## 13-Dec-01

## CIENA CORPORATION

FINANCIAL MODEL PROJECTIONS

|  | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| total revenues | \$1,603,300 | \$1,202,475 | \$1,322,723 | \$1,454,995 | \$1,600,494 | \$1,760,544 | \$1,936,598 | \$2,130,258 | \$2,343,284 | \$2,577,612 |
| \% Change Y-O-Y |  | -25\% | 10\% | 10\% | 10\% | 10\% | 10\% | 10\% | 10\% | 10\% |
| cost of SALES | \$904,261 | \$811,671 | \$859,770 | \$945,747 | \$1,040,321 | \$1,144,353 | \$1,258,789 | \$1,384,668 | \$1,523,134 | \$1,675,448 |
| \% Total Revenues | 56.40\% | 67.50\% | 65.00\% | 65.00\% | 65.00\% | 65.00\% | 65.00\% | 65.00\% | 65.00\% | 65.00\% |
| GROSS PROFIT | \$699,039 | \$390,804 | \$462,953 | \$509,248 | \$560,173 | \$616,190 | \$677,809 | \$745,590 | \$820,149 | \$902,164 |
| \% Total Revenues | 43.60\% | 32.50\% | 35.00\% | 35.00\% | 35.00\% | 35.00\% | 35.00\% | 35.00\% | 35.00\% | 35.00\% |
| R\& D | \$230,875 | \$240,495 | \$191,795 | \$210,974 | \$232,072 | \$255,279 | \$280,807 | \$308,887 | \$339,776 | \$373,754 |
| \% Total Revenues | 14.40\% | 20.00\% | 14.50\% | 14.50\% | 14.50\% | 14.50\% | 14.50\% | 14.50\% | 14.50\% | 14.50\% |
| SG\&A | \$208,429 | \$240,495 | \$198,408 | \$218,249 | \$240,074 | \$264,082 | \$290,490 | \$319,539 | \$351,493 | \$386,642 |
| \% Total Revenues | 13.00\% | 20.00\% | 15.00\% | 15.00\% | 15.00\% | 15.00\% | 15.00\% | 15.00\% | 15.00\% | 15.00\% |
| total operating expenses | \$439,304 | \$480,990 | \$390,203 | \$429,223 | \$472,146 | \$519,360 | \$571,296 | \$628,426 | \$691,269 | \$760,396 |
| \% Total Revenues | 27.40\% | 40.00\% | 29.50\% | 29.50\% | 29.50\% | 29.50\% | 29.50\% | 29.50\% | 29.50\% | 29.50\% |
| OPERATING INCOME | \$259,735 | -\$90,186 | \$72,750 | \$80,025 | \$88,027 | \$96,830 | \$106,513 | \$117,164 | \$128,881 | \$141,769 |
| \% Total Revenues | 16.20\% | -7.50\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% |
| INTEREST EXPENSE | \$7,200 | \$7,000 | \$7,000 | \$7,000 | \$7,000 | \$7,000 | \$0 | \$0 | \$0 | \$0 |
| \% Total Revenues | 0.45\% | 0.58\% | 0.53\% | 0.48\% | 0.44\% | 0.40\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% |
| OTHER INCOME / (EXPENSE) | \$45,000 | \$16,000 | \$14,000 | \$10,000 | \$5,000 | \$0 |  | \$0 | \$0 | \$0 |
| \% Total Revenues | 4.98\% | 1.97\% | 1.63\% | 1.06\% | 0.48\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% |
| InCOME BEFORE TAXES | \$297,535 | -\$81,186 | \$79,750 | \$83,025 | \$86,027 | \$89,830 | \$106,513 | \$117,164 | \$128,881 | \$141,769 |
| \% Total Revenues | 18.56\% | -6.75\% | 6.03\% | 5.71\% | 5.38\% | 5.10\% | 5.50\% | 5.50\% | 5.50\% | 5.50\% |
| taxes | \$99,674 | \$0 | \$26,716 | \$27,813 | \$28,819 | \$30,093 | \$35,682 | \$39,250 | \$43,175 | \$47,493 |
| Tax Rate | 33.50\% | 0.00\% | 33.50\% | 33.50\% | 33.50\% | 33.50\% | 33.50\% | 33.50\% | 33.50\% | 33.50\% |
| NET INCOME AFTER TAXES | \$197,861 | -\$81,186 | \$53,034 | \$55,211 | \$57,208 | \$59,737 | \$70,831 | \$77,914 | \$85,706 | \$94,276 |
| SHARES O/S | 334,717 | 359,717 | 384,717 | 409,717 | 434,717 | 459,717 | 484,717 | 509,717 | 534,717 | 559,717 |
| EPS | \$0.59 | (\$0.23) | \$0.14 | \$0.13 | \$0.13 | \$0.13 | \$0.15 | \$0.15 | \$0.16 | \$0.17 |
| EPS GROWTH USING ABOVE EPS | \#VALUE! | -138.18\% | -161.08\% | -2.25\% | -2.34\% | -1.26\% | 12.46\% | 4.60\% | 4.86\% | 5.09\% |
| InPUT A POSSIBLE PRICE / SHARE | 15 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 14 | 14 |
| MARKET CAP. USING ABOVE PRICE | \$5,020,755 | \$4,316,604 | \$4,616,604 | \$5,326,321 | \$5,651,321 | \$6,436,038 | \$6,786,038 | \$7,136,038 | \$7,486,038 | \$7,836,038 |
| P/E RATIO USING Above data | 25.38 | -53.17 | 87.05 | 96.47 | 98.79 | 107.74 | 95.81 | 91.59 | 87.35 | 83.12 |
| PEG RATIO USING ABOVE dATA | \#VALUE! | 0.38 | -0.54 | -42.96 | -42.17 | -85.63 | 7.69 | 19.89 | 17.98 | 16.34 |
| Price / ReVenues using above data | 3.13 | 3.59 | 3.49 | 3.66 | 3.53 | 3.66 | 3.50 | 3.35 | 3.19 | 3.04 |
| TIMES Interest earned | 36.07 | (12.88) | 10.39 | 11.43 | 12.58 | 13.83 | \#DIV/0! | \#DIV/0! | \#DIV/0! | \#DIV/0! |
| ```PRICE / GROWTH FLOW RATIO (PGFR) PGFR cheap \(=5\) PGFR normal = 11 PGFR high > 15``` | 11.91 | 43.98 | 18.38 | 19.44 | 18.93 | 19.74 | 18.61 | 17.76 | 16.91 | \#DIV/0! |

