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ONI SYSTEMS CORP
Form SC 13D
February 20, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

ONI Systems Corp.

(Name of Issuer)

Common Stock, \$.0001 Par Value Per Share

(Title of Class of Securities)

68273F103

(CUSIP Number)

February 17, 2002

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [].

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SEC 1746 (12-91)

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
CIENA Corporation
I.R.S. Identification No.: 23-2725311

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(See Item 5 below.) (b) [X]

3 SEC USE ONLY

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4	SOURCE OF FUNDS OO (See Item 3 below.)

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) []

6	CITIZENSHIP OR PLACE OR ORGANIZATION State of Delaware

	7 SOLE VOTING POWER -0-
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	-----
	8 SHARED VOTING POWER 16,868,008

	9 SOLE DISPOSITIVE POWER -0-

	10 SHARED DISPOSITIVE POWER -0-

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 16,868,008

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 11.9 %

14	TYPE OF REPORTING PERSON CO

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ITEM 1. SECURITY AND ISSUER.

This Schedule 13D relates to the shares of common stock, par value \$0.0001 per share ("ONI Common Stock"), of ONI Systems Corp., a Delaware corporation ("ONI"). The principal executive offices of ONI are located at 5965 Silver Creek Valley Road, San Jose, California 95138.

ITEM 2. IDENTITY AND BACKGROUND.

(a) NAME, PLACE OF ORGANIZATION, PRINCIPAL BUSINESS:

This Schedule 13D is filed by CIENA Corporation, a corporation organized under the laws of the State of Delaware ("CIENA"). CIENA Corporation's market-leading intelligent optical networking systems form the core for the new era of networks and

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services worldwide. CIENA's LightWorks(TM) architecture enables next-generation optical services and changes the fundamental economics of service-provider networks by simplifying the network and reducing the cost to operate it.

(b) ADDRESS OF PRINCIPAL BUSINESS AND PRINCIPAL OFFICE:

The address of the principal business and principal executive office of CIENA is 1201 Winterson Road, Linthicum, MD 21090-2205.

(c) INFORMATION PROVIDED PURSUANT TO INSTRUCTION C:

For information with respect to the identity and background of each director and executive officer of CIENA, see Schedule I attached hereto.

(d) NO CRIMINAL CONVICTIONS:

During the past five years, neither CIENA nor, to CIENA's knowledge, any person identified in Schedule I to this Schedule 13D, has been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) NO CIVIL PROCEEDINGS:

During the past five years, neither CIENA nor, to CIENA's knowledge, any person identified in Schedule I to this Schedule 13D, has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of or prohibiting or mandating activity subject to federal or state securities laws or finding any violation with respect to such laws.

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(f) CITIZENSHIP:

To the best of CIENA's knowledge, all persons identified in the attached Schedule I are citizens of the United States of America.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

CIENA agreed to acquire ONI by means of a merger (the "Merger") pursuant to the Agreement and Plan of Merger dated as of February 17, 2002 (the "Merger Agreement"), by and among CIENA and ONI, and subject to the conditions set forth therein. As an inducement for CIENA to enter into the Merger Agreement and in consideration thereof, each of the directors, certain affiliates thereof and certain officers of ONI named on Schedule II (collectively, the "Stockholders") entered into a Stockholder Agreement (collectively, the "Stockholder Agreements") with CIENA. Pursuant to the Stockholder Agreements, each Stockholder has agreed to vote the ONI Common Stock it owns in favor of the Merger and against competing proposals, and to grant CIENA, upon request, a proxy with respect to its ONI Common Stock. The Stockholder Agreements cover an aggregate 16,209,925 shares of ONI Common Stock owned by the Stockholders. In addition, the Stockholder Agreements cover any additional shares acquired upon exercise of options held by such Stockholders. A form of the

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Stockholder Agreement is filed herewith as Exhibit 99.1 and incorporated herein by reference.

ITEM 4. PURPOSE OF TRANSACTION.

On February 17, 2002, CIENA and ONI entered into the Merger Agreement. Following the Merger, ONI will merged with and into CIENA as a result of which holders of ONI Common Stock will receive 0.7104 shares of CIENA's common stock for each share of ONI Common Stock outstanding at the time of the Merger. The Merger, which is expected to close in the second or third calendar quarter of 2002, is contingent upon the fulfillment of certain conditions in the Merger Agreement including, but not limited to, all required regulatory approvals, and the approval of the Merger by the stockholders of ONI and CIENA. The Stockholder Agreements are intended to enhance the likelihood of timely approval of the Merger by ONI's stockholders.

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

- (a)-(b) As of February 17, 2002, the shares subject to the Stockholder Agreements consisted of 16,868,008 shares of ONI Common Stock, representing approximately 11.9% of the total number of issued and outstanding shares of ONI Common Stock on February 17, 2002. The 16,868,008 total includes options to purchase 658,083 shares of ONI Common Stock that are exercisable within sixty days from the date hereof. The 16,868,008 total excludes 1,275,917 shares subject to options held as of the date of the Stockholders Agreements that are not exercisable within sixty days of the date hereof.

The percentage of 11.9% is calculated based on 141,458,654 shares of ONI Common Stock outstanding as of February 17, 2002, as represented by ONI in the Merger Agreement.

By virtue of the Stockholder Agreements entered into with each person identified on Schedule II, CIENA may be deemed to have the right to acquire voting power of the shares subject thereto because the Stockholder Agreements grant CIENA the right to require that the Stockholder give a proxy to CIENA upon request to vote those shares in favor of the Merger; however, CIENA is not entitled to any other rights as a stockholder of ONI with respect to the shares of ONI Common Stock covered by the Stockholder Agreements. CIENA disclaims membership in any group consisting of one or more persons listed on Schedule II and disclaims beneficial ownership of any shares beneficially owned by any such persons. The filing of this Schedule 13D shall not be deemed as an admission that CIENA is the beneficial owner of any shares owned by any persons listed on Schedule II or a member of any group consisting of such persons.

- (c) Except as described in this Schedule 13D, there have been no transactions in the shares of ONI Common Stock effected by CIENA or, to the best of CIENA's knowledge, any person identified in Schedule I of this Schedule 13D, during the last sixty days.

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(d) Not Applicable.

(e) Not Applicable.

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ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Except as described in this Schedule 13D and to the best of CIENA's knowledge, there are no contracts, arrangements, understandings, or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of ONI.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 99.1 Form of Stockholder Agreement between each of the Stockholders and CIENA.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 20, 2002
CIENA CORPORATION

By: /s/ Russell B. Stevenson, Jr.

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

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SCHEDULE I

A. EXECUTIVE OFFICERS AND DIRECTORS OF CIENA CORPORATION.*

Name:

Principal Occupation or Employment:

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Patrick H. Nettles, Ph.D.	Executive Chairman of the Board of Directors
Gary B. Smith	President, Chief Executive Officer and Director
Stephen B. Alexander	Senior Vice President, Chief Technology Officer
Steve W. Chaddick	Senior Vice President, Systems and Technology and Chief Strategy Officer
Joseph R. Chinnici	Senior Vice President, Finance and Chief Financial Officer
Michael O. McCarthy III	Senior Vice President, Worldwide Sales and Support
Russell B. Stevenson, Jr.	Senior Vice President, General Counsel and Secretary
Andrew C. Petrik	Vice President, Controller and Treasurer
Stephen P. Bradley, Ph.D.	Director
Harvey B. Cash	Director
John R. Dillon	Director
Lawton W. Fitt	Director
Judith M. O'Brien	Director
Gerald H. Taylor	Director

* Business address for each individual: c/o CIENA Corporation, 1201 Winterson Road, Linthicum, Maryland 21090.

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SCHEDULE II

Name	Number of Shares of ONI Common Stock Beneficially Owned*	Nu Pu St
Matthew W. Bross Revocable Trust	192,460	
Matthew W. Bross		40
William R. Cumpston		45
Cumpston Family Trust	761,779	
William R. Cumpston 2000 GRAT	10,000	
The Cumpston Children's Trust	2,000	
Michael A. Dillon	182,142	10
The Dillon Living Trust	69,103	
Robert J. Jandro	675,350	10
James F. Jordan	1,502,581	40
Kevin Compton	533,547	12
Kleiner Perkins Caufield & Buyers VIII, L.P.	1,262,087	

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KPCB VIII Founders Fund	73,081	
KPCB Information Sciences Zaibatsu Fund II	31,416	
Gregory B. Maffei	237,050	40
Hugh C. Martin	5,849	55
HMCM Trust	3,130,554	
Wild Crest Ventures, LLC	880,000	
Cherrystone Partners, LP	1,000,000	
Hugh C. Martin 2000 GRAT	34,836	
Martin Children's Trust	3,000	
Jon Feiber	4,593	12
Feiber-Buhr Trust	201,368	
Mohr, Davidow Ventures V, L.P.	5,083,694	
George Reyes		24
Rohit Sharma	267,894	35
rohit Trust	65,541	

*As represented to CIENA in the Stockholder Agreements.