

**CIENA Corporation  
Conference Call for CIENA / ONI Systems Merger  
February 19, 2002  
Conference Call Notes**

**Gary Smith (CEO) of CIENA discussed :**

1. Success is not contingent on revenue synergies. Smith feels significant operating costs and manufacturing efficiencies will exist.
2. ONI brings over 20 new relationships to the table.
3. Gary Smith called CIENA an " Optical Powerhouse " - "can deliver a robust end to end, network solution. This synergy is specifically geared to worldwide incumbent carriers".
4. Expects deal to close in 2nd or 3rd calendar quarter 2002.
5. Expects deal to be non dilutive in F2002. Company will have approx \$1.3 billion , net of debt (both ONI and CIENA 's debt included).

**Hugh Martin (ONI CEO) Discussed the merger :**

1. brings two leaders of the industry together.

Members of

## **CIENA Corporation**

**February 19, 2002**

**Page 2**

2. discussed large incumbent carriers. Claims that carriers love technology, and think ONI products are best of breed. Vendors are looking for a smaller number of vendors, and vendors looking for an end to end solution. This combination offers the full package. Share a common vision of NextGen solutions. Expects ONLINE family will replace CIENA Lightworks product. ONI can act as front end for CoreDirector and MetroDirector family. Full interoperability.
3. hopes to be heavily involved in the integration process, especially from a deployment end. Will resign as soon as no longer needed.

### **Questions and Answers**

1. How will near term revenue stream be protected for near term revenue stream , since it is 12 % of sales (according to questioner).  
CIENA's Smith said that the synergy is that ONI is the "clear leader " in the metro space.
2. CIENA did not really elaborate on revenue synergies. Hugh Martin discussed the K2 Sonet platform. ONI will bring their technology to help the K2 become an integral part of the network .
3. Rick Shafer (CIBC) asked about ONI's metro optical switch and the K2. Hugh Martin discussed that overlap was not only with K2 , but also with CoreDirector.
4. It was indicated by ONI and confirmed with CIENA that only one greater than 10 % customer overlaps. ONI brings 20 new customers to the table.
5. Analyst asked for CIENA's roadmap for Ethernet storage. CIENA mentioned it's a great focus, but will not reveal plans, especially those for service offerings.

6. Asked about the overlapping customer (Qwest). Smith doesn't want to talk about specific customers. There is an overlap of 10 customers. ONI has 30 customers and CIENA has over 60. Even with the overlap , there are complementary factors, CIENA in the Long Haul and Switching , whereas ONI in the Metro. Smith discussed integration of sales space. Smith feels this adds another " wonderful sales channel "

7. Still thinks there is a big market for NextGen SONET.

8. Smith discussed that Metro transport has help up better than backbone. It was mentioned that if the Metro can get penetrated then it can spread throughout the network.