CIENA CORP
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April 05, 2006

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Registration No. 333-132952

$300,000,000

Ciena Corporation

0.25% Convertible Senior Notes due 2013

The notes will bear interest at a rate of 0.25% per annum. We will pay interest on the notes on May 1 and November 1 of each year, beginning November 1, 2006. The notes will mature on May 1, 2013.

Notes may be converted prior to maturity (unless earlier repurchased or redeemed) at the option of the holder into shares of our common stock at the initial conversion rate of 177.1009 shares of our common stock per $1,000 in principal amount of notes, which is equal to an initial conversion price of approximately $5.65 per share.

Shares of our common stock are traded on the Nasdaq National Stock Market under the symbol CIEN. The closing sale price of our common stock on April 4, 2006 was $4.91 per share.

The notes are not redeemable prior to May 5, 2009. At any time on or after May 5, 2009, if the closing sale price of our common stock for at least 20 trading days in the 30 consecutive trading day period ending on the date one day prior to the date of a notice of redemption is greater than 130% of the applicable conversion price on the date of such notice, we may redeem the notes in whole or in part at a cash redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to the date of redemption.

You may require us to repurchase, for cash, all or a portion of your notes upon the occurrence of a fundamental change (as defined in this prospectus supplement) at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date or, in certain cases, to convert your notes at an increased conversion rate based on the price paid per share of our common stock in a transaction constituting a fundamental change.

The notes will be our senior unsecured obligations and will rank pari passu with all of our other senior unsecured debt and senior to all of our future subordinated debt. The notes will be structurally subordinated to all present and future debt and other obligations of our subsidiaries. In addition, the notes are effectively subordinated to all of our present and future secured debt to the extent of the value of the collateral securing such debt.

We do not intend to apply for a listing of the notes on any national securities exchange or for inclusion of the notes on any automatic quotation system.

See Risk Factors beginning on page S-5 of this prospectus supplement to read about important factors you should consider before buying the notes.

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

	Per Note	Total
Initial public offering price	100.00%	$ 300,000,000
Underwriting discount	2.50%	$ 7,500,000
Proceeds to us, before expenses	97.50%	$ 292,500,000

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from the date of original issuance, expected to be April 10, 2006.

To the extent Goldman, Sachs & Co. sells more than $300,000,000 in principal amount of notes, Goldman, Sachs & Co. will have the option to purchase up to an additional $45,000,000 in principal amount of notes from us at the offering price less the underwriting discount.

Goldman, Sachs & Co. expects to deliver the notes through The Depository Trust Company against payment in New York, New York on April 10, 2006.

Goldman, Sachs & Co.

Prospectus Supplement dated April 4, 2006 to Prospectus dated April 3, 2006.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Convertible Senior Notes due 2013	$345,000,000(1)	100%	$345,000,000	$36,915(2)

(1) Includes $45,000,000 in aggregate principal amount of notes subject to the underwriter s option to purchase.

(2) Calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended. A fee of $30,762.50 was previously paid on April 3, 2006.

TABLE OF CONTENTS
Prospectus Supplement

	Page
Summary	S-1
Risk Factors	S-5
Use of Proceeds	S-18
Call Spread Option	S-18
Capitalization	S-19
Description of the Notes	S-20
Important United States Federal Income Tax Consequences	S-38
Underwriting	S-45

Prospectus

	Page
Forward-Looking Statements	1
Where You Can Find More Information	1
Incorporation of Certain Information by Reference	1
The Company	2
Use of Proceeds	2
Ratio of Earnings to Fixed Charges	3
Legal Matters	3
Experts	3

You should rely only on the information provided or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with different or additional information. We are not making an offer to sell the notes in any jurisdiction where the offer or sale of the notes is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

When used in this prospectus supplement, except where the context otherwise requires, the terms we, us and our refer to Ciena Corporation.

We have 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 2002, fiscal 2003, fiscal 2004 and fiscal 2005 comprised 52 weeks and fiscal 2001 comprised 53 weeks.

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere in this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus, including Risk Factors beginning on page S-5, and the financial statements and the notes to those statements and other information incorporated by reference, before making a decision whether to invest in the notes.

The Company

Ciena Corporation supplies communications networking equipment, software and services to telecommunications service providers, cable operators, governments and enterprises. We are a network specialist, with expertise in optical networking, data networking and broadband access networks. Our product and service offerings seek to enable customers to converge, transition and connect communications networks that deliver voice, video and data services. In recent years, we have expanded our product portfolio and enhanced product functionality through internal development and acquisition. We have sought to build upon our historical expertise in core optical networking by adding complementary products, software and services to support new high bandwidth applications and network convergence. This strategy has enabled us to increase penetration of our historical telecommunications customers with additional products, and to broaden our addressable markets to include participants in the cable, government and enterprise markets.

Our principal office is located at 1201 Winterson Road, Linthicum, Maryland 21090, and our telephone number is (410) 865-8500.

The Offering

The following is a summary of some of the terms of the notes offered hereby. For a more complete description of the terms of the notes, see Description of the Notes in this prospectus supplement.

Issuer	Ciena Corporation.
Securities Offered	$300,000,000 principal amount of 0.25% Convertible Senior Notes due 2013.
Over allotment Option	To the extent the underwriter sells more than $300,000,000 in principal amount of notes, the underwriter will have the option to purchase up to an additional $45,000,000 in principal amount of notes to cover such sales.
Interest	The notes will bear interest at an annual rate of 0.25%. Interest is payable on May 1 and November 1 of each year, beginning on November 1, 2006.
Maturity Date	May 1, 2013, unless earlier redeemed, repurchased or converted.
Conversion Rate	The notes may be converted into our common stock, initially at a conversion rate of 177.1009 shares of our common stock per $1,000 principal amount of notes (which is equivalent to an initial conversion price of approximately $5.65 per share) prior to maturity, unless earlier redeemed or repurchased.
Ranking	The notes will be our senior unsecured obligations and will rank pari passu with all of our other senior unsecured debt and senior to all of our future subordinated debt. The notes will be structurally subordinated to all present and future debt and other obligations of our subsidiaries. In addition, the notes are effectively subordinated to all of our present and future secured debt.
Optional Redemption	The notes are not redeemable prior to May 5, 2009. At any time on or after May 5, 2009, if the closing sale price of our common stock for at least 20 trading days in the 30 consecutive trading day period ending on the date one day prior to the date of a notice of redemption is greater than 130% of the applicable conversion price on the date of such notice, we, at our option, may redeem the notes in whole or in part, at a redemption price in cash equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.
Sinking Fund	None.
Repurchase at Option of Holder Upon a Fundamental Change	If we undergo a fundamental change (as defined under Description of the Notes Repurchase at Option of the Holder Upon a Fundamental Change), holders will, subject to certain exceptions, have the right, at their option, to require us to purchase for cash any or all of their notes at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to the repurchase date.

Adjustment to Conversion Rate Upon a Fundamental Change	If a holder elects to convert notes in connection with a specified fundamental change, we will in certain circumstances increase the conversion rate by a specified number of additional shares, depending on the price paid per share for our common stock in such fundamental change transaction, as described under Description of the Notes Adjustment to Conversion Rate Upon a Fundamental Change.
Use of Proceeds	We estimate that the net proceeds from this offering, after deducting estimated fees and expenses and underwriting discounts and commissions, will be approximately $292,200,000 ($336,075,000 if the underwriter exercises its option to purchase additional notes in full).
	We intend to use approximately $28,500,000 of the net proceeds from this offering (or approximately $32,800,000 if the underwriter exercises its option to purchase additional notes in full) to purchase a call spread option on our common stock that is intended to limit exposure to potential dilution from conversion of the notes. See Use of Proceeds. Remaining net proceeds will be added to our working capital and will be used for general corporate purposes, which may include repurchases of our outstanding 3.75% Convertible Notes due February 1, 2008.
Listing	Our common stock is traded on the Nasdaq National Market under the symbol CIEN. We do not intend to list the notes on any exchange.
Risk Factors	**Investment in the notes involves risks. You should carefully consider the information under Risk Factors and all other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus before investing in the notes.**

Summary Consolidated Financial Data

The summary consolidated historical financial data presented below (1) for each of the three fiscal years in the period ended October 31, 2005 are derived from our consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and (2) as of January 31, 2005 and 2006 and for the fiscal quarters ended January 31, 2005 and 2006, are derived from our unaudited condensed consolidated financial statements. You should read this table along with our annual report on Form 10-K for our fiscal year ended October 31, 2005 and our quarterly report on Form 10-Q for the fiscal quarter ended January 31, 2006. Our unaudited summary consolidated financial statements include all adjustments necessary for a fair presentation of such financial statements. Except as otherwise disclosed in our public filings, such adjustments are of a normal recurring nature. In the opinion of management, our interim financial statements have been prepared on the same basis as our audited consolidated financial statements. Interim results are not necessarily indicative of results of operations for the full year. Certain prior year amounts have been reclassified to conform to current year consolidated financial statement presentation.

Balance Sheet Data:

	As of October 31,			As of January 31,	
	2003	**2004**	**2005**	**2005**	**2006**
			(In thousands)		
Cash, cash equivalents, short and long term investments	$ 1,611,467	$ 1,268,823	$ 1,093,487	$ 1,212,287	$ 961,585
Total assets	2,378,165	2,137,054	1,675,229	2,066,055	1,544,891
Long-term obligations, excluding current portion	861,149	824,053	761,398	816,373	634,013
Stockholders equity	$ 1,330,817	$ 1,154,422	$ 735,367	$ 1,097,414	$ 736,606

Statement of Operations Data:

	Year Ended October 31,			Quarter Ended January 31,	
	2003	**2004**	**2005**	**2005**	**2006**
		(In thousands, except per share data)			
Revenue	$ 283,136	$ 298,707	$ 427,257	$ 94,748	$ 120,430
Cost of goods sold	210,091	226,954	291,067	70,517	69,975
Gross profit	73,045	71,753	136,190	24,231	50,455
Operating expenses:					
Research and development	212,523	205,364	137,245	34,662	29,462
Selling and marketing	105,921	112,310	115,022	26,840	26,572
General and administrative	39,703	28,592	33,715	7,656	9,896
Amortization of intangible assets	17,870	30,839	38,782	10,411	6,295
In-process research and development	2,800	30,200			
Restructuring costs	13,575	57,107	18,018	1,125	2,015

Goodwill impairment		371,712	176,600		
Long-lived asset impairment	47,176	15,926	45,862	184	(3)
Recovery of sale, export, use tax liabilities and payments		(5,388)			
Provision for (recovery of) doubtful accounts, net		(2,794)	2,602		(2,604)
Gain on lease settlement					(6,020)
Total operating expenses	439,568	843,868	567,846	80,878	65,613
Loss from operations	(366,523)	(772,115)	(431,656)	(56,647)	(15,158)
Interest and other income, net	42,959	22,908	28,311	7,433	9,262
Interest expense	(36,331)	(26,813)	(25,430)	(7,226)	(6,053)
Loss on equity investments, net	(4,760)	(4,107)	(9,486)	22	(733)
Gain (loss) on extinguishment of debt	(20,606)	(8,216)	3,882		6,690
Loss before income taxes	(385,261)	(788,343)	(434,379)	(56,418)	(5,992)
Provision for income taxes	1,256	1,121	1,320	577	299
Net loss	$ (386,517)	$ (789,464)	$ (435,699)	$ (56,995)	$ (6,291)
Basic and diluted net loss per common and dilutive potential common share	$ (0.87)	$ (1.51)	$ (0.76)	$ (0.10)	$ (0.01)
Weighted average basic common and dilutive potential common shares outstanding	446,696	521,454	575,187	571,573	580,771

RISK FACTORS

Your investment in the notes involves certain risks. Before deciding to invest, you should consider carefully, among other matters, the following discussion of risks and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Risk Factors Related to Our Business

If any of these risks are realized our business, prospects, financial condition, results of operations and our ability to service debt could be materially adversely affected.

We face intense competition that could hurt our sales and our ability to achieve and maintain profitability.

The markets in which we compete for sales of networking equipment, software and services are extremely competitive, particularly the market for sales to telecommunications service providers. Competition in these markets is based on any one or a combination of the following factors: price, functionality, manufacturing capability, installation, services, existing business and customer relationships, scalability and the ability of products and services to meet customers immediate and future network requirements. A small number of very large companies have historically dominated the communications networking equipment industry. Our industry has also increasingly experienced competition from low-cost producers in Asia. Many of our competitors have substantially greater financial, technical and marketing resources, greater manufacturing capacity and better established relationships with incumbent carriers and other potential customers than us. As a result of increased merger activity among communication service providers, there has been speculation of consolidation among networking equipment providers, which, if it occurred, could cause some competitors to grow even larger and more powerful. On April 2, 2006, Alcatel and Lucent, two large competitors, announced a definitive agreement to merge, and the effect of this merger on us, should it occur, may be adverse to our competitive position.

We also compete with a number of smaller companies that provide significant competition for a specific product or market. These competitors often base their products on the latest available technologies. Due to the narrower focus of their efforts, these competitors may achieve commercial availability of their products more quickly and may be more attractive to customers. As we seek to expand our channel sales strategy, we also may face competition from resellers and distributors of some of our products, who may be competitors in other customer markets or with respect to complementary technologies.

Increased competition in our markets has resulted in aggressive business tactics, including:

- intense price competition;
- discounting resulting from sales of used equipment or inventory that a competitor has written down or written off;
- early announcements of competing products and extensive marketing efforts;
- one-stop shopping options;
- competitors offering to repurchase our equipment from existing customers;
- customer financing assistance;
- marketing and advertising assistance; and
- intellectual property assertions and disputes.

The tactics described above can be particularly effective in an increasingly concentrated base of potential customers such as communications service providers. Our inability to compete successfully in our markets would

harm our sales and our ability to achieve and maintain profitability.

Our revenue and operating results can fluctuate unpredictably from quarter to quarter.

Our revenue can fluctuate unpredictably from quarter to quarter. Fluctuations in our revenue can lead to even greater fluctuations in our operating results. Our budgeted expense levels depend in part on our expectations of future revenue. Any substantial adjustment to expenses to account for lower levels of revenue is difficult and takes time. Consequently, if our revenue declines, our levels of inventory, operating expense and general overhead would be high relative to revenue, resulting in additional operating losses.

Other factors contribute to fluctuations in our revenue and operating results, including:

- the level of demand for our products and the timing and size of customer orders, particularly from telecommunications service provider customers;
- satisfaction of contractual customer acceptance criteria and related revenue recognition requirements;
- availability of an adequate supply of components and sufficient manufacturing capacity;
- changes in customers requirements, including delay, changes or cancellations of orders from customers;
- the introduction of new products by us or our competitors;
- readiness of customer sites for installation;
- any significant payment by us associated with the resolution of pending legal proceedings;
- changes in accounting rules; and
- changes in general economic conditions as well as those specific to our market segments.

Many of these factors are beyond our control, particularly in the case of large carrier orders and multi-vendor or multi-technology network builds where the achievement of certain performance thresholds for acceptance is subject to the readiness and performance of the customer or other providers and changes in customer requirements or installation plans. Any one or a combination of the factors above may cause our revenue and operating results to fluctuate from quarter to quarter. These fluctuations may make it difficult to manage our business and achieve or maintain profitability. As a consequence, our revenues and operating results for a particular quarter may be difficult to predict and our prior results are not necessarily indicative of results likely in future periods.

Our gross margin may fluctuate from quarter to quarter and our product gross margins may be adversely affected by a number of factors, some of which are beyond our control.

Our gross margin fluctuates from period to period and our product gross margin may be adversely affected by numerous factors, including:

- increased price competition, including competition from low-cost producers in Asia;
- the mix in any period of higher and lower margin products and services;
- sales volume during the period;
- charges for excess or obsolete inventory;
- changes in the price or availability of components for our products;
- our ability to continue to reduce product manufacturing costs;

introduction of new products, with initial sales at relatively small volumes with resulting higher production costs; and

increased warranty or repair costs.

The factors discussed above regarding fluctuations in revenue and operating results can also affect gross margin. We expect product gross margin to continue to fluctuate from quarter to quarter. Fluctuations in product gross margin may make it difficult to manage our business and achieve or maintain profitability. As a consequence, our gross margin for a particular quarter may be difficult to predict and our prior results are not necessarily indicative of results likely in future periods.

Our business and results of operations are significantly affected by conditions in the communications industry, including increases in consolidation activity.

The last few years have seen substantial changes in the communications industry. Many of our customers and potential customers, including telecommunications service providers that have historically provided a significant portion of our sales, have confronted static or declining revenue for their traditional voice services. Traditional communications service providers are under increasing competitive pressure from providers within their industry and other participants that offer, or seek to offer, overlapping or similar services. These pressures are likely to continue to cause communications service providers to seek to minimize the costs of the equipment that they buy and may cause static or reduced capital expenditures by customers or potential customers. These competitive pressures may also result in pricing becoming a more important factor in customer purchasing decisions. Increased focus on pricing may favor low-cost vendors in Asia and larger competitors that can spread the effect of price discounts across a broader offering of products and services and across a larger customer base.

Several large communications service providers have recently completed merger transactions. These included the mergers of Verizon and MCI, and SBC and AT&T, all of which have been significant customers during prior periods. In addition, AT&T has also announced its plans to acquire BellSouth, which has also been a significant customer during prior periods. These mergers will have a major impact on the future of the telecommunications industry. They will further increase concentration of purchasing power among a few large service providers and may result in delays in, or the curtailment of, investments in communications networks, as a result of changes in strategy, network overlap, cost reduction efforts or other considerations. These industry conditions may negatively affect our business, financial condition and results of operation.

We may not be successful in selling our products into new markets and developing and managing new sales channels.

We continue to take steps to sell our expanded product portfolio into new markets and to a broader customer base, including communication service providers, enterprises, cable operators, and federal, state and local governments. To succeed in these markets, we believe we must develop and manage new sales channels and distribution arrangements. We expect these relationships to be an increasing part of our business as we seek to grow. Because we have only limited experience in developing and managing such channels, we may not be successful in reaching additional customer segments, expanding into new geographic regions, or reducing the financial risks of entering new markets and pursuing new customer segments. In addition, sales to federal, state and local governments require compliance with complex procurement regulations with which we have little experience. We may be unable to increase our sales to government contractors if we determine that we cannot comply with applicable regulations. Our failure to comply with regulations for existing contracts could result in civil, criminal or administrative proceedings involving fines and suspension or debarment from federal government contracts. Failure to manage additional sales channels effectively would limit our ability to succeed in these new markets and could adversely affect our ability to grow our customer base and revenues.

Network equipment sales to large communications service providers often involve, lengthy sales cycles and protracted contract negotiations and may require us to assume terms or conditions that negatively affect our pricing, payment and timing of revenue recognition.

In recent years we have sought to add large, incumbent communication service providers as customers for our products, software and services. Our future success will depend on our ability to maintain and expand our sales to these existing communications service provider customers and add new customers. Many of our competitors have long-standing relationships with communications service providers, which can pose significant obstacles to our sales efforts. Sales to large communications service providers typically involve lengthy sales cycles, protracted or difficult contract negotiations, and extensive product testing and network certification. We are sometimes required to assume terms or conditions that negatively affect pricing, payment and the timing of revenue recognition in order to consummate a sale. This may negatively affect the timing of revenue recognition, which would, in turn, negatively affect our gross margin and results of operations. Communications service providers may ultimately insist upon terms and conditions, that we deem too onerous or not in our best interest. As a result, we may incur substantial expenses and devote time and resources to potential relationships that never materialize.

Continued shortages in component supply or manufacturing capacity could increase our costs, adversely affect our results of operations and constrain our ability to grow our business.

As we have expanded our product portfolio, increased our use of contract manufacturers and increased our product sales in recent years, manufacturing capacity and supply constraints related to components and subsystems have become increasingly significant issues for us. We have encountered and continue to experience component shortages that have affected our operations and ability to deliver products timely to customers. Growth in customer demand for the communications networking products supplied by us, our competitors and other third parties, has resulted in supply constraints among providers of some components used in our products. Component shortages and manufacturing capacity constraints may also arise, or be exacerbated by difficulties with our suppliers or contract manufacturers, or our failure to adequately forecast our component or manufacturing needs. If shortages or delays persist or worsen, the price of required components may increase, or the components may not be available at all. If we are unable to secure the components or subsystems that we require at reasonable prices, or are unable to secure manufacturing capacity adequate to meet our needs, we may not be able to satisfy our contractual obligations to customers and our revenue and gross margin could be materially affected. We may also be subject to payment of liquidated damages for delays under customer contracts, and our customer relationships and business reputation may be harmed.

Product performance problems could damage our business reputation and limit our sales prospects.

The development and production of new products with high technology content is complicated and often involves problems with software, components and manufacturing methods. Modifying our products to enable customers to integrate them into a new type of network architecture entails similar risks. If significant reliability, quality, or network monitoring problems develop as a result of our product development, manufacturing or integration, a number of negative effects on our business could result, including:

- increased costs associated with fixing software or hardware defects, including service and warranty expenses;
- payment of liquidated damages for performance failures;
- high inventory obsolescence expense;

delays in collecting accounts receivable;

reduced orders from existing or potential customers; and

damage to our reputation.

Because we outsource manufacturing and use a direct order fulfillment model for certain of our products, we may be subject to product performance problems resulting from the acts or omissions of these third parties. These product performance problems could damage our business reputation and negatively affect our sales.

We must continue to make substantial and prudent investments in product development in order to keep pace with technological advances and succeed in existing and new markets for our products.

In order to be successful, we must balance our initiatives to reduce our operating costs against the need to keep pace with technological advances. The market for communications networking equipment, software and services is characterized by rapid technological change, frequent introductions of new products, and recurring changes in customer requirements. To succeed, we must continue to develop new products and new features for existing products that meet customer requirements and market demand. In addition, we must be able to identify and gain access, including any applicable third party licenses, to new technologies as our market segments evolve. Because our market segments are constantly evolving, we may allocate development resources toward products or technologies for which market demand is lower than anticipated. We may ultimately decide that such lower than expected demand no longer warrants continued investment in a product or technology. These decisions are difficult and may be disruptive to our business and our relationship with customers. Managing our efforts to keep pace with new technologies and reduce operating expense is difficult and there is no assurance that we will be successful.

We may be required to take further write-downs of goodwill and other intangible assets.

As of January 31, 2006, we had $232.0 million of goodwill on our balance sheet. This amount primarily represents the remaining excess of the total purchase price of our acquisitions over the fair value of the net assets acquired. At January 31, 2006, we had $113.1 million of other intangible assets on our balance sheet. The amount primarily reflects purchased technology from our acquisitions. At January 31, 2006, goodwill and other intangible assets represented approximately 22.3% of our total assets. During the fourth quarter of 2005, we incurred a goodwill impairment charge of approximately $176.6 million and an impairment of other intangibles of $45.7 million. If we are required to record additional impairment charges related to goodwill and other intangible assets, such charges would have the effect of decreasing our earnings or increasing our losses in such period. If we are required to take a substantial impairment charge, our earnings per share or net loss per share could be materially adversely affected in such period.

We may experience unanticipated delays in the development and enhancement of our products that may negatively affect our competitive position and business.

Because our products are based on complex technology, we can experience unanticipated delays in developing, improving, manufacturing or deploying them. Each step in the development life cycle of our products presents serious risks of failure, rework or delay, any one of which could decrease the timing and cost effective development of such product and could affect customer acceptance of the product. Specialized application specific integrated circuits (ASICs) and intensive software testing and validation are key to the timely introduction of enhancements to several of our products, and schedule delays are common in the final validation phase, as well as in the manufacture of specialized ASICs. In addition, unexpected intellectual property disputes, failure of critical design elements, and a host of other execution risks may delay or even prevent the introduction of these products. If we do not develop and successfully introduce products in a timely

manner, our competitive position may suffer and our business, financial condition and results of operations would be harmed.

We may incur significant costs