelrih, Vice President, Switching Product Development, and Robert Schlossman, Senior Counsel. ONI Systems' financial advisors from Goldman Sachs and legal advisors from Fenwick & West were also present at one or more of those meetings. At these meetings CIENA and ONI Systems presented information on various topics, including human resources, manufacturing, procurement, sales, taxes, technology, operations, business outlook and potential field synergies.

On January 30, 2002, CIENA directed Hogan & Hartson to send to ONI Systems and Fenwick & West a first draft of a definitive merger agreement and related agreements.

Also on January 30, 2002, Company A contacted ONI Systems about continuing discussions regarding a potential business combination or other strategic relationship. Following this discussion, Messrs. Martin and Sharma met with executives of Company A in Denver regarding a potential business combination between ONI Systems and Company A.

On January 31, 2002, the ONI Systems board of directors held a meeting by teleconference to receive an update from management regarding the status and substance of the discussions with CIENA and Company A. A representative of Fenwick & West reviewed the significant terms of the proposed

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Agreement and Plan of Merger between CIENA and ONI Systems. Mr. Martin led a discussion about the proposed transaction with CIENA and the possibility of a transaction with Company A. Mr. Martin then described the proposed approach to due diligence regarding CIENA. After lengthy discussion the board directed management to proceed with their due diligence efforts and to pursue active negotiations of the merger agreement and ancillary agreements.

Also on February 1, 2002, the CIENA due diligence team and representatives from Morgan Stanley made an informal presentation regarding the proposed transaction to the CIENA board of directors. On the same date, an ONI Systems due diligence team held due diligence meetings with CIENA representatives at the offices of Hogan & Hartson in Baltimore, Maryland to continue ONI Systems due diligence investigation regarding CIENA's business, operations, sales pipeline and finances. ONI Systems representatives included Messrs. Martin, Cumpston, Burckhardt, Evans, Page, Dillon, Reyes and Lam. Investment banking advisors from Goldman Sachs, on behalf of ONI Systems, were also present. CIENA representatives at one or more of those meetings included Messrs. Smith, Chinnici and Finch, and Michael McCarthy, Senior Vice President Worldwide Sales and Support, Mark Cummings, Senior Vice President Operations, Rebecca Seidman, Senior Vice President Human Resources, Phil Moser, Vice President Sales Operations, Lynn Moore, Vice President Compensation and Acquisition Strategy, Russell B. Stevenson, Jr., Senior Vice President and General Counsel, Andrew C. Petrik, Vice President, Controller and Treasurer and Stephen Kaye, Vice President Corporate Development, as well as representatives from Morgan Stanley.

On February 3, 2002, Mr. Smith contacted Mr. Martin by telephone and discussed certain financial information with respect to CIENA and agreed to suspend further negotiations.

On February 4, 2002, ONI Systems and Company A entered into a mutual non-disclosure agreement. ONI Systems management began its due diligence investigation of Company A, including Company A's business and finances, and began providing similar due diligence information to representatives of Company A.

On February 5, 2002, CIENA publicly announced its anticipated first quarter 2002 earnings.

On February 6, 2002, the ONI Systems board of directors held a meeting by teleconference to receive an update from management regarding the status and substance of the discussions with CIENA and Company A. Mr. Martin reviewed information resulting from ONI Systems due diligence efforts and described the agenda for a planned meeting with Mr. Smith. After a lengthy discussion the board directed management to continue their due diligence efforts and to pursue active negotiations of the merger agreement and ancillary agreements.

Also on February 6, 2002, the parties determined to resume active negotiations and ONI Systems caused Fenwick & West to send to CIENA comments on the draft of the merger agreement and ancillary agreements on behalf of ONI Systems.

On February 8, 2002, representatives of ONI Systems management met with representatives of Company A at a conference center in San Jose to continue due diligence investigations, including engineering, research and development, product roadmaps and market outlook. Later that day, the representatives of ONI Systems management and the representatives of Company A met at ONI Systems offices and the representatives of Company A were given a tour of ONI Systems manufacturing and engineering facilities.

At a meeting on February 8, 2002, the ONI Systems board of directors discussed the status of Goldman Sachs contacts with the parties potentially interested in pursuing a strategic transaction. Mr. Martin presented the board with a detailed update of its plans for the due diligence meetings scheduled for February 9 and 10, 2002 and its investigations of CIENA including a review of CIENA's customers and revenue forecasts. Mr. Cumpston then reviewed the results of his recent meetings with engineering representatives of Company A and Mr. Martin updated the board on current discussions with Company A. The board discussed the proposed strategy for negotiations with CIENA and further due

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diligence with Company A. The board instructed management to continue its due diligence investigations and requested additional information about CIENA's revenue forecasts and customers.

On February 9 and 10, 2002, CIENA and ONI Systems and their financial and legal advisors attended due diligence meetings in Palo Alto.

Also on February 9 and 10, 2002, representatives of ONI Systems and Company A conducted detailed technical due diligence of the each other's products and technologies.

During the week of February 11, 2002, representatives of CIENA and ONI Systems and their respective legal advisors continued to negotiate the merger agreement and ancillary agreements.

On February 11 and 12, 2002, a representative of Goldman Sachs spoke with a representative of Company A's financial advisor regarding the potential timing of, and additional due diligence required for, a specific proposal from Company A.

On February 14, 2002, CIENA provided Messrs. Cumpston and Sharma with drafts of employment agreements. These agreements were negotiated over the next three days.

On February 15, 2002, the CIENA board of directors held a meeting by teleconference, at which CIENA's senior management team presented the proposed terms of the merger. Representatives of Hogan & Hartson L.L.P. also participated in the meeting. The board also reviewed a presentation by Morgan Stanley on the financial terms of the proposed merger, and Morgan Stanley delivered its opinion, subsequently confirmed in writing, that as of February 15, 2002, the exchange ratio pursuant to the merger agreement was fair to CIENA from a financial point of view. At the conclusion of the meeting, the CIENA board approved the terms of the merger and authorized management to complete and execute the merger agreement and related agreements.

Also on February 15, 2002, in the early afternoon, the ONI Systems board of directors held a special meeting with ONI Systems management and representatives of Fenwick & West and Goldman Sachs to discuss the CIENA transaction. Mr. Martin presented a detailed summary of the strategic rationale for the merger, an overview of the key transaction terms and the employment agreements to be entered by Messrs. Cumpston and Sharma. In addition, several members of ONI Systems' management team presented detailed discussions of the due diligence of CIENA conducted by ONI Systems, including product fit and positioning of CIENA and ONI Systems, CIENA's financial and accounting condition, synergies that may be realized by combining CIENA and ONI Systems, CIENA's sales pipeline, CIENA's research and development, CIENA's operations, legal matters regarding CIENA, including those associated with CIENA's intellectual property, customer contracts, significant licenses and outstanding litigation, and CIENA's human resources function and policies. Representatives of Goldman Sachs made a detailed presentation to the board and stated that Goldman Sachs was prepared to proffer its opinion that, as of such date, the exchange ratio is fair to the stockholders of ONI Systems from a financial point of view. Representatives of Fenwick & West led a detailed discussion of the terms of the proposed merger, the proposed merger agreement and the related agreements, including the proposed stockholder and affiliate agreements, the terms of the non-solicitation covenants, the proposed employment agreements, the termination sections and the consequences of termination and the fiduciary duties of the ONI Systems' board with respect to the proposed transaction. The board continued its discussion of the proposed merger and the risks associated therewith. The ONI Systems board of directors considered the possibility of other potential transactions, including a combination with Company A. The board noted that no specific alternative proposal had been forthcoming from Company A, that no other company had indicated substantial interest in a strategic relationship, and that Company A had indicated that a lengthy additional due diligence investigation by Company A would be required before Company A would consider whether to make a specific proposal, and weighed these factors against the relative certainty associated with the CIENA negotiations, which had proceeded further to date. The possibility of an alternative transaction with Company A or another company was further weighed against the possibility that CIENA might have been unwilling to proceed on the terms then under discussion if ONI Systems continued to engage in discussions with Company A or others. The ONI Systems board also considered that a definitive

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merger agreement with CIENA would contain provisions allowing ONI Systems to consider and respond to future unsolicited proposals from Company A or any other party if the ONI Systems board made a finding that it was required to do so to comply with its fiduciary duties to its stockholders, subject to the payment to CIENA of a \$36.7 million merger termination fee plus up to \$2 million of expenses and other provisions. The board then agreed to meet again later that evening to continue its consideration of the proposed merger.

In the evening on February 15, 2002, the ONI Systems board held an additional special meeting by teleconference with representatives of Fenwick & West and Goldman Sachs to discuss the CIENA transaction, including additional discussion of the proposed employment agreements for Messrs. Cumpston and Sharma and a presentation regarding the principal terms of a consulting agreement to be entered by Mr. Martin. The board had a further discussion of the terms and conditions, and advisability of, the proposed merger. Representatives of Goldman Sachs proffered Goldman Sachs' opinion that, as of such date, the exchange ratio was fair to the stockholders of ONI Systems from a financial point of view. At the conclusion of the meeting, the board approved the merger, merger agreement and related agreements.

On February 16, 2002, CIENA provided Mr. Martin with a draft consulting agreement, which was negotiated on February 16 and 17, 2002.

On February 16 and 17, 2002, representatives of CIENA and ONI Systems finalized the merger agreement and ancillary agreements. In addition, representatives of CIENA and each of Messrs. Martin, Cumpston and Sharma negotiated and finalized the employment and consulting agreements. In addition, Messrs. Smith and Martin had several discussions regarding organizational issues in connection with the merger. The merger agreement and related documents were executed on the evening of February 17, 2002.

On February 18, 2002, CIENA and ONI Systems issued a joint press release announcing the signing of the merger agreement.

On the evening of February 20, 2002, Mr. Smith called Mr. Martin and informed him that due to information recently received by CIENA, it had revised downward its revenue outlook for the fiscal second quarter of 2002. On February 21, 2002, CIENA publicly announced its financial results for the fiscal first quarter of 2002 and its revised revenue outlook for the fiscal second quarter of 2002.

On February 22, 2002, representatives of ONI Systems and a representative of Goldman Sachs, met in CIENA's offices with representatives of CIENA to review and discuss CIENA's revised revenue outlook. During the evening of February 22, 2002, the ONI Systems board of directors met to discuss the merger and CIENA's revised revenue outlook. Mr. Reyes, Mr. Page and a representative of Goldman Sachs presented a report on the results of their inquiry and discussions with CIENA earlier that day. The board discussed these events, and, in consultation with ONI Systems' financial and legal advisors, considered the impact of these developments on the merger. The board requested that additional information be obtained.

From February 22, 2002 through March 15, 2002, representatives of ONI Systems and CIENA and their financial advisors held numerous meetings and discussions regarding the merger and exchanged additional information concerning each party's revenue outlook, other financial information and customer relationships.

On February 27, 2002, the ONI Systems board of directors met to discuss further the merger with CIENA and the results of management's review and discussions with CIENA. The board, in consultation with Fenwick & West, discussed the additional information obtained and instructed management to obtain additional information.

On March 5 and 11, 2002, the ONI Systems board of directors met to discuss further the merger and the business outlook of both companies. A representative of Goldman Sachs reviewed recent industry events and trends and presented certain preliminary financial analyses based on updated information. The board consulted further with representatives of Goldman Sachs and Fenwick & West and instructed management to continue its review.

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On March 13, 2002, Mr. Martin informed Mr. Smith that due to recent information received from its customers, ONI Systems was considering revising downward its revenue outlook for its fiscal first quarter. Representatives of CIENA discussed this information internally and with its financial and legal advisors, in the context of the information on revenue outlook that CIENA had been provided by ONI Systems at the meetings between representatives of the companies since February 15, 2002.

On March 15, 2002, the ONI Systems board of directors held a meeting to discuss the filing of the ONI Systems annual report and the results of management's further inquiry. The board considered, and consulted further with representatives of Fenwick & West regarding, the fiduciary duties of the ONI Systems board with respect to the merger.

On March 18, 2002, ONI Systems publicly announced its revised financial outlook for the first quarter of 2002.

On March 18, 2002, CIENA's board of directors met and discussed, among other things, the merger and ONI Systems' revised first quarter revenue outlook as announced by ONI Systems earlier in that day.

Also on March 18, 2002, the ONI Systems board of directors met. Mr. Martin gave a presentation of each company's financial outlook. At the request of the ONI Systems board of directors, representatives of Goldman Sachs presented a detailed financial analysis and proffered Goldman Sachs' opinion that as of March 18, 2002, the exchange ratio of 0.7104 shares of CIENA common stock per share of ONI Systems common stock pursuant to the merger agreement was fair to the stockholders of ONI Systems from a financial point of view. Representatives of Fenwick & West led a discussion of, and the board considered, the merger and the fiduciary duties of the ONI Systems board with respect to the transaction. After consideration of the benefits and risks of the merger at the conclusion of the meeting, the board reaffirmed its recommendation to stockholders and authorized the solicitation of stockholder approval.

Recommendation of CIENA's Board of Directors and Reasons for the Merger

Strategic Fit

CIENA believes that a combination of CIENA, a leader in next-generation core optical networking equipment, and ONI Systems, a leader in next-generation metropolitan optical networking equipment, will result in one of the leading optical networking equipment companies in the world. ONI Systems currently possesses one of the leading products in the next-generation metropolitan DWDM space, which will complement and strengthen CIENA's existing product line. CIENA believes that with an advanced, comprehensive and best-in-breed product portfolio extending from the core to the edges of the converged network, the combined company will be in a better position to further drive down the cost of operations for its customers and to execute on CIENA's LightWorks initiative, providing an end-to-end intelligent optical architecture that provides customers with scalability, interoperability, provisioning and protection flexibility and reliability. In particular, CIENA believes that the following benefits will result from the merger:

Product Compatibility. CIENA believes that ONI Systems' product portfolio is compatible with CIENA's existing CoreDirector (core optical switch) and MetroDirector K2 (metropolitan optical switch) products, and ONI Systems' ONLINE products can be used to transport signals from and to feed signals into both of these products. ONI Systems' ONLINE product family enhances CIENA's current metropolitan product offerings, and extends CIENA's ability to offer data-oriented services. In addition, ONI Systems' ONWAVE traffic aggregation capability (SONET, Storage Area Networks and Gigabit Ethernet) is compatible with the switching capabilities of CoreDirector and MetroDirector, and can act as a front end for feeding traffic to both switches and allow CIENA to extend its service delivery capability closer to the edge of the network. Further, with appropriate modifications, the ONLINE products will integrate into LightWorks as the vehicle for metropolitan optical transport (ONLINE7000 and ONLINE9000) as a low cost access device to feed CoreDirector and MetroDirector.

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Customer Relationships. CIENA believes that ONI Systems has developed valuable relationships with regional bell operating companies and other domestic and international incumbent carriers. CIENA believes that these relationships will enhance CIENA's ability to compete for business from RBOCs and complement CIENA's existing sales and distribution channels. In addition, the merger with ONI Systems will expand CIENA's existing customer base, bringing up to 20 new customer relationships to CIENA. Conversely, CIENA believes it will be able to leverage its existing sales channels and customer relationships to offer the ONI Systems product to a wider range of customers than ONI Systems currently reaches.

Stronger Platform. CIENA believes that the proposed merger will provide CIENA with a larger addressable metropolitan customer base and a stronger presence with incumbent carriers. CIENA believes there is significant potential to acquire customers interested in a more comprehensive, end-to-end intelligent optical networking solution that would be made possible by the merger combination and the expanded product portfolio. In addition, CIENA believes that, based on the needs of each of CIENA's and ONI Systems' customer base, there will be substantial cross selling opportunities to both sets of customers.

Additional Reasons for the Merger

The strategic fit with ONI Systems represents the principal rationale for the merger. However, the following factors, each of which CIENA took into account in evaluating the proposed merger, also support this rationale and enhance the likelihood of achieving the full potential of the combination:

Operating Expense Savings. It is expected that the proposed merger will result in annualized operating expense savings of approximately \$55 million to \$65 million. These savings will primarily be derived from the elimination of duplicative infrastructures and the ability to take advantage of economies of scale. Additional savings may be possible through increased manufacturing efficiencies.

Cultural Vision. CIENA and ONI Systems share a common heritage as entrepreneurial startups as well as complementary visions of distributed network intelligence. Both companies have established reputations for being flexible, innovative, agile and customer-focused. CIENA believes that this could result in fewer integration challenges than would be expected for organizations with dissimilar cultural values.

World Class Engineering Teams. CIENA believes that ONI Systems' engineering team is world class in quality, and would add significantly to CIENA's ability to continue to innovate and rapidly bring new products to market.

In reaching the decision to approve the merger with ONI Systems, the CIENA board of directors also considered, in addition to other matters, the following factors that may be relevant to ONI Systems stockholders:

The effect on CIENA stockholder value of the pending ONI Systems merger, in light of the financial condition and prospects of CIENA and the current economic and industry environment. In particular, the CIENA board of directors discussed the near-term earnings dilution represented by the price being paid for ONI Systems, and contrasted that dilution with the substantial expansion of the addressable opportunities and customers enabled by the merger.

The execution risks facing CIENA, in that if the integration of the businesses and management teams of CIENA and ONI Systems does not proceed as planned, the desired synergies would not be achieved, and the execution risk would not be overcome.

CIENA's board of directors discussed the risks of retaining the key personnel of ONI Systems in view of the price being paid for the company and the liquidity potential available to the two companies' employees, and contrasted those risks with the efforts planned for integrating the companies.

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The business risks associated with increased competition in the telecommunications equipment supply industry, and the likelihood of vigorous competitive response to the merger.

The terms and conditions of the merger agreement, including the conditions to closing.

In addition, the CIENA board of directors received advice from Morgan Stanley, its financial advisor, as to the financial aspects of the proposed merger, and received an opinion from Morgan Stanley that, as of February 15, 2002, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to CIENA.

In view of the variety of factors considered in connection with its evaluation of the merger, the CIENA board of directors did not quantify or otherwise assign relative weights to the factors considered in reaching its conclusions. In addition, individual members of the CIENA board of directors may have given different weights to different factors. However, on an overall basis, the CIENA board of directors concluded that the factors favoring the merger outweigh the countervailing factors.

For the strategic reasons set forth above, after consultation with CIENA's senior management and its advisors, and consideration of the terms and conditions of the merger agreement and the transactions contemplated by the merger agreement, the CIENA board of directors determined that the merger agreement and the merger are in the best interests of CIENA and its stockholders.

Recommendation of the ONI Systems Board of Directors and Reasons for the Merger

The ONI Systems board of directors believes that the combination of CIENA and ONI Systems will create a strong company that for the first time is able to offer telecommunications and data communications service providers end-to-end and best-of-breed solutions. Combining the complementary product sets and development efforts of CIENA and ONI Systems would create a stronger competitor that is able to accelerate the deployment of next-generation optical networking equipment.

In reaching the conclusion that the combination of CIENA and ONI Systems is in the best interests of ONI Systems and its stockholders, the board of directors of ONI Systems consulted with senior members of ONI Systems management team regarding the strategic and operational aspects of the merger and the results of the due diligence efforts undertaken by management. In addition, throughout the period in which it was engaged in active deliberations concerning the merger, the board of directors sought and received financial advice from Goldman Sachs concerning, among other things, strategic alternatives available to ONI Systems, the financial implications of such alternatives and the merger, and certain financial analyses that Goldman Sachs prepared. The board of directors also sought and received Goldman Sachs' opinions as to the fairness, from a financial point of view, to ONI Systems' stockholders of the proposed exchange ratio, which opinions were confirmed in writing and are described below under "The Merger Opinion of ONI Systems' Financial Advisor." The board of directors of ONI Systems also consulted with ONI Systems' internal counsel and with representatives of Fenwick & West LLP, outside counsel to ONI Systems, regarding the duties of the members of the board of directors, legal due diligence matters and the terms of the merger agreement and related agreements.

In considering the information provided by senior members of ONI Systems' management team, representatives of Goldman Sachs and representatives of Fenwick & West LLP, in analyzing the terms of the merger agreement, and in coming to its endorsement of the merger and its determinations to recommend approval and adoption of the merger agreement to ONI Systems' stockholders, the board of directors considered several potential benefits of the merger, including:

the opportunity to create a world-class optical networking company with best-of-breed end-to-end solutions at a time when telecommunications equipment providers are challenged by internal turmoil and difficult market conditions;

the potential to create a combined company with the resources to serve the needs of communications service providers for next-generation optical networking products;

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the complementary nature of the technologies and products of CIENA and ONI Systems, combining ONI Systems' dynamic optical architecture and leading metropolitan wave division multiplexing network products with CIENA's leading product family, which would be particularly strengthened in the area of metropolitan networks;

the opportunity to combine ONI Systems' and CIENA's sales forces, combining ONI Systems' current customer momentum with CIENA's established product family to put the combined company in a stronger position to compete for product sales to communication service providers as their activity in building out communications network resumes and spending on optical networking equipment rebounds;

combining the complementary strengths of CIENA's and ONI Systems' management and technical teams to create a technical team with increased depth and breadth of knowledge of the communications equipment industry and a management team with more business experience than either company has alone;

the potential to accelerate the time to profitability of the combined company to a point that would be earlier than that for either company independently, as a result of a stronger product offering, potential revenue synergies, including cross-selling opportunities, increased operating efficiencies, including the opportunity to improve availability and reduce costs through volume purchases and to extend the use of contract manufacturing, elimination of administrative inefficiencies, combined development efforts, and more efficient utilization of high cost in-house manufacturing capabilities and excess capacity; and

the prospect of an improved competitive and market position of the combined company, which would offer a broad, integrated product suite providing customers with an end-to-end transport and switching solution.

In the course of its deliberations, the ONI Systems board of directors reviewed a number of factors relevant to the merger in consultation with ONI Systems' management and outside legal counsel and financial advisors, including the strategic overview for ONI Systems and interests of some ONI Systems officers and directors in the merger that differ from those of ONI Systems stockholders generally. The ONI Systems board of directors also considered the following factors, among others, in connection with its review and analysis of the merger and its determinations to recommend approval and adoption of the merger agreement to ONI Systems' stockholders:

historical information concerning CIENA's and ONI Systems' respective businesses, results of operations and financial condition, technology, management and competitive position as well as publicly available information of CIENA and ONI Systems;

ONI Systems' management's view as to the businesses, results of operations and financial condition, technology, management and competitive position of CIENA and ONI Systems, both with and without giving effect to the merger, based on due diligence and publicly available earnings estimates, including the companies' anticipated expense reductions;

certain projections of the financial benefits of the merger, including potential cost savings and costs anticipated prior to and resulting from the merger prepared by ONI Systems' management based on due diligence;

CIENA's pre-announcement of its anticipated financial condition and results of operations for its first quarter of 2002;

the substantial charges and costs to be incurred in connection with the merger, including the costs of integrating the businesses and transaction expenses arising from the merger;

current financial market conditions and historical market prices, volatility and trading information with respect to CIENA common stock and ONI Systems common stock;

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possible alternative means of achieving the anticipated benefits of the merger, including the possibility of a combination with another company and possible strategic alliances that would not involve a combination, and internal development of new products, as well as the feasibility of these alternatives, their potential timing and resource requirements;

the ability of ONI Systems' board of directors, in the exercise of its fiduciary duties in accordance with the merger agreement, to authorize ONI Systems' management to provide information to, engage in negotiations with, and potentially enter into a transaction with another party as described under "The Merger Agreement - No Solicitation by ONI Systems";

the limited conditions to CIENA's obligation to close the merger;

the expectation that the merger will qualify as a tax-free reorganization;

the premium that the merger would provide ONI Systems stockholders over the market price for their ONI Systems common stock immediately prior to the announcement to the merger and the premium that would be provided at various market prices for CIENA common stock;

the exchange ratio set forth in the merger agreement and the percentage ownership of the combined company to be owned by ONI Systems stockholders;

the financial analysis and opinion of Goldman Sachs proffered on February 15, 2002 to the effect that, as of that date and subject to and based on the considerations described in its opinion, the exchange ratio was fair from a financial point of view to holders of ONI Systems common stock;

reports from management, legal advisors and financial advisors about the results of their investigation of CIENA; and

the financial analysis and opinion of Goldman Sachs proffered on March 18, 2002 to the effect that, as of that date and subject to and based on the considerations described in its opinion, the exchange ratio was fair from a financial point of view to holders of ONI Systems common stock.

The ONI Systems board of directors also considered a number of potential risks in its deliberations concerning the merger and its determinations to recommend approval and adoption of the merger agreement to the ONI Systems' stockholders, including:

the risks that the benefits, including expected synergies and cost savings, sought to be achieved by the merger would not be realized;

the uncertain current and prospective market environment for CIENA's and ONI Systems' products;

the risk that CIENA and ONI Systems will not be able to integrate their respective products, technology and geographically dispersed organizations and other challenges related to the integration of the companies;

the risks that because the exchange ratio is fixed and will not be adjusted for changes in the market prices of either CIENA common stock or ONI Systems common stock, the per share value of the consideration to be received by ONI Systems stockholders might be less than the price per share implied by the exchange ratio immediately prior to the announcement of the merger;

the risk that the merger might not be consummated;

the risk that the merger and the announcement of the merger agreement could adversely affect CIENA's or ONI Systems' relationships with current and potential customers;

the possibility of management and employee disruption associated with the merger and integrating the operations of the companies, and the risk that, despite the efforts of the combined company, key personnel of ONI Systems might not continue with the combined company; and

other risks relating to the operations of the combined company and the merger, including those risks described in "Risk Factors."

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In addition, ONI Systems' board of directors considered the interests that its officers and directors may have with respect to the merger in addition to their interests as ONI Systems stockholders. See "Interests of Executive Officers and Directors in the Merger" for a more complete discussion of these interests.

The discussion of the information and factors considered by ONI Systems' board of directors is not intended to be exhaustive. In view of the variety of factors considered in connection with its evaluation of the merger, ONI Systems' board of directors did not find it practicable to, and did not quantify or otherwise assign relative weight to, the specific factors considered in reaching its determination. In addition, ONI Systems' board of directors did not undertake to make any specific determination as to whether any particular factor was favorable or unfavorable to its ultimate determination. Rather, ONI Systems' board of directors conducted an overall analysis of the factors described above, including through discussions with and questioning of ONI Systems' management and management's analysis of the proposed merger, based on information received from ONI Systems' legal, financial and accounting advisors. In considering the factors described above, individual members of ONI Systems' board of directors may have given different weight to different factors. ONI Systems' board of directors concluded that, on balance, the potential benefits to ONI Systems and its stockholders of the merger outweighed the risks associated with the merger.

Opinion of CIENA's Financial Advisor

Under an engagement letter dated January 21, 2002, CIENA formally retained Morgan Stanley to provide it with certain financial advisory services in connection with the merger. Morgan Stanley was selected by CIENA based on Morgan Stanley's qualifications, expertise, reputation and its knowledge of the business and affairs of CIENA. At a meeting of CIENA's board of directors on February 15, 2002, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of February 15, 2002, based upon and subject to the various considerations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to CIENA.

The full text of the written opinion of Morgan Stanley, dated February 15, 2002, is attached as Annex D to this document. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We urge you to read the entire opinion carefully. Morgan Stanley's opinion is directed to CIENA's board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement to CIENA as of the date of the opinion. It does not address any other aspect of the merger and does not address the prices at which ONI Systems common stock or CIENA common stock will trade following the consummation of the merger, nor does it constitute a recommendation to any holder of CIENA common stock as to how to vote at CIENA's special meeting. The summary of the opinion of Morgan Stanley set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of its opinion.

In rendering its opinion, Morgan Stanley, among other things:

- (i) reviewed certain publicly available financial statements and other business and financial information of ONI Systems and CIENA;
- (ii) discussed certain internal financial statements and other financial and operating data concerning ONI Systems prepared by the managements of ONI Systems and CIENA, respectively;
- (iii) discussed certain financial forecasts, prepared by the managements of ONI Systems and CIENA, respectively;

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(iv) reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of ONI Systems and CIENA, respectively;

(v) discussed the past and current operations and financial condition and the prospects of ONI Systems, including information relating to certain strategic, financial, and operational benefits anticipated from the Merger, with senior executives of ONI Systems and CIENA, respectively;

(vi) reviewed the pro forma impact of the merger on CIENA's earnings per share, consolidated capitalization and financial ratios;

(vii) reviewed the reported prices and trading activity for ONI Systems common stock and CIENA common stock;

(viii) compared the financial performance of ONI Systems and the prices and trading activity of ONI Systems common stock and CIENA common stock with that of certain other publicly-traded companies comparable with ONI Systems and CIENA, respectively, and their securities;

(ix) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

(x) participated in discussions and negotiations among representatives of ONI Systems and CIENA and their financial and legal advisors;

(xi) reviewed the merger agreement and certain related documents; and

(xii) considered such other factors and performed such other analyses as Morgan Stanley has deemed appropriate.

In rendering its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by it for the purposes of its opinion. With respect to the financial forecasts, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance and prospects of ONI Systems. Morgan Stanley relied upon the assessment by the managements of ONI Systems and CIENA of their ability to retain key employees. Morgan Stanley also relied upon, without independent verification, the assessment by the managements of ONI Systems and CIENA as to their respective technologies and products, the timing and risks associated with the integration of ONI Systems and CIENA, and the validity of, and risks associated with, ONI Systems' and CIENA's existing and future products and technologies.

In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of ONI Systems, nor was it furnished with any such appraisals. Morgan Stanley's opinion is necessarily based on the financial, economic, market and other conditions as in effect on, and the information made available to it as of February 15, 2002.

The following is a brief summary of certain financial analyses performed by Morgan Stanley in connection with its opinion dated February 15, 2002. These summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Contribution Analysis. Morgan Stanley analyzed the relative contribution of CIENA and ONI Systems to historical and estimated revenues and gross profit of the combined company for fiscal years 2002 and 2003 based on publicly available research estimates for CIENA and ONI Systems. Morgan Stanley's contribution analysis assumed no synergies. Morgan Stanley adjusted the contribution

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percentages for the capital structures of each company in order to determine the implied pro forma ownership for ONI Systems and CIENA, respectively. The range of results is set forth below:

	% Contribution	
	ONI Systems	CIENA
Revenues		
Last Quarter	23.7%	76.3%
FY2002E	23.9	76.1
FY2003E	23.1	76.9
Gross Profit		
Last Quarter	35.9%	64.1%
FY2002E	33.4	66.6
FY2003E	23.6	76.4

Morgan Stanley noted that the pro forma ownership of the combined company implied by the exchange ratio set forth in the merger agreement would be 24.0% for ONI Systems and 76% for CIENA.

Comparable Company Analysis. Morgan Stanley compared selected financial information for ONI Systems and CIENA with publicly available information for comparable networking equipment companies. Based upon publicly available calendar year 2002 projected revenue estimates of certain securities research analysts and using the closing prices as of February 15, 2002, Morgan Stanley calculated, for each of these companies, the multiple of aggregate value to projected calendar year 2002 revenue estimates. The following table shows the results of these calculations:

	Aggregate Value/ CY2002E Revenues
CIENA	3.1x
ONI Systems	2.6
Alcatel	1.0
Avici	(2.0)
Corvis	(2.3)
Extreme	2.2
Foundry	1.7
Lucent	1.3
Marconi	1.1
Nortel	1.5
Redback	4.5
Riverstone	3.1
Siemens	0.7
Sycamore	(0.3)
Tellabs	2.1
Tellium	0.2

Morgan Stanley noted that the multiple of aggregate value to projected calendar year 2002 revenue estimates implied by the exchange ratio set forth in the merger agreement would be 3.1x.

No company included in the comparable company analyses is identical to CIENA or ONI Systems. In evaluating the comparable companies, Morgan Stanley made judgements and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters.

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Many of these matters are beyond the control of CIENA or ONI Systems, such as the impact of competition on the business of CIENA or ONI Systems and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of CIENA or ONI Systems or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, or the high or low, is not in itself a meaningful method of using comparable company data.

Discounted Equity Valuation (DEV) Analysis. Morgan Stanley performed an analysis of the present value of implied future trading prices of ONI Systems common stock, based on ranges of the following assumptions: annual revenue growth rates; annual operating income margins; illustrative one-year forward price-to-earnings multiples of 25-35x; and an illustrative discount rate of 19%. Based on these assumptions, Morgan Stanley calculated the present value of future theoretical values to be approximately \$4.75 to \$10.75 per ONI Systems common share. Morgan Stanley further noted that the foregoing range of prices implied an exchange ratio range of 0.544x to 1.231x and compared it to the exchange ratio as set forth in the merger agreement.

Precedent Transaction Analysis. Morgan Stanley compared certain publicly available statistics for selected networking equipment transactions from January 13, 1999 to November 19, 2001. The following table presents the indicated premiums paid to the exchange ratio calculated using the average exchange ratio 30 days before the announcement of the transaction and the average exchange ratio 60 days before the announcement of the transaction:

	Premium to	
	30-Day Average Exchange Ratio	60-Day Average Exchange Ratio
Mean	51.9%	62.5%
Median	44.5%	53.3%
ONI Systems/ CIENA Premium	55.2%	60.1%

Based on the foregoing analysis, Morgan Stanley calculated an acquisition value range for the ONI Systems common stock of \$7.25 to \$8.25 per share. Morgan Stanley further noted that this range of prices implied an exchange ratio range of 0.830x to 0.945x and compared it to the exchange ratio as set forth in the merger agreement.

No transaction included in the precedent transaction analyses is identical to the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of CIENA or ONI Systems, such as the impact of competition on the business of CIENA or ONI Systems and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of CIENA or ONI Systems or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, or the high or the low, is not in itself a meaningful method of using precedent transaction data.

Exchange Ratio Premium Analysis: Morgan Stanley reviewed the ratios of the closing prices of ONI Systems common stock divided by the corresponding closing prices of CIENA common shares over various periods ending February 15, 2002. These ratios are referred to as period average exchange ratios. Morgan Stanley examined the premiums represented by the exchange ratio of 0.7104x, set forth in the

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merger agreement, over the averages of these daily ratios over various periods and found them to be as follows:

Period Ending February 15, 2002	Period Average Exchange Ratio	Premium to Period Average Exchange Ratio
February 15, 2002	0.635x	11.9%
Prior 5 Trading Days	0.578	22.8
Prior 10 Trading Days	0.536	32.5
Prior 30 Trading Days	0.458	55.2
Prior 60 Trading Days	0.444	60.1
Prior 90 Trading Days	0.424	67.6

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any particular analysis or factor considered by it. Furthermore, Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of Morgan Stanley's analyses, without considering all its analyses, would create an incomplete view of the process underlying Morgan Stanley's opinion. In addition, Morgan Stanley may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of CIENA or ONI Systems.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CIENA or ONI Systems. Any estimates contained in Morgan Stanley's analysis are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of Morgan Stanley's analysis of the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to CIENA and were conducted in connection with the delivery of the Morgan Stanley opinion dated February 15, 2002 to the board of directors of CIENA. The analyses do not purport to be appraisals or to reflect the prices at which CIENA common stock or ONI Systems common stock might actually trade.

The exchange ratio pursuant to the merger agreement and other terms of the merger agreement were determined through arm's length negotiations between CIENA and ONI Systems and were approved by the CIENA board of directors. Morgan Stanley provided advice to CIENA during such negotiations; however, Morgan Stanley did not recommend any specific consideration to CIENA or that any specific consideration constituted the only appropriate consideration for the merger. In addition, as described above, Morgan Stanley's opinion and presentation to the CIENA board of directors was one of many factors taken into consideration by CIENA's board of directors in making its decision to approve the merger. Consequently, the Morgan Stanley analyses as described above should not be viewed as determinative of the opinion of the CIENA board of directors with respect to the value of CIENA or of whether the CIENA board of directors would have been willing to agree to a different consideration.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwriting, competitive bidding, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of business, Morgan Stanley or its affiliates may at any time hold long or short positions, trade or otherwise effect transactions, for its own account or for the accounts of investment funds or other clients under the management of Morgan Stanley and for the accounts of its customers, in the equity or debt securities or senior loans of CIENA and/or ONI Systems.

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Pursuant to an engagement letter dated January 21, 2002, Morgan Stanley provided financial advisory services in connection with the merger, and CIENA agreed to pay Morgan Stanley a customary fee in connection therewith. CIENA has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services. In addition, CIENA has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions. In the past, Morgan Stanley and its affiliates have provided financial advisory services for CIENA and have received fees for the rendering of these services.

Opinion of ONI Systems Financial Advisor

Goldman Sachs has acted as financial advisor to ONI Systems in connection with the merger. On February 15, 2002, Goldman Sachs proffered its oral opinion to the board of directors of ONI Systems, which opinion was subsequently confirmed in writing on February 17, 2002, the date of the merger agreement, that, as of the date of that opinion, the exchange ratio of 0.7104 shares of CIENA common stock to be received for each share of ONI Systems common stock pursuant to the merger agreement was fair from a financial point of view to the holders of shares of ONI Systems common stock. In addition, on March 18, 2002, at the request of the board of directors of ONI Systems, Goldman Sachs delivered its opinion to the board of directors of ONI Systems that, as of the date of that opinion, the exchange ratio of 0.7104 shares of CIENA common stock to be received for each share of ONI Systems common stock pursuant to the merger agreement was fair from a financial point of view to the holders of such shares of ONI Systems common stock, which opinion was subsequently confirmed in writing by means of an opinion letter dated as of March 18, 2002. The terms of the opinion letter dated February 17, 2002 were substantially identical to the terms of the opinion letter dated March 18, 2002.

The full text of the written opinion letter of Goldman Sachs dated March 18, 2002, which identifies assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex E to this joint proxy statement/prospectus. Goldman Sachs' advisory services and its opinions were provided for the information and assistance of the board of directors of ONI Systems in connection with its consideration of the merger. The Goldman Sachs opinions do not constitute a recommendation as to how any holder of shares of ONI Systems common stock should vote with respect to the merger. Stockholders of ONI Systems are urged to, and should, read this opinion in its entirety.

In connection with its opinions, Goldman Sachs reviewed, among other things:

the merger agreement,

the annual reports to stockholders and annual reports on Form 10-K of ONI Systems for the year ended December 31, 2000 and of CIENA for the five fiscal years ended October 31, 2001;

the registration statement on Form S-1 of ONI Systems, including the prospectus dated May 31, 2000 included therein;

certain interim reports to stockholders and quarterly reports on Form 10-Q of ONI Systems and CIENA;

certain other communications from ONI Systems and CIENA to their respective stockholders;

certain forward looking management data for CIENA prepared by the management of CIENA;

certain internal financial analyses and forecasts for ONI Systems prepared by the management of ONI Systems;

certain financial analyses and forecasts for CIENA prepared by the management of ONI Systems; and

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certain cost savings and operating synergies projected by the management of ONI Systems to result from the transaction contemplated by the merger agreement.

Goldman Sachs also held discussions with members of the senior managements of ONI Systems and CIENA regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction contemplated by the merger agreement and the past and current business operations, financial condition and future prospects of their respective companies. In addition, Goldman Sachs:

reviewed the reported price and trading activity for the shares of ONI Systems and CIENA common stock,

compared certain financial and stock market information for ONI Systems and CIENA with similar information for certain other companies the securities of which are publicly traded, and

reviewed the financial terms of certain recent business combinations in the communications technology industry specifically and in other industries generally and performed such other studies and analyses as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinions. In addition, with the consent of the board of directors of ONI Systems, Goldman Sachs assumed that the internal financial analyses and forecasts for ONI Systems prepared by the management of ONI Systems, financial analyses and forecasts for CIENA prepared by the management of ONI Systems and cost savings and operating synergies projected by the management of ONI Systems to result from the transaction contemplated by the merger agreement were reasonably prepared on a basis reflecting the then best currently available estimates and judgments of ONI Systems. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of ONI Systems or CIENA or any of their subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal.

The following is a summary of the material financial analyses used by Goldman Sachs in connection with providing its opinions to ONI Systems board of directors. The following summary, however, does not purport to be a complete description of the analyses performed by Goldman Sachs. The order of the analyses described below do not represent the relative importance or weight given to those analyses by Goldman Sachs. **Some of the following summaries of financial analyses include information presented in tabular format. The tables alone are not a complete description of Goldman Sachs financial analyses and should be read together with the text of each summary.**

Transaction Exchange Ratio and Premium Analysis: In connection with its February 17, 2002 opinion, Goldman Sachs reviewed the historical stock prices for ONI Systems common stock and CIENA common stock on the basis of their respective closing prices per share on February 14, 2002 and the respective closing prices and period averages for the prior five days, 10 days, 30 days, 60 days and 90 days. The following table presents:

the implied exchange ratio, based on 147.9 million fully diluted shares of ONI Systems and 333.2 million fully diluted shares of CIENA, between the closing prices of ONI Systems common stock and CIENA common stock on February 14, 2002 and the implied exchange ratio between the average of the closing prices of ONI Systems common stock and CIENA common stock for the specified periods; and

the premium over those implied exchange ratios implied by the actual exchange ratio in the merger.

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Date or Period	Implied Exchange Ratio	Premium Over Implied Exchange Ratio
February 14, 2002	0.587x	21.1%
5 day average	0.559	27.0
10 day average	0.517	37.5
30 day average	0.452	57.2
60 day average	0.441	61.3
90 day average	0.422	68.5

Goldman Sachs also reviewed the historical closing price of ONI Systems common stock on February 14, 2002 and the closing prices and period averages for the prior five days, 10 days, 30 days, 60 days and 90 days. The following table presents:

the closing price of ONI Systems common stock on February 14, 2002 and the average of the closing prices of ONI Systems common stock for the specified periods; and

the premium over the closing price of ONI Systems common stock on February 14, 2002 and the average closing prices of ONI Systems common stock for the specified periods implied by the actual exchange ratio in the merger.

Date or Period	Closing Price or Average Closing Price of ONI Systems Common Stock	Premium Over Closing Price or Average Closing Price of ONI Systems Common Stock Implied by the Exchange Ratio
February 14, 2002	\$5.35	21.1%
5 day average	5.47	18.4
10 day average	5.07	27.9
30 day average	5.71	13.4
60 day average	6.53	(0.8)
90 day average	6.51	(0.5)

In connection with its March 18, 2002 opinion, Goldman Sachs did not perform a transaction exchange ratio analysis and premium analysis, as such analyses would not be informative after the proposed transaction had been announced because the announcement would likely have influenced movements in the ONI Systems stock price.

Consideration Multiple Analysis: In connection with its February 17, 2002 opinion, Goldman Sachs also calculated the total consideration to be received by ONI Systems stockholders as a multiple of estimated calendar years 2002 and 2003 revenue. Goldman Sachs calculated that the fully diluted equity consideration in the merger would be \$960 million. Goldman Sachs also determined that the levered consideration in the merger would be \$581 million, based on the fully diluted equity consideration and net debt of \$379 million. Using ONI Systems management high and low revenue projections for ONI Systems for fiscal years 2002 and 2003, Goldman Sachs derived levered consideration as a multiple of both low and high estimates of revenue.

The results of these analyses are as follows:

Low Estimate	Revenue (in millions)	Revenue Multiple
2002E	\$ 150	3.9x
2003E	350	1.7
High Estimate	Revenue (in millions)	Revenue Multiple
2002E	\$ 200	2.9x
2003E	400	1.5

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Goldman Sachs also performed a consideration multiple analysis in connection with its March 18, 2002 opinion. Goldman Sachs calculated the total consideration to be received by ONI Systems stockholders as a multiple of estimated calendar years 2002 and 2003 revenue. Goldman Sachs calculated that the fully diluted equity consideration in the merger would be \$940 million. Goldman Sachs also determined that the levered consideration in the merger, assuming no cash burn, would be \$562 million, based on the fully diluted equity consideration and net debt of \$379 million. Goldman Sachs also determined that the levered consideration in the merger, assuming cash burn for ONI Systems of \$272 million based on ONI Systems' revised management projections, would be \$834 million. Using ONI Systems' revised management high and low revenue projections for fiscal years 2002 and 2003, Goldman Sachs derived levered consideration as a multiple of both low and high estimates of revenue.

The results of these analyses are as follows:

Low Estimate	Revenue (in millions)	Revenue Multiple (no cash burn)	Revenue Multiple (with cash burn)
2002E	\$ 125	4.5x	6.7x
2003E	225	2.5	3.7

High Estimate	Revenue (in millions)	Revenue Multiple (no cash burn)	Revenue Multiple (with cash burn)
2002E	\$ 150	3.7x	5.6x
2003E	315	1.8	2.6

Selected Companies Analysis: In connection with its February 17, 2002 opinion, Goldman Sachs reviewed and compared specified publicly-available financial information of ONI Systems and CIENA with specified publicly-available financial information, ratios and public market multiples for the following broad systems and optical components communications technology companies:

Next Generation	Broad Systems
Corvis	Alcatel
Juniper	Cisco
Riverstone	Lucent
Sonus Networks	Nortel
Sycamore	Tellabs
Tellium	

The following table presents for ONI Systems and CIENA and the groups of next generation and broad systems communications technologies companies:

The February 14, 2002 closing price as a percent of the stock's 52 week high;

Projected 2002 and 2003 calendar year price to earnings per share, or PE, ratios;

Five-year forecasted compound annual growth rate of earnings per share, or EPS; and

Enterprise value as a multiple of projected 2002 and 2003 revenue; and

Projected 2002-2003 Percentage Revenue Growth.

The multiples and other financial information calculated by Goldman Sachs were based on the closing prices on February 14, 2002 for ONI Systems, CIENA and the selected companies common stock and/or the most recent publicly available information for ONI Systems, CIENA and the selected companies. The projected PE multiples for calendar years 2002 and 2003 and the five years EPS compound annual growth rate for ONI Systems, CIENA and the selected companies were based on median estimates provided by the Institutional Brokers Estimate System, or

IBES. Enterprise value revenue multiples are based on

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securities analysts' projections and IBES estimates. The values provided below are in millions, except per share data.

Company	February 14, 2002	PE Ratio		IBES 5 year	Enterprise		Projected 2002-2003
	Closing Share Price			EPS	Value		Percentage
	as Percentage of			Compound	Revenue		Revenue
	52 week	2002	2003	Annual	2002	2003	Growth
	High Share Price			Growth Rate			
ONI Systems	11.2%	NM	NM	25.0%	2.2x	1.7x	29.0%
CIENA	10.2	NM	NM	22.5	3.2	2.5	28.8
Selected Next Generation Companies							
Mean	15.4	43.4x	24.1x	31.7	2.8	2.1	36.7
Median	11.1	35.0	22.6	32.5	3.1	2.3	32.4
Selected Broad Systems Companies							
Mean	34.4	53.8	59.6	12.2	2.7	2.3	10.3
Median	30.5	53.8	38.9	16.0	2.2	2.0	11.6

Goldman Sachs also performed similar analyses with respect to its March 18, 2002 opinion. The following table presents for ONI Systems and CIENA and the groups of next generation and incumbent communications technologies companies:

The March 15, 2002 closing price as a percent of the stock's 52 week high;

Projected 2002 and 2003 calendar year PE ratios;

Five-year forecasted compound annual growth rate of EPS;

Enterprise value as a multiple of projected 2002 and 2003 calendar year revenue;

Enterprise value as a multiple of projected 2002 and 2003 calendar year revenue net excess cash, or the amount of cash burn required to break-even; and

Projected 2002-2003 Percentage Revenue Growth.

The multiples and other financial information calculated by Goldman Sachs were based on the closing prices on March 15, 2002 for ONI Systems, CIENA and the selected companies' common stock and/or the most recent publicly available information for ONI Systems, CIENA and the selected companies. The projected PE multiples for calendar years 2002 and 2003 for ONI Systems, CIENA and the selected companies were based on median estimates provided by IBES. Enterprise value revenue multiples are based on securities analysts' projections. The cash burn required to breakeven was based on an estimated cash burn (i) for ONI Systems of \$272 million based on ONI Systems' management projections, (ii) for CIENA of \$222 million based on ONI Systems' management projections and (iii) for all others, on the 2001 fourth quarter's estimated cash burn multiplied by six. The values provided below are in millions, except per share data.

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Company	March 15, 2002	PE Ratio		IBES 5 Year	Enterprise Value Revenue		Enterprise Value Revenue Multiple Less		Projected 2002-2003 Percentage Revenue Growth
	Closing Share Price			EPS Compound	Multiple		Net Excess Cash		
	as Percentage of 52 week High Share Price	2002	2003	Annual Growth Rate	2002	2003	2002	2003	
ONI Systems	15.6%	NM	NM	30.0%	2.9x	2.3x	4.4x	3.4x	29.0%
CIENA	13.3	NM	NM	25.0	3.9	3.1	4.3	3.5	25.0
Selected Next Generation Companies									
Mean	17.7	84.1x	108.8x	31.7	2.5	2.4	2.6	2.4	29.9
Median	15.9	67.2	48.2	32.5	1.3	0.9	1.3	1.2	32.3
Selected Incumbent Companies									
Mean	40.0	52.9	63.0	12.6	2.2	2.0	2.4	2.2	12.2
Median	38.0	52.9	45.3	16.0	1.8	1.5	2.1	1.8	14.2

Selected Transactions Analysis: In connection with both its February 17, 2002 and March 18, 2002 opinions, Goldman Sachs analyzed certain information relating to the following 14 communications technology transactions since July 1997:

Acquiror	Target
Siemens AG	Efficient Networks
Nortel Networks	Alteon Websystems Inc.
Cisco Systems	Arrowpoint Communications
Alcatel SA	Newbridge Networks Corp.
Corning Inc.	NetOptix Corporation
Lucent Technologies Inc.	Ortel Corporation
Corning Inc.	Oak Industries
Nortel Networks	Clarify
Alcatel	Genesys Telecommunications Laboratories
Tellabs Inc.	CIENA Corporation (first transaction-not completed)
Tellabs Inc.	CIENA Corporation (second transaction-not completed)
Lucent Technologies Inc.	Yurie Systems, Inc.
Tellabs Inc.	Coherent Communications
Lucent Technologies Inc.	Octel Communications

For each transaction, Goldman Sachs analyzed:

the levered aggregate consideration of the transaction;

the levered aggregate consideration as a multiple of latest twelve months, or LTM, sales;

the ratio of Acquiror's LTM revenue multiple to the revenue multiple paid; and

the premium paid in relation to market value of target's stock price one week prior to announcement.

This analysis indicated that, as of March 15, 2002, for the selected transactions (i) the median for levered aggregate consideration as a multiple of LTM sales was 9.2x, (ii) the median for the acquiror's LTM revenue multiple to revenue multiple paid was 0.4x, and (iii) the median for the premium to market value of target's stock price one week prior to announcement was 37.5%.

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Contribution Analyses: In connection with its February 17, 2002 opinion, Goldman Sachs reviewed the estimated future operating and financial information, including, among other things, revenue, gross profit, operating income and net income, for ONI Systems, CIENA and the pro forma combined entity resulting from the merger based on ONI Systems' management projections. Goldman Sachs analyzed and compared the respective levered and equity contributions of each of ONI Systems and CIENA to the combined company's projected high and low revenue and gross profit for each calendar year 2002 and 2003, based on ONI Systems' management estimates dated February 13, 2002. Goldman Sachs also analyzed and compared the equity contributions of each of ONI Systems and CIENA to the combined company's fully diluted equity value as of February 14, 2002 and the levered contribution of each of ONI Systems and CIENA to the combined company's levered market value. The following table presents the results of that analysis:

	Levered Contributions to Total		Equity Contributions to Total	
	% ONI Systems	% CIENA	% ONI Systems	% CIENA
Revenue				
CY2002E (high estimate)	20.5%	79.5%	23.3%	76.7%
CY2002E (low estimate)	18.2	81.8	21.8	78.2
CY2003E (high estimate)	21.1	78.9	23.6	76.4
CY2003E (low estimate)	22.6	77.4	24.6	75.4
Gross Profit				
CY2002E (high estimate)	22.6	77.4	24.6	75.4
CY2002E (low estimate)	25.4	74.6	26.5	73.5
CY2003E (high estimate)	20.0	80.0	23.0	77.0
CY2003E (low estimate)	22.7	77.3	24.7	75.3
Fully Diluted Equity Value			20.7	79.3
Levered Market Value	16.4	83.6		

In connection with its March 18, 2002 opinion, Goldman Sachs similarly reviewed the estimated future operating and financial information, including, among other things, revenue, gross profit, operating income and net income, for ONI Systems, CIENA and the pro forma combined entity resulting from the merger based on ONI Systems' management projections. Goldman Sachs analyzed the levered and equity contributions of ONI Systems to the combined company's projected high and low revenue and gross profit for each calendar year 2002 and 2003, based on ONI Systems' revised management estimates dated March 15, 2002 and based on 333.3 million fully diluted CIENA shares outstanding. Goldman Sachs also analyzed and compared the equity contribution of ONI Systems to the combined company's fully diluted equity value as of March 15, 2002 and the levered contribution of ONI Systems to the combined company's levered market value. Goldman Sachs performed two such analyses, first assuming no cash burn and second assuming estimated annual cash burn (i) for ONI Systems of \$272 million and (ii) for

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CIENA of \$222 million, based on ONI Systems management projections. The following table presents the results from the analyses:

	% ONI Levered Contribution to Total	% ONI Equity Contribution to Total	
		No Cash Burn	With Cash Burn
Revenue			
CY2002E (high estimate)	22.6%	24.0%	19.8%
CY2002E (low estimate)	21.7	23.5	19.1
CY2003E (high estimate)	24.4	25.2	21.2
CY2003E (low estimate)	23.1	24.3	20.2
Gross Profit			
CY2002E (high estimate)	23.1%	24.3%	20.2%
CY2002E (low estimate)	25.7	26.0	22.2
CY2003E (high estimate)	24.4	25.2	21.2
CY2003E (low estimate)	24.2	25.0	21.0
Fully Diluted Equity Value (with cash burn)			23.6
Levered Market Value (no cash burn)	21.9		
Levered Market Value (with cash burn)	27.4		

In connection with its February 17, 2002 opinion, Goldman Sachs analyzed the relative 2003 revenues, net income and net cash contribution of ONI Systems, using high and low estimates provided by ONI Systems management, to the combined company on a pro forma basis both including and excluding any synergies that were projected to result from the transaction projections and based on ONI Systems pro forma 24% equity ownership in the combined company. The following table presents the results from that analysis:

	ONI Systems Current		Pro Forma Combined		Pro Forma With Synergies	
	Low	High	Low	High	Low	High
Total						
Revenues	\$ 350	\$ 400	\$ 1550	\$ 1900	\$ 1550	\$ 1900
Net Income	(76)	(67)	(118)	(24)	(62)	32
Net Cash	\$ 379	\$ 379	\$ 1310	\$ 1310	\$ 1310	\$ 1310
Implied Ownership of:						
Revenues	\$ 350	\$ 400	\$ 372	\$ 456	\$ 372	\$ 456
Net Income	(76)	(67)	(28)	(6)	(15)	8
Net Cash	\$ 379	\$ 379	\$ 314	\$ 314	\$ 314	\$ 314
Net Change						
Revenues			\$ 22	\$ 56	\$ 22	\$ 56
Net Income			48	61	61	75
Net Cash			\$ (64)	\$ (64)	\$ (64)	\$ (64)

In connection with its March 18, 2002 opinion, Goldman Sachs performed a similar analysis of the relative 2003 revenues, net income and net cash contribution, first assuming no cash burn and second assuming cash burn, of ONI Systems, using revised high and low estimates provided by ONI Systems management, to the combined company on a pro forma basis both including and excluding any synergies that were projected to result from the transaction projections. These analyses were also based on ONI

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Systems pro forma 24% equity ownership in the combined company. The following table presents the results from that analysis:

	ONI Systems Current		Pro Forma Combined		Pro Forma With Synergies	
	Low	High	Low	High	Low	High
Total						
Revenues	\$ 225	\$ 315	\$ 975	\$ 1290	\$ 975	\$ 1290
Net Income	(110)	(80)	(120)	(51)	(64)	5
Net Cash (no cash burn)	\$ 379	\$ 379	\$ 1428	\$ 1428	\$ 1428	\$ 1428
Net Cash (with cash burn)	\$ 107	\$ 107	\$ 934	\$ 934	\$ 1104	\$ 1104
Implied Ownership of:						
Revenues	\$ 225	\$ 315	\$ 234	\$ 310	\$ 234	\$ 310
Net Income	(110)	(80)	(29)	(12)	(15)	1
Net Cash (no cash burn)	\$ 379	\$ 379	\$ 343	\$ 343	\$ 343	\$ 343
Net Cash (with cash burn)	\$ 107	\$ 107	\$ 224	\$ 224	\$ 265	\$ 265
Net Change						
Revenues			\$ 9	\$ (5)	\$ 9	\$ (5)
Net Income			81	68	95	81
Net Cash (no cash burn)			\$ (36)	\$ (36)	\$ (36)	\$ (36)
Net Cash (with cash burn)			\$ 118	\$ 118	\$ 158	\$ 158

Pro Forma Merger Analysis: In connection with its February 17, 2002 and March 18, 2002 opinions, Goldman Sachs prepared pro forma analyses of the financial impact of the merger using publicly available information and estimates provided by ONI Systems management. For each of calendar years 2002 and 2003, Goldman Sachs compared the estimated revenue per share of ONI Systems common stock and CIENA common stock on a standalone basis to the estimated revenue per share of CIENA common stock on a pro forma basis for each of the low and high estimates of revenue per share projected by ONI Systems management for each such year. In addition, for each of calendar years 2002 and 2003, Goldman Sachs compared the estimated cash EPS of ONI Systems common stock and CIENA common stock on a standalone basis to the estimated cash EPS of CIENA common stock on a pro forma basis for each of the low and high estimates of cash EPS projected by ONI Systems management. In connection with its February 17, 2002 opinion, Goldman Sachs performed this analysis based on a price of \$5.35 (the per share price of ONI Systems common stock on February 14, 2002) of ONI Systems common stock and \$9.12 (the per share price of CIENA common stock on February 14, 2002) of CIENA common stock. Based on such analyses, for fiscal year 2002 and 2003, under both a low and a high estimate of revenues for the combined company, the proposed transaction would be accretive to ONI Systems stockholders on a revenue per share basis. In connection with its March 18, 2002 opinion, Goldman Sachs performed this analysis based on a price of \$6.22 (the per share price of ONI Systems common stock on March 15, 2002) of ONI Systems common stock and \$8.95 (the per share price of CIENA common stock on March 15, 2002) of CIENA common stock. Based on such analyses, for fiscal year 2002 and 2003, under both a low and high estimate of revenues for the combined company, the proposed transaction would be accretive to ONI Systems stockholders on a revenue per share basis.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs opinions. In arriving at its fairness determinations, Goldman Sachs considered the results of all such analyses and did not attribute any particular weight to any factor or analyses considered by it. Rather, Goldman Sachs made its determinations as to fairness on the basis of its experience and

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professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to ONI Systems or CIENA or the contemplated transaction.

The analyses were prepared solely for purposes of Goldman Sachs providing its opinions to the ONI Systems board of directors as to the fairness from a financial point of view to the holders of the outstanding shares of ONI Systems common stock of the exchange ratio of 0.7104 shares of CIENA common stock to be received for each share of ONI Systems common stock pursuant to the merger agreement. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of ONI Systems, CIENA, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

As described above, Goldman Sachs opinions to the board of directors of ONI Systems was one of many factors taken into consideration by the board of directors of ONI Systems in making its determination to approve the merger agreement and recommend approval of the merger agreement to the ONI Systems stockholders. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with such opinions and is qualified by reference to the written opinions of Goldman Sachs.

Goldman Sachs, as part of its investment banking business, is continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities and private placements and for estate, corporate and other purposes. Goldman Sachs is familiar with ONI Systems having provided certain investment banking services to ONI Systems from time to time, including having acted as:

Lead manager of the initial public offering of 8,000,000 shares of ONI Systems common stock in May 2000;

Lead manager of the follow-on offering of 8,000,000 shares of ONI Systems common stock in October 2000;

Lead manager of the public offering of ONI Systems 5% Convertible Subordinated Notes due in October 2005, in October 2000; and

Financial advisor in connection with, and having participated in certain of the negotiations leading to, the merger agreement.

Goldman Sachs also has provided certain investment banking services to CIENA from time to time, including having acted as:

Lead manager of the initial public offering of 5,000,000 shares of CIENA common stock in February 1997;

Lead manager of the follow-on offering of 9,110,622 shares of CIENA common stock in July 1997;

Lead manager of the public offering of 11,000,000 shares of CIENA common stock in February 2001; and

Lead manager of the public offering of CIENA's 3.75% Convertible Notes due in February 2008, in February 2001.

Goldman Sachs may also provide investment banking services to ONI Systems, CIENA and their respective subsidiaries in the future. ONI Systems selected Goldman Sachs as its financial advisor because

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it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger.

Goldman Sachs provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold positions in securities, including derivative securities, of ONI Systems or CIENA for its own account and for the accounts of customers.

Lawton Fitt, a Managing Director of Goldman Sachs International, an affiliate of Goldman Sachs, is a director of CIENA. Goldman Sachs has been informed that Ms. Fitt recused herself from deliberating and voting on any proposals presented to CIENA's board of directors in respect of the merger agreement and merger.

Pursuant to a letter agreement dated January 20, 2002, or the Goldman Sachs engagement letter, ONI Systems engaged Goldman Sachs to act as its financial advisor in connection with the merger. Pursuant to the engagement letter, ONI Systems agreed to pay Goldman Sachs a customary transaction fee upon consummation of the merger. ONI Systems has agreed to reimburse Goldman Sachs for its reasonable out-of-pocket expenses, including attorneys' fees, and to indemnify Goldman Sachs against certain liabilities, including certain liabilities under the federal securities laws.

Interests of Executive Officers and Directors in the Merger

In considering the recommendation of the ONI Systems board of directors regarding the merger, ONI Systems stockholders should be aware that some ONI Systems directors and executive officers have interests in the merger and related arrangements that are different from, or in addition to, their interests as ONI Systems stockholders. These interests may create potential conflicts of interest for these directors and officers because they may be more likely to approve the merger than ONI Systems stockholders generally. The ONI Systems board of directors was aware of these interests and took these interests into account in its deliberations of the merits of the merger and in approving the merger and the transactions contemplated by the merger agreement.

Employment and Consulting Arrangements. Hugh C. Martin, the Chairman of the Board, Chief Executive Officer and President of ONI Systems, has signed a consulting agreement with CIENA for a term of one year following the closing of the merger. Under this consulting agreement Mr. Martin will receive a consulting fee of \$23,334 per month, and the shares of CIENA common stock acquired by Mr. Martin as a result of the merger and the ONI Systems stock options issued to Mr. Martin and assumed by CIENA as a result of the merger will continue to vest during the term of the consulting agreement in accordance with the terms of the agreements under which Mr. Martin currently holds these shares and options.

William R. Cumpston, the Executive Vice President and Chief Operating Officer of ONI Systems, has signed an employment agreement with CIENA under which he agreed to serve as Senior Vice President, Metro Switching, Access and Transport of the combined company. Rohit Sharma, the Chief Technology Officer of ONI Systems, has signed an employment agreement with CIENA under which he agreed to serve as Senior Vice President and Chief Technology Officer, Metro Access and Transport of the combined company. Mr. Cumpston and Mr. Sharma will receive the following benefits under their respective employment agreements:

Mr. Cumpston will receive a base salary in the amount of \$275,000 per year, and will be eligible to participate in CIENA's Incentive Bonus Plan at a rate of up to 50% of his base salary on a quarterly basis. During the first 12 months of the term of his employment agreement Mr. Cumpston will receive a guaranteed bonus in an amount such that his total compensation will be equal to at least \$350,000;

Mr. Sharma will receive a base salary in the amount of \$250,000 per year, and will be eligible to participate in CIENA's Incentive Bonus Plan at a rate of up to 50% of his base salary on a

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quarterly basis. During the first 12 months of the term of his employment agreement Mr. Sharma will receive a guaranteed bonus in an amount such that his total compensation will be equal to at least \$300,000;

both executives will be eligible to receive additional stock option grants in accordance with CIENA's standard compensation plans; and

both executives will be eligible to participate in CIENA's executive benefits program.

Mr. Cumpston and Mr. Sharma are entitled to receive specified benefits under their employment agreements with CIENA if their employment is terminated by CIENA without cause, or by the executive for good reason, within one year after the merger or within one year after the effective date of a transfer of control of CIENA. Upon termination as set forth above, each of these executives will receive the following benefits under the agreements:

continuation for a period of 12 months following the last day of employment of the executive's compensation equal to the executive's annual base salary immediately prior to either the date of termination or the date of the transfer of control, whichever is higher;

compensation equal to the executive's annual bonus amount under any incentive plans or programs in which the executive participated immediately prior to either the date of termination or the date of the transfer of control, whichever annual bonus amount is higher, this bonus will be based on an assumed achievement of 100% of the targeted performance for the award and will be payable in quarterly installments;

continuation of the executive's participation in group medical, dental, life and disability plans on substantially the same basis as if the executive were an employee until the earlier of the anniversary of the date of termination or the last day of the month in which the executive begins employment with another employer, CIENA will also pay the executive at least annually an amount sufficient on an after tax basis to compensate the executive for all additional taxes incurred because of any income realized as a result of continued coverage to the extent the taxes would not be incurred if the executive was an employee of CIENA;

CIENA will continue to maintain director and officer insurance covering the executive, and will maintain in effect any indemnification agreements providing for indemnification of the executive by CIENA, until the applicable statute of limitations has ended;

if the executive is terminated within 12 months after the merger, the vesting of the executive's options will continue for the same period during which the executive is receiving his salary, and the exercise period for the executive's unexercised and exercisable options will be extended for thirty days after the end of the salary continuation period;

if the executive is terminated following a transfer of control, the executive's options will become vested and exercisable upon the transfer of control to the extent provided for under the terms of the plan, program or arrangement under which the options were granted, vesting of the executive's options will continue during the salary continuation period, and the exercise period for the executive's unexercised and exercisable options will be extended for 30 days after the end of the salary continuation period; and

if it is determined that any payment or distribution by CIENA to or for the benefit of the executive paid, payable or distributed under the terms of the agreement or otherwise, would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any interest or penalties are incurred by the executive with respect to the excise tax, then CIENA will pay the executive an additional amount equal to the excise tax imposed.

Each executive agreed not to compete with CIENA for a period of one year following termination of his employment. However, under Mr. Sharma's employment agreement the non-competition provision will not apply, if, on or after the first anniversary of the date that the merger is completed, Mr. Sharma's

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employment is terminated except in connection with a transfer of control of CIENA. If, on or after the first anniversary of the date that the merger is completed, Mr. Sharma is terminated by CIENA without cause or by Mr. Sharma with good reason, in either event within one year of the effective date of a transfer of control of CIENA, and Mr. Sharma elects to forego various benefits to which he would otherwise be entitled, the non-competition provision will not apply.

Stock Ownership. As of March , 2002, the directors and executive officers of ONI Systems beneficially owned shares, including stock options and warrants exercisable within 60 days of that date, representing approximately % of the outstanding shares of ONI Systems. These shares would represent approximately % of the outstanding shares of CIENA after completion of the merger, based on shares outstanding on March , 2002.

Assumption of Stock Options. Each outstanding option to purchase ONI Systems common stock, including any stock option held by any director or executive officer of ONI Systems, will be assumed by CIENA at the effective time of the merger. Each option will become an option to acquire common stock of the combined company after the merger, the number of shares subject to the option and the option exercise price will be equitably adjusted according to the 0.7104 exchange ratio.

Acceleration of ONI Systems Stock Options. The ONI Systems stock options held by members of the ONI Systems board of directors that were granted under the ONI Systems 2000 Equity Incentive Plan will accelerate in connection with the merger and become 100% vested and exercisable in full. The ONI Systems options held by Robert J. Jandro and Michael A. Dillon, both of whom are executive officers of ONI Systems, will accelerate in connection with the merger so that 25% of the unvested shares subject to these options will become vested. In addition, several other employees of ONI Systems have stock options with acceleration of vesting in connection with the merger.

Parachute Payments. For certain employees of ONI Systems the acceleration of the vesting of options upon completion of the merger or subsequent termination of employment may, together with any severance payments, result in excess parachute payments as defined in Section 280G of the Internal Revenue Code. Excess parachute payments are not deductible in accordance with Section 280G. As a result, CIENA will not be entitled to a tax deduction for the amount determined to be excess parachute payments.

Indemnification. The merger agreement provides that, upon the completion of the merger, CIENA for a period of six years will fulfill the obligations of ONI Systems to indemnify and hold harmless each person who is or was a director or officer of ONI Systems against any losses incurred based upon matters existing or occurring prior to the completion of the merger to the same extent that these persons were indemnified pursuant to ONI Systems certificate of incorporation, bylaws or any indemnification agreement immediately prior to the merger. In addition, CIENA will cause the combined company to use commercially reasonable efforts to maintain in effect, if available, directors and officers liability insurance covering the individuals who are currently covered by ONI Systems directors and officers insurance, on terms that are comparable to those currently applicable to ONI Systems directors and officers, provided that CIENA will not be required to pay annual premiums for such individuals in excess of 200% of the last annual premium paid by ONI Systems for directors and officers liability insurance prior to the date of the merger, but will at least maintain the level of coverage that can be purchased for that amount.

Stockholder Agreements. The following ONI Systems directors and officers have entered into stockholder agreements pursuant to which they have agreed to vote shares of ONI Systems common stock over which they exercise voting control in favor of the adoption of the merger agreement and the merger:

Hugh C. Martin, Chairman, President and Chief Executive Officer;

George Reyes, Interim Chief Financial Officer;

William R. Cumpston, Executive Vice President and Chief Operating Officer;

Michael A. Dillon, Vice President, General Counsel and Secretary;

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Robert J. Jandro, Executive Vice President, Global Sales and Services;

Rohit Sharma, Founder and Chief Technology Officer;

Matthew W. Bross, Director;

Kevin Compton, Director;

Jonathan D. Feiber, Director;

James F. Jordan, Director; and

Gregory B. Maffei, Director.

The total number of shares of ONI Systems common stock covered by these agreements is _____, which represents approximately _____% of ONI Systems' outstanding common stock as of _____, 2002.

Loan Agreements. ONI Systems made loans to some of its officers and directors, evidenced by promissory notes, which were used to purchase ONI Systems' restricted stock and early exercisable options. The promissory notes provide that upon an officer or director's termination of employment, the company has the right to immediately accelerate the notes. Two loans were made to Michael Dillon with a total outstanding balance of \$102,407. A loan was made to Hugh Martin, with a current balance of \$1,726,576. The promissory note issued by Robert Jandro, with an outstanding balance of \$2,451,164, was amended to allow for partial prepayment in proportion to the amount of stock sold. All of the promissory notes issued in exchange for the loans are secured by shares of ONI Systems common stock.

Accounting Treatment

The merger will be accounted for using the purchase method of accounting. CIENA will be deemed the acquiror for financial reporting purposes. Under the purchase method of accounting, the purchase price in the merger is allocated among the ONI Systems assets acquired and the ONI Systems liabilities assumed to the extent of their fair market value, with any excess purchase price being allocated to goodwill.

Listing on The Nasdaq Stock Market

CIENA has agreed to cause the shares of CIENA common stock issued in the merger to be approved for listing on the Nasdaq Stock Market.

Governmental and Regulatory Approvals

The Hart-Scott-Rodino Act and its related rules and regulations prohibit ONI Systems and CIENA from completing the merger until CIENA and ONI Systems each make a filing with the Antitrust Division of the Department of Justice and the Federal Trade Commission, and the Hart-Scott-Rodino Antitrust Improvements Act waiting period requirements have been satisfied. Even after the waiting period expires or terminates, the Antitrust Division or the Federal Trade Commission may later challenge the merger on antitrust grounds. CIENA made its Hart-Scott-Rodino filing with the Antitrust Division of the Department of Justice and the Federal Trade Commission on March 7, 2002. ONI Systems made its Hart-Scott-Rodino filing with the Antitrust Division of the Department of Justice and the Federal Trade Commission on March 18, 2002. The merger also may be subject to review by the governmental authorities of various other jurisdictions under the antitrust laws of those jurisdictions.

Federal Income Tax Consequences

The following discussion describes the material federal income tax consequences of the exchange of shares of ONI Systems common stock for CIENA common stock pursuant to the merger that are generally applicable to holders of ONI Systems common stock. This discussion is based on currently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury regulations thereunder and current administrative rulings and court decisions, all of

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which are subject to change. Any such change, which may or may not be retroactive, could alter the tax consequences to ONI Systems stockholders as described herein.

ONI Systems stockholders should be aware that this discussion does not deal with all federal income tax considerations that may be relevant to particular ONI Systems stockholders in light of their particular circumstances, such as stockholders who are dealers in securities, who are subject to the alternative minimum tax provisions of the Code, who are foreign persons, insurance companies, tax-exempt organizations, financial institutions, or broker-dealers, who hold their shares as part of a hedge, straddle, conversion or other risk-reduction transaction, who do not hold their ONI Systems common stock as capital assets, or who acquired their shares in connection with stock option or stock purchase plans or in other compensatory transactions. In addition, the following discussion does not address the tax consequences of the merger under foreign, state or local tax laws, the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the merger (whether or not any such transactions are undertaken in connection with the merger), including without limitation any transaction in which shares of ONI Systems common stock are acquired or shares of CIENA common stock are disposed of, or the tax consequences of the assumption by CIENA of the ONI Systems employee options or the tax consequences of any receipt of rights to acquire CIENA common stock.

Accordingly, ONI Systems stockholders are urged to consult their own tax advisors as to the specific tax consequences to them of the merger, including the applicable federal, state, local and foreign tax consequences.

Subject to the assumptions and limitations discussed in such opinions, in the opinion of Hogan & Hartson L.L.P., counsel to CIENA, and Fenwick & West LLP, counsel to ONI Systems, the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code if the merger is completed under the current terms of the merger agreement. Provided that the merger does so qualify as a reorganization, then, subject to the limitations and qualifications referred to herein, the merger will generally result in the following federal income tax consequences to ONI Systems stockholders:

No gain or loss will be recognized by holders of ONI Systems common stock solely upon their receipt of CIENA common stock in exchange for ONI Systems common stock in the merger.

The aggregate tax basis of the ONI Systems common stock received by CIENA stockholders in the merger (including any fractional share interest in CIENA common stock) will be the same as the aggregate tax basis of the ONI Systems common stock surrendered in exchange therefor.

The holding period of the CIENA common stock received by ONI Systems stockholders in the merger will include the period for which the ONI Systems common stock surrendered in exchange therefor was considered to be held, provided that the ONI Systems common stock so surrendered is held as a capital asset at the time of the merger.

Any cash payment received by a holder of ONI Systems common stock in lieu of a fractional share of CIENA common stock will be treated as if such fractional share had been issued in the merger and then redeemed by CIENA. An ONI Systems stockholder receiving such cash will recognize gain or loss, upon such payment, measured by the difference, if any, between the amount of cash received and the basis in such fractional share. The gain or loss will be capital gain provided that the shares of ONI Systems common stock were held as capital assets and will be long term capital gain or loss if the ONI Systems common stock had been held for more than one year at the time of the merger. However, if the receipt of cash instead of fractional shares is essentially equivalent to a dividend (determined by application of Section 302 of the Code on a stockholder by stockholder basis), some or all of this gain may be treated as a dividend and taxed as ordinary income.

Consummation of the merger is conditioned upon the receipt by CIENA and ONI Systems of tax opinions to the above effect from Hogan & Hartson L.L.P. and Fenwick & West LLP, respectively, which will be dated the date on which the merger is consummated. Such opinions of counsel are based on certain representations as to factual matters made by, among others, CIENA and ONI Systems. Such

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representations, if incorrect, could jeopardize the conclusions reached in the opinions. Neither CIENA nor ONI Systems is currently aware of any facts or circumstances which would cause any such representations made to counsel to be untrue or incorrect in any material respect. Any opinion of counsel is not binding on the Internal Revenue Service or the courts. The parties have not and will not request a ruling from the Internal Revenue Service as to the tax consequences of the merger.

A successful Internal Revenue Service challenge to the reorganization status of the merger would result in ONI Systems stockholders recognizing taxable gain or loss with respect to each share of ONI Systems common stock surrendered equal to the difference between the stockholder's basis in such share and the fair market value, as of the effective time, of the CIENA common stock received in exchange therefor. In such event, a stockholder's aggregate basis in the CIENA common stock so received would equal its fair market value, and the stockholder's holding period for such stock would begin the day after the merger.

Federal Backup Withholding

A holder of ONI Systems common stock may be subject, under some circumstances, to backup withholding at a rate of 30% with respect to the amount of cash, if any, received in lieu of a fraction of a share of CIENA common stock in the merger unless the holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against the holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

ONI Systems 5% Convertible Subordinated Notes Due October 15, 2005

CIENA will execute a supplemental indenture that provides for the conversion of the ONI Systems \$300,000,000 aggregate principal amount 5% convertible subordinated notes into 5% convertible subordinated notes of CIENA, convertible into CIENA common stock. Upon consummation of the merger, the notes will become debt obligations of CIENA, immediately convertible into approximately 7.7525 shares of CIENA common stock for each \$1,000 in principal amount held, subject to adjustment.

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TERMS OF THE MERGER AGREEMENT AND RELATED TRANSACTIONS

The following summary of the material terms and provisions of the merger agreement is qualified in its entirety by reference to the merger agreement. The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference. All stockholders are urged to read the merger agreement carefully.

General

The merger agreement provides that ONI Systems will be merged with and into CIENA, at the effective time of the merger. Pursuant to the merger agreement, ONI Systems will cease to exist and CIENA will be the surviving corporation. At the effective time of the merger, each outstanding share of ONI Systems common stock will be converted into CIENA common stock, all as more fully described below.

This section of the joint proxy statement/prospectus describes aspects of the merger, including the material provisions of the merger agreement.

Structure of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with the Delaware General Corporation Law, the DGCL, at the effective time of the merger, ONI Systems will merge with and into CIENA. ONI Systems will then cease to exist, and CIENA will continue as the surviving company. The certificate of incorporation of CIENA will be the certificate of incorporation of the surviving corporation. The bylaws of CIENA will be the bylaws of the surviving corporation and the board of directors and the officers of CIENA will remain the board of directors and officers of the surviving corporation.

Management and Operations After the Merger

Following the merger, CIENA will integrate all of ONI Systems' operations into its own. All of the officers and directors of CIENA before the merger will remain officers and directors of CIENA after the merger. The stockholders of ONI Systems will become stockholders of CIENA, and their rights as stockholders will be governed by CIENA's articles of incorporation and bylaws, each as currently in effect, and the laws of the State of Delaware.

Treatment of Stock, Options and Warrants

At the effective time of the merger, each issued and outstanding share of ONI Systems common stock, other than shares held in the treasury of ONI Systems, by CIENA or by any direct or indirect wholly owned subsidiary of ONI Systems or CIENA, will be converted into 0.7104 shares of CIENA common stock. Each share of CIENA common stock issued in the merger will include the corresponding fraction of a right to purchase shares of junior preferred stock, par value \$0.01 per share, pursuant to the Rights Agreement dated as of December 29, 1997 between CIENA and Equiserve Trust Co., N.A. (formerly BankBoston, N.A.) as Rights Agent, as amended. If there is a change in the number of shares of CIENA common stock outstanding, under certain circumstances the exchange ratio will be adjusted.

Each share of ONI Systems common stock held in the treasury of ONI Systems, by CIENA or by any direct or indirect wholly owned subsidiary of ONI Systems or of CIENA will be canceled and extinguished at the effective time of the merger without the payment of any consideration.

CIENA will assume each option or warrant to acquire ONI Systems common stock granted under ONI Systems' stock plan or otherwise issued by ONI Systems and that is outstanding and unexercised immediately prior to the effective time of the merger, and at the effective time of the merger, CIENA will replace them with an option or warrant, respectively, to purchase CIENA common stock. In each case, the number of shares of CIENA common stock subject to the new CIENA option or warrant will be equal to the number of shares of ONI Systems common stock subject to the ONI Systems stock option or

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warrant, assuming full vesting, multiplied by 0.7104 (and rounding any fractional share down to the nearest whole share) and the exercise price per share of CIENA common stock will be equal to the aggregate exercise price per share of ONI common stock subject to the ONI Systems stock option or warrant divided by 0.7104. The duration and other terms of each such CIENA option or warrant, including the vesting schedule, will be the same as the prior ONI Systems stock option or warrant.

CIENA has agreed under the terms of the merger agreement to assume ONI Systems' commitment to issue options to certain employees in accordance with the terms of ONI Systems' offer to exchange dated October 19, 2001. Accordingly, if the merger closes before the replacement option grant date which will be no earlier than May 20, 2002, CIENA will issue the replacement options, and the number of shares subject to the replacement options will be determined by multiplying the number of shares of ONI Systems common stock that would have been covered by each option by 0.7104. The exercise price of the replacement options will be the fair market value of CIENA's common stock on the grant date. If the merger closes after the replacement option grant date, ONI Systems will issue the replacement options, which will then be converted to CIENA options at the exchange ratio following the closing of the merger. In addition to the foregoing, CIENA has assumed ONI Systems' commitment to issue options to certain overseas employees of ONI Systems who were not eligible to participate in the Offer to Exchange. Options to purchase up to 5,159,535 shares of CIENA common stock may be issued under the offer to exchange and options to purchase up to 386,330 shares of CIENA common stock may be issued to employees of ONI Systems based overseas.

CIENA has agreed under the terms of the merger agreement to assume ONI Systems' employee stock purchase plan and the related commitment to issue and sell shares under the plan. Each assumed purchase right shall continue to have, and be subject to, the terms and conditions set forth in the employee stock purchase plan except that the number of shares of CIENA common stock issuable upon exercise thereof will equal the number of shares of ONI Systems common stock otherwise issuable multiplied by 0.7104 and the purchase price of the CIENA common stock on the purchase date thereof will be the lower of:

85% of the fair market value per share of ONI Systems common stock on the offering date under the plan for the purchase period divided by 0.7104; and

85% of the fair market value per share of CIENA common stock on the applicable purchase date.

Exchange of Certificates; Fractional Shares

CIENA has agreed to deposit with a bank or trust company designated as exchange agent by CIENA for the benefit of the holders of issued and outstanding shares of ONI Systems common stock, certificates representing the shares of CIENA common stock to be issued pursuant to the merger agreement.

At the earliest practicable date after the effective time of the merger, the exchange agent will mail a letter of transmittal to each holder of record of ONI Systems common stock. The letter of transmittal will contain instructions with respect to the surrender of stock certificates to the exchange agent.

You should not return your stock certificates with the enclosed proxy nor should you forward them to the exchange agent unless and until you receive the letter of transmittal, at which time you should forward them only in accordance with the instructions specified in the letter of transmittal.

Until the holders of certificates representing ONI Systems common stock to be converted into CIENA common stock in the merger surrender them for exchange at or after the effective time of the merger, they will accrue but will not receive dividends or other distributions declared after the effective time of the merger with respect to CIENA common stock into which their ONI Systems stock has been converted. When they surrender such certificates, any unpaid dividends or other distributions will be paid, without interest. All stock certificates presented after the effective time of the merger will be canceled and exchanged for a certificate representing the applicable number of shares of CIENA common stock.

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CIENA will not issue any fractional shares. Instead, each ONI Systems stockholder who would otherwise have been entitled to receive a fractional share of CIENA common stock will receive cash, without interest, in an amount rounded to the nearest whole cent, determined by multiplying (1) the per share closing price on Nasdaq of CIENA common stock on the closing date (or, if the CIENA common stock is not trading on Nasdaq on that date, the first day of trading in CIENA common stock on Nasdaq thereafter) by (2) the fraction of a share of CIENA common stock to which the holder would otherwise be entitled.

Any shares of CIENA common stock and cash that the exchange agent has not distributed six months after the effective time of the merger will be delivered to CIENA upon demand. Certificates representing ONI Systems common stock must thereafter be surrendered for exchange to CIENA. Neither CIENA, ONI Systems, nor the exchange agent will be liable for any shares of CIENA common stock, dividends or distributions with respect thereto, or cash delivered to a public official pursuant to any abandoned property, escheat or similar laws.

If a certificate representing ONI Systems common stock is lost, stolen or destroyed, the exchange agent will issue the CIENA common stock in exchange for the certificate only upon the making of an affidavit of such loss, theft or destruction by the claimant, and, if required by CIENA, the posting of a bond as indemnity against any claim that may be made against CIENA or the exchange agent with respect to such certificate.

For a description of the CIENA common stock and a description of the differences between the rights of the holders of CIENA common stock and holders of ONI Systems common stock, see CIENA Capital Stock and Comparison of Stockholder Rights.

Effective Time

The merger will occur after specified conditions set forth in Article VI of the merger agreement have been satisfied or waived. On the second business day after the satisfaction or waiver of these conditions, the parties will hold a scheduled closing. On the day the merger occurs, CIENA will file a certificate of merger with the Secretary of State of the State of Delaware. The effective time of the merger will be the date and time of such filing. CIENA and ONI Systems each anticipate that, if the merger is approved at the special meetings, it will be consummated during the second or third calendar quarter of 2002. However, a delay in obtaining governmental consents required prior to consummation of the transactions contemplated in the merger agreement could delay the merger. There can be no assurances as to if or when such governmental consents will be obtained or that the merger will be consummated.

Representations and Warranties

The merger agreement contains various representations of CIENA and ONI Systems. CIENA and ONI Systems make customary representations and warranties to each other relating to, among other things:

the corporate organization and existence of each company, including that it is duly organized, validly existing and in good standing with the corporate power and authority to own, operate and lease its properties and to carry on its business as currently conducted;

the certificate of incorporation and bylaws or other organizational documents of each company;

the capitalization of each company, including the number of shares of capital stock authorized, the number of shares and rights to acquire shares outstanding and the number of shares reserved for issuance;

the corporate power and authority of each company to execute and deliver the merger agreement and related documents and to consummate the transactions contemplated thereby;

the compliance of the merger agreement and related documents with (1) each company's certificate of incorporation and bylaws and the certificate or articles of incorporation and bylaws of

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each company's subsidiaries, (2) applicable laws, and (3) certain material agreements of each company, including the absence of events of default thereunder;

the required governmental and third-party consents;

the possession and validity of all required licenses, the filing of required regulatory reports and compliance with applicable laws by each company;

each company's financial statements, including that the information in the financial statements is a fair presentation of the financial condition and results of operations of each company and is in compliance with GAAP;

the absence of material undisclosed liabilities;

the absence of certain changes in ONI Systems' business since December 31, 2000 and in CIENA's business since October 31, 2001;

the absence of material legal proceedings, injunctions and disputes;

the validity of and absence of defaults under certain debt instruments, leases and other agreements of each company;

compliance with laws relating to employees or the workplace, and the absence of material disputes with employees;

the filing and accuracy of each company's tax returns;

the absence of certain business practices of each company;

knowledge regarding customer and supplier relationships;

the ownership and condition of the assets owned by each company;

complete and correct books and records;

the absence of intellectual property infringement or contests;

the absence of brokers or finders other than Goldman Sachs and Morgan Stanley;

the treatment of the merger as a reorganization under Section 368(a) of the Internal Revenue Code;

compliance with environmental laws and the absence of environmental liabilities; and

true and complete copies of all documents.

ONI Systems makes additional representations and warranties to CIENA regarding:

its employee benefit plans and related matters, including that the plans have been operated and administered in accordance with applicable laws;

insurance;

related party transactions; and

the inapplicability of state anti-takeover statutes to the merger.

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CIENA makes an additional representation to ONI Systems that the shares of CIENA common stock to be issued in the merger will be duly and validly issued, fully paid and non-assessable.

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Business of ONI Systems and CIENA Pending the Merger; Other Agreements

Pursuant to the merger agreement, ONI Systems and CIENA have each agreed to maintain its business in the ordinary course consistent with past practice. From the date of signing of the merger agreement until closing, each company will:

maintain its existence in good standing;

maintain the character of its business and properties and conduct its business in the ordinary and usual manner consistent with past practices, except as expressly permitted by the merger agreement;

maintain business and accounting records consistent with past practices; and

use its best efforts (1) to preserve its business intact, (2) to keep available to it the services of its present officers and employees, and (3) to preserve for it the goodwill of its suppliers, customers and others having business relations with it.

Interim Operations of ONI Systems:

Unless CIENA otherwise approves, ONI Systems and its subsidiaries may not:

amend or otherwise change its certificate of incorporation or bylaws;

issue any stock or grant any options with certain exceptions in the ordinary course, including under its option program;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise with respect to any of its capital stock;

reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock, except for repurchases from terminated employees;

incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise become responsible for, the obligations of any person, or make any loans or advances, with certain exceptions;

acquire, including, without limitation, by merger, consolidation, or acquisition of stock or assets, any corporation, partnership, other business organization or any division thereof or any material amount of assets;

enter into any contract or agreement other than in the ordinary course of business, consistent with past practice;

authorize any capital commitment or capital lease which is in excess of \$100,000 or capital expenditures which are, in the aggregate, in excess of \$100,000 or are not included on ONI Systems' capital budget for 2002;

mortgage, pledge or subject to encumbrance any of its material assets or properties, or agree to do so, other than in the ordinary course of business;

assume, guarantee or otherwise become responsible for the obligations of any other person or agree to do so;

enter into or agree to enter into any employment agreement, other than offer letters or letter agreements entered into in the ordinary course of business;

increase the compensation of its officers or employees, or grant any severance or termination pay to, or enter into any severance agreement with any director, officer or other employee of ONI Systems, or establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any such director, officer or employee except for reasonable salary increases in connection

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with customary officer and employee performance review process, customary bonuses consistent with past practices, and amendments to existing employee benefit plans as necessary to maintain compliance with applicable laws;

change in any respect its accounting policies or procedures, including, without limitation, procedures with respect to the payment of accounts payable and collection of accounts receivables except as required by GAAP;

make any tax election or settle or compromise any federal, state, local or foreign material income tax liability in excess of \$50,000;

settle or compromise any material pending or threatened suit, action or claim;

pay, discharge or satisfy any claim, liability or obligation, other than the payment, discharge or satisfaction, in the ordinary course of business and consistent with past practice, of liabilities reflected or reserved against in the latest balance sheet included in the last audited financial statement provided to CIENA or subsequently incurred in the ordinary course of business and consistent with past practice;

sell, assign, transfer, license or sublicense, other than in the ordinary course of business and consistent with past practice, pledge or otherwise encumber any of the intellectual property rights;

initiate any litigation against a third party;

adopt any stockholder rights or similar plans; or

agree to do any of the foregoing.

Interim Operations of CIENA:

Unless ONI Systems otherwise approves, CIENA may not:

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise with respect to any of its capital stock;

redeem, purchase or otherwise acquire any of its capital stock;

acquire, including, without limitation, by merger, consolidation or acquisition of stock or assets, any corporation, partnership, other business organization or any division thereof or any material amount of assets for a purchase price having a value in excess of 34 million shares of CIENA common stock;

amend or otherwise change its certificate of incorporation or bylaws; or

agree to do any of the foregoing.

No Solicitation by ONI Systems

Pursuant to the merger agreement, ONI Systems may not, nor may it authorize or permit any of its affiliates or any officer, director, employee, investment banker, attorney or other adviser or representative of ONI Systems or any of its affiliates to:

solicit, initiate, or encourage the submission of, any acquisition proposal;

enter into any agreement with respect to any acquisition proposal; or

participate in any discussions or negotiations regarding, or furnish to any person any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any acquisition proposal.

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The merger agreement does not preclude ONI Systems from, prior to receipt of the requisite stockholder approval, providing information to (subject to appropriate confidentiality protections), or entering into negotiations with, a person who has delivered an unsolicited written bona fide acquisition proposal, so long as in each case:

the board of directors of ONI Systems determines in good faith, after receiving the advice of its financial advisor and outside legal counsel, that the acquisition proposal, if accepted, is reasonably likely to be consummated;

the board of directors of ONI Systems determines in good faith, after receiving the advice of its financial advisor, that the acquisition proposal would, if consummated, result in a transaction that is more favorable to the ONI Systems stockholders with respect to financial terms and, if applicable, strategic benefit, taking into account the long-term value to stockholders of the CIENA shares being issued and the strategic nature of the merger; and

the board of directors of ONI Systems determines in good faith, after receiving advice of its outside legal counsel, that taking such action is required or necessary in order to fulfill its fiduciary duties under applicable law.

ONI Systems must promptly advise CIENA of any acquisition proposal and inquiries with respect to any acquisition proposal. Acquisition proposal means any proposal for a merger or other business combination involving ONI Systems or any proposal or offer to acquire in any manner, directly or indirectly, 10% or more of the equity securities, voting securities, or assets of ONI Systems.

The merger agreement provides that the ONI Systems board of directors may not withdraw, amend, modify or qualify in a manner adverse to CIENA its recommendation of the merger to its stockholders unless it provides CIENA with three business days prior notice, it has otherwise complied in all respects with its obligations under the merger agreement, and after receiving the advice of its outside legal counsel, the ONI Systems board of directors determines in good faith that it is required to withdraw, amend or modify its recommendation in order to satisfy its fiduciary duties to ONI Systems stockholders under applicable law.

Additional Agreements of CIENA and ONI Systems

Pursuant to the merger agreement, CIENA and ONI Systems have also agreed to use their reasonable best efforts to take all necessary, proper or appropriate actions to consummate the transactions contemplated by the merger agreement. In accordance with its certificate of incorporation and bylaws, CIENA and ONI Systems will take all action necessary to convene a meeting or meetings of the holders of CIENA and ONI Systems stock, as appropriate, to be held as promptly as practicable after the S-4 registration statement is declared effective.

Subject to the fiduciary duty exceptions described below, each board of directors:

will recommend approval by its stockholders;

will not withdraw or modify its recommendation; and

will take all lawful action to solicit stockholder approval as promptly as possible.

Each board of directors may withdraw, amend, modify or qualify in a manner adverse to the other its recommendation upon three business days notice, by following the procedures described above in the last paragraph of No Solicitation by ONI Systems.

Directors and Officers Insurance and Indemnification

CIENA has agreed to fulfill and honor in all respects the indemnification agreements ONI Systems has previously entered into with its officers and directors and to fulfill and honor any indemnification provisions of ONI Systems charter documents. The merger agreement provides that all rights to indemnification for present and former officers and directors of ONI Systems will survive the merger and

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continue in full force and effect for a period of not less than six years from the date of the completion of the merger in the case of certain omissions.

Conditions Precedent to Each Party's Obligation to Effect the Merger

The following conditions must be satisfied before the merger can become effective:

All applicable waiting periods under the Hart-Scott-Rodino Act and any foreign competition laws, where a filing and waiting period are required, have expired or been terminated;

CIENA and ONI Systems have obtained all authorizations, consents, orders, declarations or approvals of, or filings with, any governmental authority required in connection with the merger, which the failure to obtain, make or occur would have the effect of making the merger or any of the transactions contemplated by it illegal or would have a material adverse effect on CIENA or a material adverse effect on ONI Systems, assuming the merger had taken place;

No governmental entity enacts, issues, promulgates, enforces or enters any statute, rule, regulation, judgment, decree, injunction or other order which is in effect and which makes the merger illegal or otherwise prohibits consummation of the merger;

The S-4 Registration Statement must have become effective under the Securities Act, and there must be no stop order or threat of proceedings by the SEC to suspend the effectiveness of the S-4; and

Holders of CIENA common stock and ONI Systems common stock must approve the merger.

Conditions Precedent to Obligations of CIENA

CIENA's obligations to effect the merger are subject to the fulfillment or satisfaction, prior to or on the closing date, of each of the following conditions:

ONI Systems must have performed and complied in all material respects with all agreements and conditions to be performed prior to or on the closing date;

Each of ONI Systems' representations and warranties in the merger agreement must be true and correct as of the closing, except for changes permitted by the merger agreement or where the failure to be true and correct would not have or be reasonably likely to result in a material adverse effect on ONI Systems;

No event, occurrence, development or change shall have occurred that has or is reasonably likely to have a material adverse effect on ONI Systems;

Certain individuals shall have executed affiliate letters and/or stockholder agreements;

ONI Systems must have received certain specified consents or waivers, in form and substance satisfactory to CIENA, from the other parties to certain contracts, leases or agreements to which ONI Systems is a party; and

CIENA must have received the opinion of Hogan & Hartson L.L.P., counsel to CIENA, dated as of the closing date, to the effect that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code.

Conditions Precedent to ONI Systems' Obligations

ONI Systems' obligations to effect the merger are subject to the satisfaction of the following conditions prior to the closing date:

CIENA must have performed and complied in all material respects with all agreements and conditions to be performed prior to or on the closing date;

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Each of CIENA's representations and warranties in the merger agreement must be true and correct in all material respects as of the closing date, except for changes permitted by the merger agreement or where the failure to be true and correct would not have or be reasonably likely to result in a material adverse effect on CIENA;

No event, occurrence, development or change shall have occurred that has or is reasonably likely to have a material adverse effect on CIENA; and

ONI Systems must have received the opinion of Fenwick & West, LLP, counsel to ONI Systems, dated as of the closing date, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

The term "material adverse effect," as defined in the merger agreement with respect to CIENA and ONI Systems, means a material adverse effect on the business, financial condition, assets, liabilities or results of operations of either company and its subsidiaries, with certain exceptions, including:

any failure to meet analysts' published revenue or earnings predictions for any period ending on or after the date of the merger agreement;

any adverse change, effect, event, occurrence, state of facts or development attributable to conditions affecting generally the industry in which CIENA or ONI Systems participates, the US economy as a whole or foreign economies in any locations where CIENA or ONI Systems have material operations, sales, or customers, except an adverse change, effect, event, occurrence, state of facts or development that has a materially disproportionate impact on the affected party; and

any adverse change resulting from the announcement or pendency of the merger.

Termination of the Merger Agreement

The merger agreement may be terminated, and the merger may be abandoned at any time prior to the closing date:

by the mutual written agreement of the boards of directors of CIENA and ONI Systems;

by CIENA or ONI Systems if:

- * the closing date has not occurred by September 30, 2002; provided that the right to terminate the merger agreement is not available to any party who has caused the delay in the closing date by failing to fulfill its obligations under the merger agreement;
- * the approval of CIENA's and ONI Systems' stockholders, as required by the merger agreement, has not been obtained at a meeting convened for that purpose; or
- * any court of competent jurisdiction in the United States or other United States governmental authority issues an order or takes any other final and non-appealable action restraining, enjoining or otherwise prohibiting the merger.

by ONI Systems if:

- * ONI Systems' board of directors authorizes ONI Systems, subject to complying with the merger agreement, to enter into a binding written agreement concerning a superior proposal and CIENA does not make, within five business days of receipt of notification of ONI Systems' intent, an offer that the ONI Systems board of directors determines in good faith, after consultation with its outside legal counsel and its financial advisors, is at least as favorable as the superior proposal, taking into account the strategic benefit and long-term value to stockholders of the revised merger consideration and the strategic nature of the proposed merger with CIENA, as applicable;

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- * CIENA or its board of directors shall have withdrawn, modified or amended in any respect adverse to ONI Systems its recommendation in favor of the merger or failed to reconfirm its recommendation within 5 business days of a written request of ONI Systems to do so;
- * CIENA shall have failed to mail the joint proxy statement/prospectus to its stockholders as promptly as possible or failed to include the CIENA board of directors recommendation in the joint proxy statement/ prospectus;
- * CIENA shall have taken specified steps toward the approval or consummation of any acquisition proposal, as a result of which CIENA would be acquired by any third party, or any offer whereby a third party would acquire 10% or more of CIENA's securities or assets, or CIENA shall have failed to recommend rejection of a tender or exchange offer that is conditioned on termination of the merger with ONI Systems; or
- * CIENA materially breaches any representation, warranty, covenant or agreement in the merger agreement, and fails to cure the breach thirty days after receiving written notice of it, if the effect of the breach would be or would be likely to result in a material adverse effect on CIENA.

by CIENA if

- * ONI Systems' board of directors has withdrawn, modified or amended in any respect adverse to CIENA its recommendation in favor of the merger or failed to reconfirm its recommendation within 5 business days of a written request of CIENA to do so;
- * ONI Systems has approved, publicly recommended or entered into an agreement with respect to, or consummated, or adopted a resolution to approve, publicly recommend, enter into an agreement with respect to, or consummate any acquisition proposal from a person other than CIENA or any of its affiliates;
- * ONI Systems fails to recommend rejection of a tender or exchange offer made by a third party;
- * ONI Systems shall have failed to mail the joint proxy statement/ prospectus to its stockholders as promptly as possible or failed to include the ONI Systems board of directors' recommendation in the joint proxy statement/prospectus; or
- * ONI Systems materially breaches any representation, warranty, covenant or agreement in the merger agreement, and fails to cure the breach thirty days after receiving notice of it, if the effect of the breach would be or would be likely to result in a material adverse effect on ONI Systems.

If the merger agreement is terminated by ONI Systems due to a superior proposal, or by CIENA because ONI Systems' board of directors withdraws, amends or modifies its recommendation in favor of the merger, because ONI Systems fails to mail the joint proxy statement/prospectus to its stockholders as promptly as possible or fails to include the board of directors' recommendation in the joint proxy statement/prospectus, because ONI Systems approves an acquisition proposal from a person other than CIENA or because ONI Systems fails to recommend rejection of a tender offer by a person other than CIENA, then ONI Systems must pay CIENA a termination fee of \$36.7 million, as well as reimbursement of up to \$2 million for expenses incurred in the merger negotiation. However, except as described in the next sentence, ONI Systems will have no obligation to pay a termination fee or to reimburse CIENA's expenses if the merger agreement is terminated by CIENA as a result of a modification, withdrawal or amendment in a manner adverse to CIENA of ONI Systems' board of directors recommendation to its stockholders and the principal reason for the change is a development or combination of developments relating to CIENA that, individually or in the aggregate, has had or is reasonably likely to result in a material adverse effect on CIENA. ONI Systems will also be required to pay the \$36.7 million termination fee and to reimburse CIENA's out-of-pocket expenses if the merger agreement is terminated by either party as a result of the failure to obtain stockholder consent or by

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CIENA in the event of a change in the ONI Systems board of directors recommendation for reasons relating to a material adverse effect on CIENA, if:

at the time of ONI Systems stockholders meeting to vote on the merger or the change in the board of directors recommendation, as applicable, any person shall have made an acquisition proposal to ONI Systems or any of its stockholders that is then publicly known or shall have publicly announced an intention to make an acquisition proposal with respect to ONI Systems; and

ONI Systems enters into an agreement concerning a transaction that constitutes an acquisition proposal within 12 months of termination of the merger agreement.

In the event of termination of the merger agreement by ONI Systems because CIENA's board of directors withdraws, amends or modifies its recommendation in favor of the merger, because CIENA fails to mail the joint proxy statement/prospectus to its stockholders as promptly as possible or fails to include the board of directors recommendation in the joint proxy statement/prospectus, because CIENA takes specified steps toward the approval or consummation of any acquisition proposal as a result of which CIENA would be acquired by any third party, or a third party will acquire 10% or more of CIENA's securities or assets, that is conditioned on termination of the merger with ONI Systems or CIENA fails to recommend rejection of a tender offer, then CIENA must pay ONI Systems a termination fee of \$36.7 million, as well as reimbursement of up to \$2 million for expenses incurred in the merger negotiation. However, except as described in the next sentence, CIENA will have no obligation to pay a termination fee or to reimburse ONI Systems' expenses if the merger agreement is terminated by ONI Systems as a result of a modification, withdrawal or amendment in a manner adverse to ONI Systems of CIENA's board of directors recommendation to its stockholders and the principal reason for the change is a development or combination of developments relating to ONI Systems that, individually or in the aggregate, has had or is reasonably likely to result in a material adverse effect on ONI Systems. CIENA will be required to pay a \$87.2 million termination fee, less amounts previously paid, and to reimburse ONI Systems' out-of-pocket expenses if the merger agreement is terminated by either party as a result of the failure to obtain stockholder consent or by ONI Systems in the event of a change in the CIENA board of directors recommendation for reasons relating to a material adverse effect on ONI Systems, if:

at the time of CIENA's stockholders meeting to vote on the merger or the change in the board of directors recommendation, as applicable, any person shall have made an acquisition proposal to CIENA or any of its stockholders that is then publicly known or shall have publicly announced an intention to make an acquisition proposal with respect to CIENA; and

CIENA enters into an agreement concerning that transaction that constitutes an acquisition proposal within 12 months of termination of the merger agreement.

Waiver and Amendment of the Merger Agreement

At any time prior to the effective time of the merger, the parties to the merger agreement may agree in writing to:

extend the time for the performance of any obligation or other act required to be performed under the merger agreement;

waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement;

waive compliance with any of the agreements or conditions contained in the merger agreement; or

amend the merger agreement.

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Expenses

CIENA and ONI Systems will pay their own expenses incidental to the preparation of the merger agreement, the carrying out of the provisions of the merger agreement and the consummation of the transactions contemplated by the merger agreement.

Stockholder Agreements

Certain directors and officers of ONI Systems owning approximately 11.5% of the ONI Systems common stock outstanding as of , 2002 have signed stockholder agreements in which they have agreed to do the following:

vote in favor of adopting and approving the terms of the merger agreement;

vote against any alternative acquisition proposal; and

vote against any amendment of ONI Systems certificate of incorporation or bylaws, which amendment would in any manner impede, frustrate, prevent or nullify the merger or the merger agreement or change in any manner the voting rights of any class of capital stock of ONI Systems.

These stockholders have also agreed not to:

sell, transfer, pledge, assign or otherwise dispose of, or enter into any contract, option or other arrangement (including any profit-sharing arrangement) with respect to the transfer of their ONI Systems shares to any person, subject to limited exceptions;

enter into any voting arrangement, whether by proxy, voting agreement or otherwise, in relation to their ONI Systems shares; or

permit any affiliate, director, officer, employee, investment banker, attorney or other advisor or representative of the stockholder to (i) directly or indirectly solicit, initiate or knowingly encourage the submission of, any alternative acquisition proposal or (ii) directly or indirectly participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or facilitate any inquiries or the making of any proposal that constitutes or may lead to, any alternative acquisition proposal.

The form of this stockholder agreement is attached as Annex B to this joint proxy statement/prospectus.

Restrictions on Resales by Affiliates

The shares of CIENA stock to be issued to ONI Systems stockholders in the merger have been registered under the Securities Act. These shares may be traded freely and without restriction by those stockholders not deemed to be affiliates of ONI Systems as that term is defined under the Securities Act. An affiliate of a corporation, as defined by the rules promulgated under the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation. Any transfer by an affiliate of ONI Systems must be one permitted by the resale provisions of Rule 145 promulgated under the Securities Act. If an ONI Systems affiliate becomes an affiliate of CIENA, any transfer must be permitted by the resale provisions of Rule 144 promulgated under the Securities Act or otherwise permitted under the Securities Act. These restrictions are expected to apply to the executive officers and directors of ONI Systems. Affiliates of ONI Systems have agreed to comply with these restrictions. In addition, pursuant to affiliate agreements executed by Messrs. Martin, Cumpston and Sharma, these executive officers have agreed not to sell shares of CIENA received in the merger for a period of 180 days after the completion of the merger. The form of affiliate agreement executed by Messrs. Martin, Cumpston and Sharma is attached as Annex C to this joint proxy statement/prospectus.

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UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements present the effect of the pending merger between CIENA and ONI Systems as if the merger had been completed on November 1, 2000 for results of operations purposes and on January 31, 2002 for balance sheet purposes. Due to different fiscal periods for CIENA and ONI Systems, the January 31, 2002 pro forma combined balance sheet is based upon the historical consolidated balance sheet data of CIENA as of January 31, 2002, and the historical balance sheet data of ONI Systems as of December 31, 2001. The October 31, 2001 pro forma combined statement of operations includes the historical consolidated statement of operations data of CIENA for the twelve months ended October 31, 2001 and the consolidated historical statement of operations data of ONI Systems for the twelve months ended December 31, 2001. The January 31, 2002 pro forma combined statement of operations includes the historical consolidated statement of operations data of CIENA for the three months ended January 31, 2002 and the consolidated historical statement of operations data of ONI Systems for the three months ended December 31, 2001. Due to the difference in year ends, the ONI Systems fourth quarter 2001 operating results are included in both the year ended October 31, 2001 and three months ended January 31, 2002 pro forma operating results. On March 29, 2001, CIENA acquired Cyras Systems, Inc. in a purchase business combination. Due to the significance of that acquisition, the CIENA pro forma operating results include adjustments to reflect the acquisition of Cyras Systems as of November 1, 2000.

The unaudited pro forma combined financial data is based on estimates and assumptions which are preliminary and have been made solely for the purposes of developing these unaudited pro forma combined financial data. The unaudited pro forma combined financial data is not necessarily an indication of the results that would have been achieved had the transaction been consummated as of the dates indicated or results that may be achieved in the future.

This unaudited pro forma combined consolidated financial data should be read in conjunction with the summary selected historical consolidated financial data and the unaudited pro forma combined consolidated financial statements and accompanying notes contained elsewhere in this joint proxy statement/prospectus and the separate historical consolidated financial statements and accompanying notes of CIENA, Cyras Systems, Inc. and ONI Systems incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page of this joint proxy statement/prospectus.

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Total stockholders equity	<u>2,068,365</u>	<u>557,780</u>	<u>358,613</u>	<u>2,984,758</u>
Total liabilities and stockholders equity	<u>\$ 3,218,778</u>	<u>\$ 916,355</u>	<u>\$ 358,613</u>	<u>\$ 4,493,746</u>

Table of Contents**UNAUDITED PRO FORMA COMBINED**

STATEMENT OF OPERATIONS
Year Ended October 31, 2001
(In thousands, except per share data)

	Pro Forma October 31, 2001 CIENA	Historical December 31, 2001 ONI SYSTEMS	Adjustments	Pro Forma Combined October 31, 2001
Revenue	\$ 1,603,229	\$ 195,680	\$	\$ 1,798,909
Cost of goods sold (exclusive of \$0, \$4,141, \$2,800 and \$6,941 deferred stock compensation costs)	904,549	166,616	_____	1,071,165
Gross profit	698,680	29,064	_____	727,744
Operating expenses				
Research and development (exclusive of \$26,185, \$11,205, \$2,562 and \$39,952 deferred stock compensation costs)	284,885	78,355		363,240
Sales and marketing (exclusive of \$10,791, \$7,937, \$5,027 and \$23,755 deferred stock compensation costs)	152,476	51,322		203,798
General and administrative (exclusive of \$18,066, \$3,726, \$1,092 and \$22,884 deferred stock compensation costs)	65,105	26,767		91,872
Deferred stock compensation costs	55,042	27,009	11,481 C	93,532
Amortization of goodwill	300,301	3,981	(3,981)D	300,301
Amortization of intangible assets	8,863	5,086	1,528 B	15,477
In-process research and development		8,240		8,240
Restructuring costs	15,439	17,350		32,789
Goodwill impairment	1,719,426			1,719,426
Provision for doubtful accounts	(6,579)	10,621		4,042
Total operating expenses	2,594,958	228,731	9,028	2,832,717
Loss from operations	(1,896,278)	(199,667)	(9,028)	(2,104,973)
Other income, net	23,336	11,813		35,149
Loss before income taxes	(1,872,942)	(187,854)	(9,028)	(2,069,824)
Provision for income tax	87,385	412		87,797
Net loss	\$(1,960,327)	\$(188,266)	\$ (9,028)	\$(2,157,621)
Basic net loss per common share	\$ (6.11)	\$ (1.40)		\$ (5.14)
Diluted net loss per common share and dilutive potential common share	\$ (6.11)	\$ (1.40)		\$ (5.14)
Weighted average basic common shares outstanding	320,893	134,756	(36,045)A	419,604

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Weighted average basic common and dilutive
potential common shares outstanding

320,893

134,756

(36,045)A

419,604

75

Table of Contents**UNAUDITED PRO FORMA CIENA****STATEMENT OF OPERATIONS
Year Ended October 31, 2001
(In thousands, except per share data)**

	October 31, 2001 Historical CIENA	Five Months Ended March 29, 2001 Historical Cyras	Adjustments	Pro Forma October 31, 2001 CIENA
Revenue	\$ 1,603,229	\$	\$	\$ 1,603,229
Cost of goods sold (exclusive of \$0, \$0, \$0, and \$0 deferred stock compensation costs)	904,549			904,549
Gross profit	698,680			698,680
Operating expenses				
Research and development (exclusive of \$17,825, \$16,830, (\$8,470), and \$26,185 deferred stock compensation costs)	235,831	49,054		284,885
Sales and marketing (exclusive of \$8,336, \$8,289, (\$5,834), and \$10,791 deferred stock compensation costs)	146,949	5,527		152,476
General and administrative (exclusive of \$15,206, \$8,371, (\$5,511), and \$18,066 deferred stock compensation costs)	57,865	7,240		65,105
Merger related expenses		30,204	(30,204)E	
Deferred stock compensation costs	41,367	33,490	(19,815)F	55,042
Amortization of goodwill	177,786		122,515 G	300,301
Amortization of intangible assets	4,413		4,450 H	8,863
In-process research and development	45,900		(45,900)I	
Restructuring costs	15,439			15,439
Goodwill impairment	1,719,426			1,719,426
Provision for doubtful accounts	(6,579)			(6,579)
Total operating expenses	2,438,397	125,515	31,046	2,594,958
Loss from operations	(1,739,717)	(125,515)	(31,046)	(1,896,278)
Other income (expense), net	32,988	(9,652)		23,336
Loss before income taxes	(1,706,729)	(135,167)	(31,046)	(1,872,942)
Provision (benefit) for income tax	87,333	52		87,385
Net loss	\$ (1,794,062)	\$ (135,219)	\$ (31,046)	\$ (1,960,327)
Basic net loss per common share	\$ (5.75)			\$ (6.11)
Diluted net loss per common share and dilutive potential common share	\$ (5.75)			\$ (6.11)

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Weighted average basic common shares	<u>311,815</u>	<u>9,078 J</u>	<u>320,893</u>
Weighted average basic common and dilutive potential common shares outstanding	<u>311,815</u>	<u>9,078 J</u>	<u>320,893</u>

Table of Contents**UNAUDITED PRO FORMA COMBINED**

STATEMENT OF OPERATIONS
Three Months Ended January 31, 2002
(In thousands, except per share data)

	Historical		Adjustments	Three Months Ended January 31, 2002 Pro Forma Combined
	Three Months Ended January 31, 2002 CIENA	Three Months Ended December 31, 2001 ONI Systems		
Revenue	\$ 162,156	\$ 42,163	\$	\$ 204,319
Cost of good sold (exclusive of \$0, (\$275), \$1,519 and \$1,244 deferred stock compensation costs)	139,687	34,978		174,665
Gross profit	22,469	7,185		29,654
Operating expenses				
Research and development (exclusive of \$3,951, (\$981), \$3,448 and \$6,418 deferred stock compensation costs)	64,756	19,830		84,586
Sales and marketing (exclusive of \$956, (\$786), \$3,109 and \$3,279 deferred stock compensation costs)	37,600	13,620		51,220
General and administrative (exclusive of \$227, (\$292), \$1,155 and \$1,090 deferred stock compensation costs)	13,655	6,957		20,612
Deferred stock compensation costs	5,134	(2,334)	9,231 C	12,031
Amortization of goodwill		1,233	(1,233)D	
Amortization of intangible assets	1,813	1,473	181 B	3,467
Restructuring costs	6,828	1,258		8,086
Total operating expenses	129,786	42,037	8,179	180,002
Loss from operations	(107,317)	(34,852)	(8,179)	(150,348)
Other income, net	361	369		730
Loss before income taxes	(106,956)	(34,483)	(8,179)	(149,618)
Provision (benefit) for income taxes	(36,365)	255		(36,110)
Net loss	\$ (70,591)	(34,738)	\$ (8,179)	\$ (113,508)
Basic net loss per common share	\$ (0.22)	\$ (0.25)		\$ (0.27)
Diluted net loss per common and dilutive potential common share	\$ (0.22)	\$ (0.25)		\$ (0.27)
Weighted average basic common shares outstanding	327,620	136,970	(38,259)A	426,331

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Weighted average basic common and dilutive potential common shares outstanding	327,620	136,970	(38,259)A	426,331
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Table of Contents**NOTES TO UNAUDITED PRO FORMA****COMBINED FINANCIAL DATA****NOTE 1 BASIS OF PRESENTATION**

On February 18, 2002, CIENA Corporation (CIENA) announced that it had entered into the agreement to acquire by merger ONI Systems in a transaction to be accounted for as a purchase. Under the terms of the agreement, each outstanding share of capital stock of ONI Systems will be exchanged for 0.7104 shares of CIENA common stock, and CIENA will assume all ONI Systems outstanding options and warrants as well as its outstanding convertible debt. Assuming the acquisition was consummated on February 19, 2002, the stockholders of ONI Systems would have received approximately 100,492,228 shares of CIENA common stock of which an estimated 1,780,909 are restricted and subject to repurchase. Additionally, CIENA would have converted approximately 13,686,002 ONI Systems options and warrants into approximately 9,722,535 options and warrants to purchase CIENA common stock. The purchase price of approximately \$988.5 million is preliminary and the actual number of shares, stock options and warrants to be exchanged or assumed by CIENA will depend on the actual number outstanding as of the date of consummation of the merger.

In determining the purchase price, CIENA used the estimated value of CIENA common stock is approximately \$8.75 per share based on the average closing price of CIENA s common stock for the two trading days before the announcement and the two trading days after the announcement.

The purchase was estimated as follows (in millions):

CIENA common stock issued for ONI Systems common stock	\$863.7
Issuance of CIENA options, warrants and restricted stock for ONI Systems options, warrants and restricted stock	115.6
Estimated transaction costs	9.2
	<hr/>
	\$988.5
	<hr/>

The following is a preliminary allocation of the purchase price using ONI Systems December 31, 2001 balances (in thousands):

Cash, cash equivalents, long and short-term investments	\$ 678,802
Inventory	53,836
Equipment, furniture and fixtures, net	97,286
Other tangible assets and note receivable from stockholder	67,090
Existing technology	26,000
Non compete	2,000
Contracts	900
Goodwill	362,423
In-process research and development	3,000
Deferred stock compensation	55,763
Assumed liabilities	(58,575)
Convertible subordinated notes	(300,000)
	<hr/>
Total purchase price	\$ 988,525
	<hr/>

The actual purchase price allocation is also dependent upon the fair values of the acquired assets and assumed liabilities as of the acquisition date and the finalization of the preliminary valuation report. The \$3.0 million amount allocated to in-process research and development represents the purchased in-process technology that, as of the date of the acquisition, had not yet reached technological feasibility and had no alternative future use. Based on preliminary assessments, the value of these projects was determined by estimating the resulting net cash flows

from the sale of the products resulting from the completion of the

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**NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL DATA (Continued)**

projects, reduced by the portion of the revenue attributable to developed technology and the percentage of completion of the project. The resulting cash flows were then discounted back to their present values at appropriate discount rates.

The nature of the efforts to develop the purchased in-process research and development into commercially viable products principally relates to the completion of all planning, designing, prototyping and testing activities that are necessary to establish that the product can be produced to meet its design specification including function, features and technical performance requirements. The resulting net cash flows from such products are based on estimates of revenue, cost of revenue, research and development costs, sales and marketing costs, and income taxes from such projects. The amounts allocated to in-process research and development will be charged to the statements of operations in the period the acquisition is consummated.

CIENA is in the process of determining the amount of any integration or restructuring costs associated with the acquisition. These costs are expected to include expenses associated with involuntary employee terminations, employee relocations, lease terminations, non-cancelable lease costs and other costs associated with the integration and/or exit of certain business activities. It is expected that certain of these costs will qualify for treatment under EITF 95-3 Recognition of Liabilities in Connection with a Purchase Business Combination and be recorded as an element of the acquisition.

NOTE 2 PRO FORMA ADJUSTMENTS

A

To reflect acquisition of ONI Systems based on the preliminary purchase price allocation described in Note 1.

B To reflect amortization of developed technology over its estimated useful life of seven years and noncompete and contracts over their estimated useful life of one year, as if the acquisition occurred on November 1, 2000. The \$3.0 million amount allocated to in-process research and development has not been included in the unaudited pro forma combined statements of operations as it is nonrecurring, but is included in the unaudited pro forma combined balance sheet. This amount will be expensed in the period the acquisition is consummated.

C To eliminate historical deferred stock compensation and related amortization charges for ONI Systems stock option grants and record deferred stock compensation in accordance with FIN 44, Accounting for Certain Transactions Involving Stock Compensation an interpretation of APB 25, related to ONI Systems unvested stock options and restricted common stock.

D To eliminate historical goodwill amortization for ONI Systems related to the three months ended December 31, 2001 for consistency. Since CIENA adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142), CIENA ceased amortization of goodwill beginning on November 1, 2001.

On March 29, 2001, CIENA acquired all of the outstanding capital stock and assumed the options of Cyras Systems, Inc. (Cyras). The purchase price was approximately \$2.2 billion and consisted of the issuance of 26.1 million shares of CIENA common stock, the assumption of approximately 1.9 million stock options and the indirect assumption of \$150 million principal amount of Cyras convertible subordinated indebtedness. The transaction was recorded using the purchase accounting method. In connection with the acquisition, CIENA recorded goodwill of \$2.1 billion, in-process research and development of \$45.9 million and \$47.7 million of intangibles associated with developed technology. Since the CIENA operating results for the year ended October 31, 2001 include 7 months of Cyras operations, the CIENA historical operating results have been adjusted to included an additional 5 months of Cyras operations in the pro forma statement of operations. The following are the descriptions of the pro forma adjustments related to the Cyras acquisition:

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**NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL DATA (Continued)**

- E To eliminate the merger related costs incurred by Cyras in connection with the acquisition by CIENA. These costs would not have been incurred if the acquisition had been consummated as of November 1, 2000.
- F To eliminate the historical deferred stock compensation and related amortization charges for Cyras stock option grants and record deferred stock compensation in accordance with FIN 44, Accounting for Certain Transactions Involving Stock Compensation an interpretation of APB 25, related to Cyras unvested stock options and restricted common stock.
- G To record goodwill amortization expense associated with the Cyras acquisition for the five-month period prior to the Cyras consummation date.
- H To record the amortization of other intangibles associated with the Cyras acquisition for the five-month period prior to the Cyras consummation date.
- I To eliminate the in-process research and development charge which CIENA recorded on the Cyras acquisition. This charge would not have been recorded during fiscal 2001 if the acquisition had been consummated as of November 1, 2000.
- J To adjust the CIENA weighted average common shares to reflect the acquisition of Cyras as of November 1, 2000.

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INFORMATION ABOUT CIENA

General

CIENA is a leader in the intelligent optical networking equipment industry. CIENA offers a portfolio of products for communications service providers worldwide. CIENA's customers include long-distance carriers, competitive and incumbent local exchange carriers, Internet service providers, and wireless and wholesale carriers. CIENA offers optical transport and intelligent optical switching systems that enable service providers to provision, manage and deliver high-bandwidth services to their customers. CIENA has pursued a strategy to develop and leverage the power of disruptive technologies to change the fundamental economics of building carrier-class tele-and data-communications networks, thereby providing its customers with a competitive advantage. CIENA's intelligent optical networking products are designed to enable carriers to deliver any time, any size, any priority bandwidth to their customers.

Additional Information

A detailed description of CIENA's business and various benefit plans, including stock option plans, financial statements and other matters related to CIENA is incorporated by reference in this joint proxy statement/ prospectus or set forth in CIENA's Annual Report on Form 10-K for the year ended October 31, 2001 and Quarterly Report on Form 10-Q for the quarter ended January 31, 2002. Stockholders desiring copies of such documents may contact CIENA at its address or telephone number indicated under the caption "Where You Can Find More Information."

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INFORMATION ABOUT ONI SYSTEMS

General

ONI Systems develops, markets and sells optical communications networking equipment specifically designed to address the bandwidth and service limitations of metropolitan area and regional networks. Communication service providers can cost-effectively deploy ONI Systems products to relieve the traffic bottleneck in these networks and offer new revenue-generating services including wavelength, private line, Ethernet and data storage services. By deploying ONI Systems equipment, service providers can rapidly build high-capacity, flexible and scalable networks that are able to support multiple services on a single platform from their central offices at the core of their networks to their customers sites at the edge of their networks. In addition, ONI Systems equipment can be introduced into a network without requiring complete replacement of the existing network infrastructure.

Additional Information

A detailed description of ONI Systems business and various benefit plans, including stock option plans, financial statements and other matters related to ONI Systems is incorporated by reference in this joint proxy statement/ prospectus or set forth in ONI Systems Annual Report on Form 10-K for the year ended December 31, 2001. Stockholders desiring copies of such documents may contact ONI Systems at its address or telephone number indicated under the caption Where You Can Find More Information.

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CIENA CAPITAL STOCK AND COMPARISON OF STOCKHOLDER RIGHTS

If the merger is completed, shares of ONI Systems common stock will be converted into shares of CIENA common stock. As a result, ONI Systems stockholders, whose rights are currently governed by the Delaware General Corporation Law and ONI Systems certificate of incorporation and bylaws, will become CIENA stockholders, whose rights are governed by the Delaware General Corporation Law and CIENA s certificate of incorporation and bylaws.

The following is a description of the capital stock of CIENA, including the CIENA common stock to be issued in the merger, and a summary of the material differences between the rights of CIENA stockholders and ONI Systems stockholders. These differences arise from the differences between CIENA s certificate of incorporation and bylaws relative to ONI Systems certificate of incorporation and bylaws. Although it is impractical to compare all of the aspects in which the companies governing instruments differ with respect to stockholders rights, the following discussion summarizes the significant differences between them.

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DESCRIPTION OF CIENA CAPITAL STOCK

The following summary description of the capital stock of CIENA does not purport to be complete and is qualified in its entirety by the provisions of CIENA's certificate of incorporation and bylaws and by the applicable provisions of the Delaware General Corporation Law. For information on how to obtain copies of CIENA's certificate of incorporation and bylaws, see [Where You Can Find More Information](#).

Authorized and Outstanding Capital Stock of CIENA

Pursuant to CIENA's certificate of incorporation, CIENA has authority to issue 1,000,000,000 shares of capital stock, consisting of 980,000,000 shares of CIENA common stock, par value \$0.01 per share, and 20,000,000 shares of preferred stock, par value \$.01 per share. As of _____, 2002, _____ shares of CIENA common stock, and no shares of CIENA preferred stock were issued and outstanding.

The rights of the holders of CIENA common stock discussed below are subject to such rights as the CIENA board of directors may hereafter confer on holders of CIENA preferred stock that may be issued in the future. Such rights may adversely affect the rights of holders of CIENA common stock.

CIENA Common Stock

Voting Rights. Each holder of CIENA common stock is entitled to attend all special and annual meetings of the stockholders of CIENA and to vote upon any matter, including, without limitation, the election of directors, properly considered and acted upon by the stockholders of CIENA. Holders of CIENA common stock are entitled to one vote per share of common stock held.

Liquidation Rights. In the event of any dissolution, liquidation or winding up of CIENA, whether voluntary or involuntary, the holders of CIENA common stock and holders of any class or series of stock entitled to participate therewith, will be entitled to participate in the distribution of any assets of CIENA remaining after CIENA has paid all of its debts and liabilities and after CIENA has paid, or set aside for payment, to the holders of any class of stock having preference over the CIENA common stock in the event of dissolution, liquidation or winding up the full preferential amounts, if any, to which they are entitled.

Dividends. Dividends may be paid on the CIENA common stock and on any class or series of stock entitled to participate therewith when and as declared by the CIENA board of directors out of funds available for the payment of dividends as provided by law.

No Preemptive or Conversion Rights. The holders of CIENA common stock have no preemptive or subscription rights to purchase additional securities issued by CIENA nor any rights to convert their CIENA common stock into other securities of CIENA or to have their shares redeemed by CIENA.

CIENA Preferred Stock

CIENA has no preferred stock outstanding. However, CIENA has classified shares of series A junior participating preferred stock in connection with the establishment of its Stockholder Rights Plan, as described further below.

Limitation of Liability and Indemnification

Limitations of Director Liability. Delaware law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors' fiduciary duty of care. Although Delaware law does not change directors' duty of care, it enables corporations to limit available relief to equitable remedies such as injunction or rescission. CIENA's certificate of incorporation limits the liability of directors to CIENA or its stockholders to the full extent permitted by Delaware law. Specifically, directors of CIENA are not personally liable for monetary

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damages to CIENA or its stockholders for breach of the director's fiduciary duty as a director, except for liability for:

any breach of the director's duty of loyalty to CIENA or its stockholders;

acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions; or

any transaction from which the director derived an improper personal benefit.

Indemnification. CIENA's bylaws provide for mandatory indemnification of directors and officers of CIENA to the fullest extent permitted by the Delaware General Corporation Law against any expense, liability or loss to which they may become subject, or which they may incur as a result of being or having been a director or officer of CIENA. In addition, CIENA must advance or reimburse directors and officers for expenses they incur in connection with indemnifiable claims or may pay such expenses in advance of the final disposition of the claim upon receipt of an undertaking by such director or officer to repay advanced expenses if it is ultimately determined that the director is not entitled to indemnification.

CIENA also maintains directors' and officers' liability insurance.

Certain Charter and Statutory Provisions; Stockholder Rights Plan

Classified Board of Directors. CIENA's certificate of incorporation provides for the division of the CIENA board of directors into three classes of directors, consisting of two or more directors each, serving staggered three-year terms. CIENA's certificate of incorporation further provides that the approval of the holders of at least two-thirds of the shares entitled to vote thereon and the approval of a majority of the entire CIENA board of directors are necessary for the alteration, amendment or repeal of certain sections of CIENA's certificate of incorporation relating to the election and classification of the CIENA board of directors, action by written consent, limitation of director liability, indemnification and the vote requirements for such amendments to CIENA's certificate of incorporation. These provisions may deter hostile takeovers or delay changes in control or management of CIENA.

Action by Written Consents. CIENA's certificate of incorporation eliminates action by written consent of stockholders. This provision, which makes it difficult for stockholders to act outside of a special meeting, may also deter hostile takeovers or delay changes in control or management of CIENA.

Certain Statutory Provisions. CIENA is subject to the provisions of Section 203 of the DGCL. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

prior to such date, the corporation's board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in such person becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, shares owned by certain directors or certain employee stock plans; or

on or after the date the stockholder became an interested stockholder, the business combination is approved by the corporation's board of directors and authorized by the affirmative vote, and not by written consent, of at least two-thirds of the outstanding voting stock of the corporation excluding that stock owned by the interested stockholder.

A business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person, other than the corporation and any direct or indirect wholly owned subsidiary of the corporation, who together with affiliates and associates,

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owns or, as an affiliate or associate, within three years prior, did own 15% or more of the corporation's outstanding voting stock.

Section 203 expressly exempts from the requirements described above any business combination by a corporation with an interested stockholder who becomes an interested stockholder in a transaction approved by that corporation's board of directors.

Stockholder Rights Plan. In December 1997, CIENA's board of directors adopted a stockholders rights plan. This plan is designed to deter any potential coercive or unfair takeover tactics in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover of CIENA on terms that are favorable and fair to all stockholders and will not interfere with a merger approved by the board of directors. Under the plan, each CIENA stockholder received a right that entitles stockholders to buy one one-thousandth of a share of junior preferred stock of CIENA for each share of common stock held. The rights will be exercisable only if a person or a group acquires or announces a tender or exchange offer to acquire 15% or more of CIENA's common stock or if CIENA enters into certain other business combination transactions not approved by the board of directors. In the event the rights become exercisable, the rights plan allows for CIENA stockholders to acquire stock of CIENA or the surviving corporation, whether or not CIENA is the surviving corporation, having a value twice that of the exercise price of the rights. The rights were distributed to stockholders of record in January 1998. The rights will expire December 29, 2007 and are redeemable for \$0.001 per right at the approval of CIENA's board of directors. All of the CIENA shares to be issued to ONI Systems' stockholders will be issued with rights attached.

Transfer Agent and Registrar

The transfer agent and registrar for the CIENA common stock is EquiServe Trust Company.

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COMPARISON OF STOCKHOLDER RIGHTS

General

Both CIENA and ONI Systems are corporations organized under the laws of Delaware and are therefore subject to the Delaware corporation statute. However, there are certain differences in the charters and bylaws of CIENA and ONI Systems that affect the rights of their respective stockholders.

Capitalization

CIENA. CIENA is authorized to issue 980,000,000 shares of common stock and 20,000,000 shares of preferred stock. On _____, 2002, _____ shares of CIENA common stock were outstanding and no shares of CIENA preferred stock were outstanding. CIENA's board of directors has the authority, without stockholder approval, to issue shares of authorized preferred stock from time to time in one or more series and to fix the rights and preferences, including voting rights, of each such series of preferred stock, which rights and preferences may be superior to that of CIENA's common stock.

ONI Systems. ONI Systems is authorized to issue 700,000,000 shares of common stock, and 10,000,000 shares of preferred stock. As of _____, 2002, ONI Systems had issued and outstanding _____ shares of common stock, and no shares of preferred stock.

Voting Rights

CIENA. Each holder of CIENA common stock is entitled to one vote for each share of capital stock held and may not cumulate votes for the election of directors.

ONI Systems. Each holder of ONI Systems common stock is entitled to one vote for each share of capital stock held and may not cumulate votes for the election of directors.

Number and Classification of Directors

CIENA. CIENA's charter provides that its board of directors will be comprised of three classes of two or more directors each, with each class elected for a term of three years, so that a different class of directors stands for election each year. CIENA currently has eight directors and the board of directors may increase or decrease the size of the board of directors by resolution.

ONI Systems. ONI Systems' bylaws provide that the initial number of directors will be six and thereafter will be fixed from time to time exclusively by resolution of its board of directors. Each director holds office until that director's successor is elected and qualified or until that director's earlier death, resignation or removal. No decrease in the authorized number of directors may shorten the term of any incumbent director. ONI Systems' bylaws create three classes of directors with the number of directors in each class to be as equal as reasonably possible. The three classes of directors serve three year staggered terms, so that a different class stands for election each year.

Removal of Directors

CIENA. CIENA's charter provides that, subject to the rights of any then-outstanding series of preferred stock, any director or the entire board of directors may be removed from office at any time, with or without cause by the affirmative vote of a majority of the shares of capital stock of CIENA outstanding and entitled to vote on the election of directors, voting together as a separate class. CIENA's bylaws provide that a director may only be removed from office by the stockholders at a special meeting called for that purpose.

ONI Systems. ONI Systems' bylaws provide that a director may be removed, with or without cause, upon a vote by a majority of the shares entitled to vote at an election of directors. A director may not be removed without cause if the total number of votes cast against removal and the number of those shares not consenting in writing to the removal would be sufficient to elect the director if voted cumulatively,

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whether or not shares may otherwise be voted cumulatively, at a meeting where the same total number of votes were cast (or, if by written consent, all shares entitled to vote were voted) and either (1) the number of directors elected at the most recent annual meeting of stockholders, or (2) the number of directors for whom removal is sought (if greater), were then being elected.

Filling Vacancies on the Board of Directors

CIENA. CIENA's charter provides that, subject to the rights of any then-outstanding series of preferred stock, if a vacancy occurs on the CIENA board of directors (other than a vacancy resulting from the removal of a director by the stockholders but including a vacancy resulting from an increase in the size of the board of directors), the vacancy may be filled only by a majority vote of the directors then in office, even if they constitute less than a quorum. However, if a vacancy results from the removal of a director by the stockholders at a meeting called for that purpose, then the stockholders may fill the vacancy at that meeting.

ONI Systems. ONI Systems' bylaws provide that, subject to the rights of the holders of any series of preferred stock, any vacancy on the board of directors or any newly created directorship may be filled only by the affirmative vote of a majority of directors then in office, though less than a quorum, unless the board of directors determines by resolution that such vacancies or newly created directorships shall be filled by stockholders or as otherwise provided by law.

Charter Amendments

CIENA. CIENA's charter provides that the affirmative vote of the holders of at least 66 2/3% of the voting power of all then-outstanding shares of the capital stock of CIENA entitled to vote on the election of directors, voting together as a separate class, is required to amend certain provisions of CIENA's charter relating to the board of directors, stockholder action, amendment of the charter, limitation of director liability and indemnification of officers and directors of CIENA. Otherwise, the charter may be amended by the holders of a majority of the voting power of all outstanding shares of CIENA stock.

ONI Systems. ONI Systems' charter provides that the affirmative vote of the holders of at least 66 2/3% of the voting power of all then-outstanding shares of the capital stock of ONI Systems entitled to vote on the election of directors is required to amend certain provisions of ONI Systems' charter relating to amendment of ONI Systems' bylaws, limitation of director liability and indemnification of officers and directors of ONI Systems. Otherwise, the charter may be amended by the holders of a majority of the voting power of all outstanding shares of ONI Systems stock.

Amendments to Bylaws

CIENA. CIENA's charter provides that the bylaws may be amended by a majority vote of the total number of authorized directors (whether or not there exist any vacancies in the previously authorized directorships at the time any resolution providing for amendment is presented to the board) or in addition to any vote of any holders of any class or series of CIENA stock required by law or by CIENA's charter by an affirmative vote of the holders of at least 66 2/3% of the voting power of all the then-outstanding shares of the capital stock of CIENA entitled to vote on the election of directors voting together as a single class.

ONI Systems. ONI Systems' charter provides that the bylaws may be amended by a majority vote of the board of directors or by an affirmative vote of the holders of at least 66 2/3% of ONI Systems' outstanding voting stock then entitled to vote at an election of directors. ONI Systems' charter further provides that the preceding provision of its bylaws may only be amended by an affirmative vote of the holders of at least 66 2/3% of ONI Systems' outstanding voting stock then entitled to vote at an election of directors voting together as a single class.

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Action by Written Consent

CIENA. CIENA's charter provides that any action by the stockholders may only be taken at an annual or special meeting and may not be taken by written consent.

ONI Systems. ONI Systems' charter provides that any action by the stockholders may only be taken at an annual or special meeting and may not be taken by written consent.

Notice of Stockholder Actions

CIENA. Neither CIENA's charter nor its bylaws require advance notice of stockholder nominations of directors or any other business to be brought by stockholders before a meeting of stockholders, except in the case of a special meeting of the stockholders, which requires notice of the purposes for which a meeting is called.

ONI Systems. ONI Systems' charter and bylaws require advance notice for stockholder nominations for the election of directors and of business to be brought by any stockholders at all meetings of stockholders.

Right to Call Special Meeting of Stockholders

CIENA. CIENA's charter provides that a special meeting may only be called by the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the board of directors for adoption) or by the holders of not less than ten percent (10%) of all of the shares entitled to cast votes at the meeting.

ONI Systems. ONI Systems' bylaws provide that a special meeting of stockholders may be called at any time by the chairman of the board of directors, the chief executive officer, the holders of shares of the corporation that are entitled to cast not less than ten percent (10%) of the total number of votes entitled to be cast by all stockholders at the meeting, or by a majority of the board of directors. If a special meeting is called by any person or persons other than by a majority of the board of directors, a written request must be delivered to the board of directors, who then determines the time, date and place of the meeting.

Dividends

CIENA. CIENA's bylaws provide that, from time to time, CIENA's board of directors may declare and pay dividends upon shares of CIENA stock, but only out of funds available for the payment of dividends as provided by law.

ONI Systems. ONI Systems' board of directors may declare and pay dividends upon shares of ONI Systems stock as provided by law out of funds legally available therefor.

Liquidation Rights

CIENA. CIENA's charter provides that, in the event of a liquidation of CIENA, the holders of CIENA common stock shall receive all remaining assets of CIENA ratably in proportion to the number of shares of common stock held by them.

ONI Systems. In the event of a liquidation of ONI Systems, the holders of ONI Systems common stock shall receive all remaining assets of ONI Systems ratably in proportion to the number of shares of common stock held by them.

Conversion and Redemption

CIENA. Holders of CIENA common stock have no right to convert their shares into any other shares of the capital stock of CIENA or any other securities.

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ONI Systems. Holders of ONI Systems common stock have no right to convert their shares into any other shares of the capital stock of ONI Systems or any other securities.

Stockholder Proposals

CIENA. All stockholder proposals intended to be included in the proxy statement for CIENA's 2003 Annual Meeting must be received by CIENA not later than October 3, 2002 and must otherwise comply with the rules of the SEC for inclusion in CIENA's proxy statement and form of proxy relating to that meeting. Proposals should be delivered to CIENA Corporation, 1201 Winterson Road, Linthicum, Maryland 21090, Attention: Corporate Secretary.

Except in the case of proposals intended to be included in the proxy statement, stockholders intending to bring any business before an annual meeting of stockholders must deliver written notice thereof to CIENA's Secretary no later than December 17, 2002. If a stockholder gives notice of such a proposal after the December 17, 2002 deadline, CIENA's proxy holders will be allowed to use their discretionary voting authority to vote against the stockholder proposal when and if the proposal is raised at CIENA's 2003 annual meeting.

ONI Systems. ONI Systems will hold an annual meeting in the year 2002 only if the merger has not already been completed. If the annual meeting is held, any proposals of stockholders intended to be presented at the 2002 annual meeting must be received by the Secretary of ONI Systems no later than the date announced by ONI Systems a reasonable time in advance of the meeting date in order to be considered for inclusion in the ONI Systems proxy materials relating to such meeting. Any notice of a proposal for which a stockholder will conduct his or her own solicitation must be received by the Secretary of ONI Systems no later than .

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The SEC also maintains an Internet web site that contains reports, proxy statements and other information regarding issuers, like CIENA and ONI Systems, that file electronically with the SEC. The address of that site is <http://www.sec.gov>. The SEC file number for CIENA documents filed under the Exchange Act is 0-21969 and the file number for ONI Systems documents filed under the Exchange Act is 0-30633.

The SEC allows CIENA and ONI Systems to incorporate by reference information into this joint proxy statement/ prospectus. This means that CIENA can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this joint proxy statement/ prospectus, except for any information that is superseded by information that is included directly in this document.

This joint proxy statement/ prospectus incorporates by reference the documents listed below that CIENA and ONI Systems each has previously filed or will file with the SEC. They contain important information about CIENA and ONI Systems and their respective financial condition.

CIENA:

CIENA's annual report on Form 10-K for its fiscal year ended October 31, 2001, filed on December 13, 2001;

CIENA's quarterly report on Form 10-Q for the fiscal quarter ended January 31, 2002, filed on February 21, 2002;

CIENA's definitive proxy statement filed on February 1, 2002 and additional soliciting materials filed on February 8, 2002;

CIENA's current reports on Form 8-K filed on February 5 and February 19, 2002;

CIENA's current report on Form 8-K filed on April 2, 2001 containing the audited financial statements of Cyras Systems;

All documents filed with the SEC by CIENA pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this joint proxy statement/ prospectus and prior to the date of the special meeting are incorporated by reference into this joint proxy statement/ prospectus, effective the date such documents are filed; and

The description of CIENA common stock set forth in the CIENA Registration Statement filed under Section 12 of the Exchange Act on Form 8-A on January 13, 1997, including any amendment or report filed with the SEC for the purpose of updating such description.

ONI Systems:

ONI Systems' annual report on Form 10-K for its fiscal year ended December 31, 2001, filed on March 19, 2002;

All documents filed with the SEC by ONI Systems pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this joint proxy statement/ prospectus and prior to the date of the special meeting are incorporated by reference into this joint proxy statement/ prospectus, effective the date such documents are filed; and

The description of ONI Systems common stock set forth in the ONI Systems Registration Statement filed under Section 12 of the Exchange Act on Form 8-A on May 16, 2000, including any amendment or report filed with the SEC for the purpose of updating such description.

In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

You can obtain any of the documents incorporated by reference in this document through CIENA, ONI Systems or from the SEC through the SEC's web site at the address described above. Documents incorporated by reference are available from CIENA or ONI Systems without charge, excluding any

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exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this joint proxy statement/ prospectus. You can obtain documents incorporated by reference in this joint proxy statement/ prospectus by requesting them in writing or by telephone from CIENA or ONI Systems at the following addresses:

CIENA Corporation	ONI Systems Inc.
1201 Winterson Road	5955 Silver Creek Valley Road
Linthicum, Maryland 21090	San Jose, California 95138
Attn: General Counsel	Attn: Investor Relations
Telephone (410) 865-8500	Telephone (408) 571-4050

You can also contact us at our websites, www.ciena.com and www.oni.com. If you would like to request documents, please do so by , 2002 to receive them before the special meeting. If you request any incorporated documents from CIENA or ONI Systems, we will mail them to you by first class mail, or another equally prompt means, within two business days after we receive your request.

This document constitutes the prospectus of CIENA and the proxy statement of CIENA and ONI Systems. CIENA has supplied all information contained or incorporated by reference in this joint proxy statement/ prospectus relating to CIENA and ONI Systems has supplied all such information relating to ONI Systems.

Neither CIENA nor ONI Systems has authorized anyone to give any information or make any representation about the merger, CIENA or ONI Systems that is different from, or in addition to, that contained in this joint proxy statement/ prospectus or in any of the materials that CIENA or ONI Systems has incorporated into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this document speaks only as of the date of this document, unless the information specifically indicates that another date applies.

SECTION 3.10.
Reorganization under
Section 368(a) of the
Code
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SECTION 3.11.
Absence of Certain
Changes or Events
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EXHIBIT INDEX

Exhibit A	Form of Stockholder Agreement
Exhibit B	Form of Affiliate Letter

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Edgar Filing: CIENA CORP - Form S-4

(a) As of the Effective Time, CIENA shall deposit with the Exchange Agent for the benefit of the holders of shares of Company Common Stock, certificates representing the shares of the CIENA Common Stock to be issued

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Edgar Filing: CIENA CORP - Form S-4

The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware and each of its Subsidiaries is a corporation or other entity duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization. Each of the Company and each of its Subsidiaries has all requisite

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shares of CIENA Common Stock (the

CIENA or its Subsidiaries, at law or in equity, or before or by any court,

(iv) amend or otherwise change the CIENA Charter Documents unless such amendment or change would not materially affect the rights or privileges of the CIENA Common Stock; or

(c) *Assets* means assets of every kind and everything that is or may be available for the payment of liabilities (whether inchoate, tangible or intangible), including, without limitation, real and personal property but excluding Intellectual Property Rights.

Section 8.8 regarding the manner of waiver.

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ANNEX C

FORM OF AFFILIATE LETTER

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February , 2002
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applicable to the undersigned, or (iii) CIENA has received an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to CIENA to the effect that the restrictions imposed by Rule 145 under the Act no longer apply to the undersigned.

Very truly yours,

Name:

Agreed and accepted this _____
day of _____, 2002 by

CIENA Corporation

By:

Name:
Title:

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ANNEX D

OPINION OF CIENA'S FINANCIAL ADVISOR

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February 15, 2002

The Board of Directors
CIENA Corporation
1201 Winterson Road
Linthicum, MD 21090

Members of the Board:

We understand that ONI Systems Corp. (the Company) and CIENA Corporation (the Buyer) propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated February 15, 2002 (the Merger Agreement), which provides, among other things, for the merger (the Merger) of the Company with and into the Buyer. Pursuant to the Merger, the Company will become a wholly owned subsidiary of the Buyer and each outstanding share of common stock, par value \$0.0001 per share, of the Company (the Company Common Stock), other than shares held in the treasury of the Company or held by Buyer or any affiliate of Buyer, will be converted into the right to receive 0.7104 shares (the Exchange Ratio) of common stock, par value \$0.01 per share, of the Buyer (the Buyer Common Stock). The terms and conditions of the Merger are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Exchange Ratio pursuant to the Merger Agreement is fair from a financial point of view to the Buyer.

For purposes of the opinion set forth herein, we have:

- (i) reviewed certain publicly available financial statements and other business and financial information of the Company and the Buyer;
 - (ii) discussed certain internal financial statements and other financial and operating data concerning the Company prepared by the management of the Company and the Buyer, respectively;
 - (iii) discussed certain financial forecasts, prepared by the managements of the Company and the Buyer, respectively;
 - (iv) reviewed information relating to certain strategic, financial and operational benefits anticipated from the Merger, prepared by the managements of the Company and the Buyer, respectively;
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- (v) discussed the past and current operations and financial condition and the prospects of the Company, including information relating to certain strategic, financial, and operational benefits anticipated from the Merger, with senior executives of the Company and the Buyer, respectively;
- (vi) reviewed the pro forma impact of the Merger on the Buyer's earnings per share, consolidated capitalization and financial ratios;
- (vii) reviewed the reported prices and trading activity for the Company Common Stock and the Buyer Common Stock;
- (viii) compared the financial performance of the Company and the prices and trading activity of the Company Common Stock and the Buyer Common Stock with that of certain other comparable publicly-traded companies comparable with the Company and the Buyer, respectively, and their securities;
- (ix) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- (x) participated in discussions and negotiations among representatives of the Company and the Buyer and their financial and legal advisors;
- (xi) reviewed the Merger Agreement and certain related documents; and
- (xii) considered such other factors and performed such other analyses as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this opinion. With respect to the financial forecasts, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance and prospects of the Company. We have relied upon the assessment by the managements of the Company and the Buyer of their ability to retain key employees. We have also relied upon, without independent verification, the assessment by the managements of the Company and the Buyer as to their respective technologies and products, the timing and risks associated with the integration of the Company and the Buyer, and the validity of, and risks associated with, the Company's and the Buyer's existing and future products and technologies. In addition, we have assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

We have acted as financial advisor to the Board of Directors of the Buyer in connection with this transaction and will receive a fee for our services, including a transaction fee, which is contingent upon the consummation of the Merger. In the past, Morgan Stanley & Co.

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Incorporated and its affiliates have provided financial advisory and financing services for the Buyer and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of the Buyer and may not be used for any other purpose without our prior written consent, except that this opinion may be included in its entirety in any filing made by the Buyer in respect of the transaction with the Securities and Exchange Commission. In addition, this opinion does not in any manner address the prices at which the Buyer Common Stock or the Company Common Stock will trade following the consummation of the Merger, and Morgan Stanley express no opinion or recommendation as to how the stockholders of the Company and the Buyer should vote at the stockholders' meetings held in connection with the Merger.

Based upon and subject to the foregoing, we are of the opinion on the date hereof that the Exchange Ratio pursuant to the Merger Agreement is fair from a financial point of view to the Buyer.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: /s/ Cordell Spencer
Cordell Spencer
Managing Director

OPINION OF ONI SYSTEM S FINANCIAL ADVISER

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Under Section 145 of the DGCL, a corporation may indemnify its directors, officers, employees and agents and its former directors, officers, employees and agents and those who serve, at the corporation’s request, in such capacities with another enterprise, against expenses (including attorneys’ fees), as well as judgments, fines and settlements in nonderivative lawsuits, actually and reasonably incurred in connection with the defense of any action, suit or proceeding in which they or any of them were or are made parties or are threatened to be made parties by reason of their serving or having served in such capacity. The DGCL provides, however, that such person must have acted in good faith and in a manner such person reasonably believed to be in (or not opposed to) the best interests of the corporation and, in the case of a criminal action, such person must have had no reasonable cause to believe his or her conduct was unlawful. In addition, the DGCL does not permit indemnification in an action or suit by or in the right of the corporation, where such person has been adjudged liable to the corporation, unless, and only to the extent that, a court determines that such person fairly and reasonably is entitled to indemnity for costs the court deems proper in light of liability adjudication. Indemnity is mandatory to the extent a claim, issue or matter has been successfully defended.

The Third Restated Certificate of Incorporation of CIENA (the “CIENA Certificate”) contains provisions that provide that no director of CIENA shall be liable for breach of fiduciary duty as a director, except for: (1) any breach of the directors’ duty of loyalty to CIENA or its stockholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (3) liability under Section 174 of the DGCL; or (4) any transaction from which the director derived an improper personal benefit. The CIENA Certificate contains provisions that further provide for the indemnification of directors and officers to the fullest extent permitted by the DGCL. Under the bylaws of CIENA, CIENA is required to advance expenses incurred by an officer or director in defending any such action if the director or officer undertakes to repay such amount if it is determined that the director or officer is not entitled to indemnification. In addition, CIENA has entered into indemnity agreements with each of its directors pursuant to which CIENA has agreed to indemnify the directors as permitted by the DGCL. CIENA has obtained directors’ and officers’ liability insurance against certain liabilities, including liabilities under the Securities Act.

Item 21. Exhibits and Financial Statement Schedules

(a) Exhibits

INDEX TO EXHIBITS

2.1	Merger Agreement (filed as Annex A)
5.1	Hogan & Hartson L.L.P. Opinion*
8.1	Hogan & Hartson L.L.P. Tax Opinion *
8.2	Fenwick & West LLP Tax Opinion*
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of KPMG LLP (filed herewith)
23.3	Consent of Deloitte & Touche LLP (filed herewith)
23.4	Consent of Hogan & Hartson L.L.P. *
23.5	Consent of Fenwick & West LLP *
99.1	Form of Proxy Card for CIENA Stockholders (filed herewith)
99.2	Form of Proxy Card for ONI Systems Stockholders (filed herewith)
99.3	Consent of Morgan Stanley (filed herewith)
99.4	Consent of Goldman, Sachs & Co.*

* to be filed by amendment

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The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through the use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The registrant undertakes that every prospectus: (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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March 20, 2002	/s/ STEPHEN P. BRADLEY ----- Stephen P. Bradley Director
March 20, 2002	/s/ HARVEY B. CASH ----- Harvey B. Cash Director
March 20, 2002	/s/ DON H. DAVIS, JR. ----- Don H. Davis, Jr. Director
March 20, 2002	/s/ JOHN R. DILLON ----- John R. Dillon Director ----- Lawton W. Fitt Director
March 20, 2002	/s/ JUDITH M. O BRIEN ----- Judith M. O Brien Director ----- Gerald H. Taylor Director

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