

CIENA CORP  
Form 424B3  
June 30, 2015  
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**Filed pursuant to Rule 424(b)(3)**  
**Registration No. 333-204732**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

June 30, 2015

Dear Fellow Stockholder:

We cordially invite you to attend the postponed annual meeting of stockholders of Cyan, Inc., a Delaware corporation, which we refer to as Cyan, to be held on July 31, 2015, at 8:00 a.m., local time. As previously announced, Cyan and Ciena Corporation, a Delaware corporation, which we refer to as Ciena, have entered into an Agreement and Plan of Merger, dated as of May 3, 2015, as amended on June 2, 2015, which we refer to as the merger agreement. Pursuant to the terms of the merger agreement, a subsidiary of Ciena will merge with and into Cyan, with Cyan surviving the merger as a wholly owned subsidiary of Ciena, and thereafter Cyan will merge with and into Ciena.

If the merger contemplated by the merger agreement is completed, holders of Cyan common stock will be entitled to receive, for each share of Cyan common stock that they own, merger consideration having a value at closing of 0.224 shares of Ciena common stock, which we refer to as the aggregate exchange ratio, consisting of: (i) 0.19936 (89% of the aggregate exchange ratio) shares of Ciena common stock (plus cash in lieu of any fractional shares resulting therefrom equal to the product of (A) the fractional share interest to which a stockholder would otherwise be entitled and (B) the volume weighted average price per share of Ciena common stock on the NYSE on the last trading day prior to closing, rounded to the nearest cent), and (ii) an amount of cash, without interest, equal to the product of (A) 0.02464 (11% of the aggregate exchange ratio) *multiplied by* (B) the volume weighted average price per share of Ciena common stock on the New York Stock Exchange, which we refer to as the NYSE, on the last trading day prior to closing. Based on the closing price of \$21.29 of Ciena common stock on the NYSE on May 1, 2015, the last business day before public announcement of the merger agreement, the total value of the cash and stock consideration to be paid in the merger represented approximately \$4.77 per share of Cyan common stock. As of such date, this represented a premium of approximately 31% to the closing price of Cyan common stock of \$3.65 on the NYSE on May 1, 2015.

Based on the closing price of \$25.04 of Ciena common stock on the NYSE on June 24, 2015, the latest practicable date before the date of this proxy statement/prospectus, the total value of the merger consideration represented approximately \$5.61 per share of Cyan common stock. However, the value of the merger consideration will fluctuate with the market price of Ciena common stock and will not be known at the time the Cyan stockholders vote on the merger. Ciena common stock is listed on the NYSE under the trading symbol CIEN, and we encourage you to obtain quotes for the Ciena common stock.

## Edgar Filing: CIENA CORP - Form 424B3

Under the General Corporation Law of the State of Delaware, the approval of Cyan stockholders must be obtained before effecting the merger and the other transactions contemplated by the merger agreement. Based on the estimated number of shares of Cyan and Ciena common stock that will be outstanding immediately prior to the closing of the merger, we currently estimate that, upon closing, existing Ciena stockholders will own approximately 91.8% of the outstanding shares of Ciena common stock and former Cyan stockholders will own approximately 8.2% of the outstanding shares of Ciena common stock.

At the postponed annual meeting of Cyan stockholders, Cyan stockholders will be asked to vote on (i) a proposal to adopt the merger agreement, (ii) the election of three nominees for Class II directors to the Cyan board, (iii) a proposal to approve certain issuances of Cyan common stock in excess of 20% of Cyan's outstanding shares upon conversion of its 8.0% convertible senior secured notes due 2019 and exercise of related warrants issued in December 2014, (iv) a proposal to approve certain issuances of Cyan common stock to certain

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affiliated holders upon conversion of its 8.0% convertible senior secured notes due 2019 and exercise of related warrants issued in December 2014, (v) a proposal to ratify the selection by the audit committee of the Cyan board of Ernst & Young LLP as Cyan's independent registered public accounting firm for its fiscal year ending December 31, 2015 and (vi) a proposal to approve the adjournment of the postponed annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption of the proposals described in the preceding clauses (iii) and (iv), which we refer to as the NYSE share issuance proposals, or adoption of the merger agreement.

The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Cyan common stock entitled to vote on the matter at the postponed annual meeting vote to adopt the merger agreement. In addition, Ciena's obligation to consummate the merger is subject to the holders of at least a majority of the shares present or represented by proxy at the meeting and entitled to vote on the NYSE share issuance proposals at the meeting voting to approve the proposals (which is the equivalent of the NYSE stockholder approval policy requirement that a majority of votes cast must vote in favor). A failure to vote, a broker non-vote or an abstention will have the same effect as a vote **AGAINST** the adoption of the merger agreement, and an abstention will have the same effect as a vote **AGAINST** the NYSE share issuance proposals while a failure to vote or a broker non-vote will have no effect on the outcome of the NYSE share issuance proposals.

Certain Cyan officers and directors and affiliated stockholders, including investment funds affiliated with certain directors, who collectively control approximately 40% of the voting power of the outstanding shares of Cyan common stock entitled to be cast at the postponed annual meeting, have entered into voting agreements with Ciena that obligate them to vote in favor of the proposals to adopt the merger agreement and approve the NYSE share issuance proposals, subject to certain exceptions and limitations described in the accompanying proxy statement/prospectus under **The Voting Agreements - Voting**.

**Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the postponed annual meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the postponed annual meeting.**

**The Cyan board of directors has unanimously approved the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Cyan and its stockholders to enter into the merger agreement and to consummate the merger and all of the other transactions contemplated by the merger agreement, directed that the adoption of the merger agreement be submitted to a vote at a meeting of the Cyan stockholders, and recommended that the Cyan stockholders vote to adopt the merger agreement. The Cyan board of directors has also unanimously approved and recommended that Cyan stockholders vote to adopt the NYSE share issuance proposals. ACCORDINGLY, THE CYAN BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CYAN STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT, FOR THE NYSE SHARE ISSUANCE PROPOSALS AND FOR EACH OTHER PROPOSAL PRESENTED IN THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS.** In considering the recommendations of the Cyan board of directors, you should be aware that certain directors and executive officers of Cyan will have interests in the merger and the NYSE share issuance proposals that may be different from, or in addition to, the interests of Cyan stockholders generally. See the section entitled **Interests of Cyan's Directors and Executive Officers in the Merger** beginning on page 141 of the accompanying proxy statement/prospectus.

**We urge you to read the proxy statement/prospectus and the Annexes and the documents incorporated by reference carefully and in their entirety. In particular, we urge you to read carefully the section entitled Risk Factors beginning on page 47 of this proxy statement/prospectus. If you have any questions regarding this proxy statement/prospectus, you may contact Okapi Partners LLC, Cyan's proxy solicitor, by calling toll-free at (855) 305-0855.**

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On behalf of the board of directors of Cyan, thank you for your consideration and continued support. We look forward to the successful completion of the merger.

Sincerely,

Mark A. Floyd

Chairman and Chief Executive Officer

Cyan, Inc.

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated June 30, 2015 and is first being mailed to Cyan stockholders on or about July 1, 2015.

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**CYAN, INC.**

**1383 N. McDowell Blvd., Suite 300**

**Petaluma, California 94954**

**NOTICE OF POSTPONED ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held at 8:00 a.m., Local Time on July 31, 2015**

Dear Fellow Stockholder:

You are cordially invited to attend the postponed annual meeting of stockholders of Cyan, Inc., which we refer to as Cyan, on July 31, 2015, at 8:00 a.m., local time, at Cyan's headquarters, 1383 N. McDowell Blvd., Suite 300, Petaluma, California 94954, to vote on the following matters:

1. a proposal to adopt the Agreement and Plan of Merger, dated as of May 3, 2015, as amended by Amendment No. 1 thereto on June 2, 2015, and as may be further amended from time to time, which we refer to as the merger agreement, among Ciena Corporation, which we refer to as Ciena, Neptune Acquisition Subsidiary, Inc., a subsidiary of Ciena, and Cyan, a copy of which is included as **Annex A** to the proxy statement/prospectus of which this notice forms a part;
2. election of three nominees for Class II directors to the Cyan board;
3. a proposal to approve certain issuances of Cyan common stock in excess of 20% of Cyan's outstanding shares upon conversion of its 8.0% convertible senior secured notes due 2019, which we refer to as the convertible notes, and exercise of related warrants issued in December 2014;
4. a proposal to approve certain issuances of Cyan common stock to certain affiliated holders upon conversion of the convertible notes and exercise of related warrants issued in December 2014;
5. a proposal to ratify the selection by the audit committee of the Cyan board of Ernst & Young LLP as Cyan's independent registered public accounting firm for its fiscal year ending December 31, 2015;
6. a proposal to approve the adjournment of the postponed annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption of the merger agreement or proposals 3 and 4, which we refer to as the NYSE share issuance proposals; and
- 7.

such other business as may properly come before the meeting or any adjournments or postponements thereof.

**Your proxy is being solicited by the Cyan board of directors. The Cyan board of directors has unanimously approved the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Cyan and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement, directed that the adoption of the merger agreement be submitted to a vote at a meeting of the Cyan stockholders, and recommended that the Cyan stockholders vote to adopt the merger agreement.**

**The Cyan board of directors unanimously recommends that Cyan stockholders vote:**

**FOR the proposal to adopt the merger agreement;**

**FOR the election of the three nominees as Class II directors of the Cyan board;**

**FOR approval of certain issuances of Cyan common stock in excess of 20% of Cyan's outstanding shares upon conversion of the convertible notes and exercise of related warrants;**

**FOR approval of certain issuances of Cyan common stock to certain affiliated holders upon conversion of the convertible notes and exercise of related warrants;**

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**FOR the proposal to ratify Ernst & Young LLP as Cyan's independent registered public accounting firm for its fiscal year ending December 31, 2015; and**

**FOR the proposal to approve the adjournment of the postponed annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption of the merger agreement or the NYSE share issuance proposals.**

The Cyan board of directors has fixed the close of business on June 25, 2015 as the record date for determination of Cyan stockholders entitled to receive notice of, and to vote at, the Cyan stockholders' postponed annual meeting or any adjournments or postponements thereof. Only holders of record of Cyan common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Cyan stockholders' postponed annual meeting. **The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Cyan common stock entitled to vote on the matter at the postponed annual meeting vote to adopt the merger agreement, and Ciena's obligation to consummate the merger is subject to the holders of at least a majority of the shares present or represented by proxy at the meeting and entitled to vote on the NYSE share issuance proposals at the meeting voting to approve such proposals (which is the equivalent of the NYSE stockholder approval policy requirement that a majority of votes cast must vote in favor).** A failure to vote, a broker non-vote or an abstention will have the same effect as a vote AGAINST the adoption of the merger agreement. For the NYSE share issuance proposals and the proposal regarding adjournment of the meeting, an abstention will have the same effect as a vote AGAINST the adoption of the proposals, while a failure to vote and a broker non-vote will have no effect on the outcome of the proposals.

**It is important that your shares be represented at the postponed annual meeting, regardless of the number of shares that you hold. You are, therefore, urged to submit your proxy by telephone or by using the Internet as instructed on the enclosed proxy card or execute and return, at your earliest convenience, the enclosed proxy card in the envelope that has also been provided.** Registered stockholders may submit a proxy (i) through the Internet by logging onto the website indicated on the enclosed proxy card and following the prompts using the control number located on the proxy card; (ii) by telephone (from the United States, Puerto Rico and Canada) using the toll-free telephone number listed on the enclosed proxy card; or (iii) by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If your shares are held in the name of a bank, broker or other nominee, follow the instructions you receive from your nominee on how to vote your shares. Registered stockholders who attend the meeting may vote their shares personally even if they previously have submitted a proxy.

All stockholders are cordially invited to attend the meeting in person. You will find a map with directions to the postponed annual meeting on the final page of the proxy statement/prospectus. However, to ensure your representation at the meeting, you are urged to mark, sign and return the enclosed proxy as promptly as possible in the postage-prepaid envelope for that purpose. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy. However, if your shares are held in the name of a bank, broker, or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the postponed annual meeting. Stockholders may have a choice of submitting a proxy over the Internet or by telephone, in which case instructions are printed on the proxy card sent to you.

We appreciate your continued support of Cyan, Inc. and look forward to your attendance at the postponed annual meeting or receiving your proxy.

By order of the Board of Directors,



Kenneth M. Siegel, Secretary

Petaluma, California

June 30, 2015

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Cyan, Inc., which we refer to as Cyan, and Ciena Corporation, which we refer to as Ciena, from other documents that Cyan and Ciena have filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC, and that are contained in or incorporated by reference into this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 211 of this proxy statement/prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website at [www.sec.gov](http://www.sec.gov).

Any person may request copies of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning Cyan, without charge, by written or telephonic request directed to Cyan, Inc., Attention: Corporate Secretary, 1383 N. McDowell Blvd., Suite 300, Petaluma, California 94954, Telephone (707) 735-2300; or Okapi Partners LLC, which we refer to as Okapi, Cyan's proxy solicitor, by calling toll-free at (855) 305-0855. Banks, brokerage firms, and other nominees may call Okapi collect at (212) 297-0720.

You may also request a copy of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning Ciena, without charge, by written or telephonic request directed to Ciena Corporation, 7035 Ridge Road, Hanover, Maryland 21076, Attention: Corporate Secretary, Telephone (410) 694-5700; or from the SEC through the SEC website at the address provided above.

**In order for you to receive timely delivery of the documents in advance of the postponed annual meeting of Cyan stockholders to be held on July 31, 2015, you must request the information no later than five business days prior to the date of the postponed annual meeting, or July 24, 2015.**

We are not incorporating the contents of the websites of the SEC, Cyan, Ciena or any other entity into this proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites only for your convenience.

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Ciena (File No. 333-204732), constitutes a prospectus of Ciena under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the shares of common stock of Ciena to be issued to Cyan stockholders pursuant to the Agreement and Plan of Merger, dated as of May 3, 2015, by and among Cyan, Ciena and Neptune Acquisition Subsidiary, Inc., which we refer to as Merger Sub, as amended by Amendment No. 1 thereto, dated June 2, 2015, and as it may be further amended from time to time, which we refer to as the merger agreement. This document also constitutes a proxy statement of Cyan under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. It also constitutes a notice of meeting with respect to the postponed annual meeting, at which Cyan stockholders will be asked to vote on: (i) a proposal to adopt the merger agreement; (ii) the election of three nominees for Class II directors to the Cyan board of directors, which we refer to as the Cyan board; (iii) a proposal to approve certain issuances of Cyan common stock in excess of 20% of Cyan's outstanding shares upon conversion of its convertible notes and exercise of related warrants; (iv) a proposal to approve certain issuances of Cyan common stock to certain affiliated holders upon conversion of convertible notes and exercise of related warrants; (v) a proposal to ratify the selection by the audit committee of the Cyan board of Ernst & Young LLP as Cyan's independent registered public accounting firm for its fiscal year ending December 31, 2015; and

(vi) a proposal to approve the adjournment of the postponed annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption of the merger agreement or the proposals described in clauses (iii) and (iv) above.

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Ciena has supplied all information contained or incorporated by reference into this proxy statement/prospectus relating to Ciena, and Cyan has supplied all such information relating to Cyan.

Ciena and Cyan have not authorized anyone to provide you with information that is different from that contained in or incorporated by reference into this proxy statement/prospectus, and neither Ciena nor Cyan takes any responsibility for any other information that others may give you. This proxy statement/prospectus is dated June 30, 2015, and you should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date unless otherwise specifically provided herein. Further, you should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this proxy statement/prospectus to Cyan stockholders nor the issuance by Ciena of shares of its common stock pursuant to the merger agreement will create any implication to the contrary.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE POSTPONED ANNUAL MEETING**

The following questions and answers are intended to provide brief answers to some commonly asked questions regarding the merger, the merger agreement, the voting agreements dated May 3, 2015 between Ciena and certain Cyan officers and directors and affiliated stockholders, which we refer to as the voting agreements, and the postponed annual meeting. These questions and answers may not address all questions that may be important to you as a Cyan stockholder. Please refer to the section entitled **Summary** beginning on page 13 of this proxy statement/prospectus and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in this proxy statement/prospectus, which you should read carefully in their entirety. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled **Where You Can Find More Information** beginning on page 211 of this proxy statement/prospectus.

**Q: Why am I receiving this proxy statement/prospectus and proxy card?**

**A:** You are receiving this document because you were a stockholder of record of Cyan on the record date for the postponed annual meeting, which we refer to as the record date. The annual meeting was postponed from its original date, and a new record date was established, because since the time the original meeting was called Ciena agreed to acquire Cyan under the terms of the merger agreement, which are described in this proxy statement/prospectus. The Cyan board of directors determined to postpone the previously scheduled annual meeting and combine the matters to be voted on at that meeting with the vote to adopt the merger agreement at a single meeting. If the proposal to adopt the merger agreement is approved by Cyan stockholders and the other conditions to closing under the merger agreement are satisfied or waived, Merger Sub will be merged with and into Cyan, with Cyan surviving the merger as a wholly owned subsidiary of Ciena, which we refer to as the merger, and Cyan will then be merged into Ciena, which we refer to as the second step merger. As a result of the merger, Cyan will no longer be a public company. Following the merger, the common stock of Cyan will be delisted from the New York Stock Exchange, which we refer to as the NYSE, and deregistered under the Exchange Act, and Cyan will no longer be required to file periodic reports with the SEC in respect of Cyan common stock.

This proxy statement/prospectus serves as the proxy statement through which Cyan is soliciting proxies to obtain the necessary stockholder approval for the merger and other matters before the postponed annual meeting. It also serves as the prospectus by which Ciena will issue shares of Ciena common stock to pay the stock portion of the merger consideration, and to issue shares of Ciena common stock upon the exercise or conversion of Cyan's outstanding 8.0% convertible senior secured notes, Cyan's outstanding warrants and Cyan's equity awards, each to the extent exercised or converted.

Cyan is holding the postponed annual meeting to ask its stockholders to vote on a proposal to adopt the merger agreement. Cyan stockholders are also being asked to vote on a proposal to approve the election of three nominees to the Cyan board, the NYSE share issuance proposals and the other matters described in this proxy statement/prospectus.

This proxy statement/prospectus includes important information about the merger, the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus, the voting agreements, a form of which is attached as **Annex B**, and the postponed annual meeting. Cyan stockholders should read this information carefully and in its entirety. The enclosed proxy materials allow Cyan stockholders to submit their proxy without attending the postponed

annual meeting in person.

**Q: What am I being asked to vote on at the postponed annual meeting?**

A: You are being asked to vote upon:

a proposal to adopt the merger agreement;

the election of three nominees for Class II directors to hold office until the 2018 annual meeting of stockholders or until their successors are duly elected and qualified, subject to earlier resignation or removal;

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the approval, as required by NYSE Listed Company Rule 312.03(c), of certain issuances of Cyan common stock in excess of 20% of Cyan's outstanding shares upon conversion of Cyan's 8.0% convertible senior secured notes due 2019, which we refer to as the convertible notes, and exercise of related warrants, which we refer to as the warrants, issued in December 2014;

the approval, as required by NYSE Listed Company Rule 312.03(b), of certain issuances of Cyan common stock to certain affiliated holders upon conversion of the convertible notes and exercise of related warrants issued in December 2014 which, together with the immediately preceding proposal we refer to as the NYSE share issuance proposals;

the ratification of the selection by the audit committee of the Cyan board of Ernst & Young LLP as Cyan's independent registered public accounting firm for Cyan's fiscal year ending December 31, 2015;

a proposal to approve the adjournment of the postponed annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption of the merger agreement or the NYSE share issuance proposals; and

any other business that may properly come before the meeting.

**Q: Does my vote matter?**

A: Yes, your vote is very important. You are encouraged to vote as soon as possible.

The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Cyan common stock entitled to vote on the matter at the postponed annual meeting vote to adopt the merger agreement. For Cyan stockholders, if you fail to submit a proxy or vote in person at the postponed annual meeting, or vote to abstain, or you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** the adoption of the merger agreement. Further, Ciena's obligation to consummate the merger is conditioned on both of the NYSE share issuance proposals being approved. Approval of the NYSE share issuance proposals requires that the holders of at least a majority of the shares of Cyan common stock present or represented by proxy at the meeting and entitled to vote on the proposals vote **FOR** such proposals (which is the equivalent of the NYSE stockholder approval policy requirement that a majority of votes cast must vote in favor). If you vote to abstain, this will also have the same effect as a vote **AGAINST** the NYSE share issuance proposals (while a failure to vote or a broker non-vote will have no effect on the outcome of these proposals).

**Q: What is the vote required to approve each proposal at the postponed annual meeting?**

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Total Liabilities and Shareholders' Equity \$ 24,170,230 \$ 81

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*See Notes to Financial Statements.*

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**CurrencyShares<sup>SM</sup> Swiss Franc Trust**

**Statement of Income and Comprehensive Income**

	<b>June 8, 2006</b> <b>[Date of Inception]</b> <b>to October 31, 2006</b>
<b><u>Income</u></b>	
Interest income	\$ 55,707
	55,707
<b><u>Expenses</u></b>	
Sponsor's fee	(21,537)
	(21,537)
Total Expenses	(21,537)
Net Income	\$ 34,170
Other Comprehensive Income	
Currency translation adjustment	(11)
	(11)
Total Comprehensive Income	\$ 34,159
Earnings per share	\$ 0.19
Weighted-average Shares Outstanding	177,397
Cash Dividends per Share	\$ 0.13

*See Notes to Financial Statements.*

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**CurrencyShares<sup>SM</sup> Swiss Franc Trust**

**Statement of Changes in Shareholders' Equity**

**June 8, 2006**  
**[Date of Inception]**  
**to October 31, 2006**



	<b>June 8, 2006</b> <b>[Date of Inception]</b> <b>to October 31, 2006</b>
Retained Earnings Balance, Beginning of Period	\$ --
Net Income	34,170
Dividends from Net Investment Income	(22,855)
Adjustment of redeemable capital shares to redemption value	(11,315)
	<hr/>
Retained Earnings Balance, End of Period	\$ --
	<hr/>
Cumulative Translation Adjustment, Beginning of Period	\$ --
Currency translation adjustment	(11)
Adjustment of redeemable capital shares to redemption value	11
	<hr/>
Cumulative Translation Adjustment, End of Period	\$ --
	<hr/>

*See Notes to Financial Statements.*

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**CurrencyShares<sup>SM</sup> Swiss Franc Trust**

**Statement of Cash Flows**

	<b>June 8, 2006</b> <b>[Date of Inception]</b> <b>to October 31, 2006</b>
Cash flows from operating activities	
Cash received for interest income	\$ 34,855
Cash paid for expenses	(14,607)
	<hr/>
Net cash provided by operating activities	20,248
Cash flows from financing activities	
Cash received on issuance of redeemable shares	24,159,770
Cash paid to redeem redeemable shares	(81)
Cash paid for distributions	(22,855)
	<hr/>
Net cash provided by financing activities	24,136,834
Adjustment to period cash flows due to currency movement	(7,778)
Increase in cash	24,149,304
Cash at beginning of period	81
	<hr/>
	\$ 24,149,385

**June 8, 2006**  
**[Date of Inception]**  
**to October 31, 2006**

Cash at end of period		
Reconciliation of net income to net cash provided by operating activities		
Net income	\$	34,170
Adjustments to reconcile net income to net cash provided by operating activities		
Increase in receivable from accrued interest		(20,845)
Currency translation adjustment		(4)
Increase in accrued sponsor fee		6,927
Net cash provided by operating activities	\$	20,248

*See Notes to Financial Statements.*

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## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Description of the Trust

The CurrencyShares<sup>SM</sup> Swiss Franc Trust (the Trust) was formed under the laws of the state of New York on June 8, 2006 when Rydex Specialized Products LLC d/b/a Rydex Investments (the Sponsor) deposited 100 Swiss Francs in the Trust's primary deposit account held by JPMorgan Chase Bank N.A., London Branch (the Depository). The Sponsor is a Delaware limited liability company whose sole member is PADCO Advisors II, Inc. (also d/b/a Rydex Investments). The Sponsor is responsible for, among other things, overseeing the performance of The Bank of New York (the Trustee) and the Trust's principal service providers, including the preparation of financial statements. The Trustee is responsible for the day-to-day administration of the Trust.

The investment objective of the Trust is for the Trust's shares (the Shares) to reflect the price in USD of the Swiss Franc plus accrued interest less Trust's expenses and liabilities. The Shares are intended to provide investors with a simple, cost-effective means of gaining investment benefits similar to those of holding Swiss Franc. The Trust's assets primarily consist of Swiss Francs on demand deposit in two deposit accounts maintained by the Depository: a primary deposit account which earns interest and a secondary deposit account which does not earn interest. The secondary deposit account is used only in connection with mid-month creations and redemptions of blocks of 50,000 Shares (Baskets). The secondary account is used to account for interest that has been earned on the primary deposit account during the month but not yet paid and to receive interest earned on the primary deposit account, pay Trust expenses and distribute any excess interest to shareholders on a monthly basis.

The accompanying audited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

### 2. Significant Accounting Policies

#### A. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## **B. Foreign Currency Translation**

The Trustee calculates the Trust's net asset value ( NAV ) each business day, as described in Note 5. For NAV calculation purposes, Swiss Franc Deposits (cash) are translated at the Noon Buying Rate, which is the Swiss Franc/U.S. Dollar ( USD ) exchange rate as determined and published by the Federal Reserve Bank of New York as of 12:00 PM (New York time) on each day that the New York Stock Exchange ( NYSE ) is open for regular trading.

The functional currency of the Trust is the Swiss Franc in accordance with Financial Accounting Standard ( FAS ) 52, Foreign Currency Translation. For financial statement reporting purposes, the U.S. Dollar is the reporting currency. As a result, the financial statements are translated from Swiss Francs to USD. The Noon Buying Rate on the last day of the period is used for translation in the statement of financial condition. The average Noon Buying Rate for the period is used for translation in the statement of income and comprehensive income and the statement of cash flows. Any currency translation adjustment is included in comprehensive income.

## **C. Federal Income Taxes**

The Trust is treated as a grantor trust for federal income tax purposes and, therefore, no provision for federal income taxes is required. Interest, gains and losses are passed through to the holders of Shares ( Shareholders ) of the Trust.

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro-rata share of the assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro-rata shares of the Trust's income, if any, and as if they directly incurred their respective pro-rata shares of the Trust's expenses. The acquisition of Shares by a U.S. Shareholder as part of a creation of a Basket will not be a taxable event to the Shareholder.

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The Sponsor's fee accrues daily and is payable monthly. For U.S. federal income tax purposes, an accrual-basis U.S. Shareholder generally will be required to take into account as an expense its allocable share of the USD-equivalent of the amount of the Sponsor's fee that is accrued on each day, with such USD-equivalent being determined by the currency exchange rate that is in effect on the respective day. To the extent that the currency exchange rate on the date of payment of the accrued amount of the Sponsor's fee differs from the currency exchange rate in effect on the day of accrual, the U.S. Shareholder will recognize a currency gain or loss for U.S. federal income tax purposes.

The Trust does not expect to generate taxable income except for gain (if any) upon the sale of Swiss Francs and interest income. A non-U.S. Shareholder generally will not be subject to U.S. federal income tax with respect to gain recognized upon the sale or other disposition of Shares, or upon the sale of Swiss Franc by the Trust, unless: (1) the non-U.S. Shareholder is an individual and is present in the United States for 183 days or more during the taxable year of the sale or other disposition, and the gain is treated as being from United States sources; or (2) the gain is effectively connected with the conduct by the non-U.S. Shareholder of a trade or business in the United States.

A non-U.S. Shareholder's share of any interest income earned by the Trust generally will not be subject to U.S. federal income tax unless the Shares owned by such non-U.S. Shareholder are effectively connected with the conduct by the non-U.S. Shareholder of a trade or business in the United States.

## **D. Revenue Recognition**

Interest on the primary deposit account accrues daily as earned and is received on a monthly basis.

## **E. Dividends**

To the extent that the interest earned by the Trust exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, the Trust will distribute, as a dividend, the excess interest earned in Swiss Francs effective on the first business day of the subsequent month. The Trustee will direct that the excess Swiss Francs be converted into USD at the prevailing market rate and the Trustee will distribute the USD as promptly as practicable to Shareholders on a pro rata basis (in accordance with the number of Shares that they own). For the month of October, 2006, an income distribution of \$0.05489 per Share was paid on November 8, 2006.

## **3. Restatement of Interim Financial Statements (unaudited)**

The Sponsor will restate the interim financial statements previously filed with the Trust's unaudited Quarterly Report on Form 10-Q of the Trust for the quarterly period ended July 31, 2006 in an amendment to such Form 10-Q. The restated financial statements will correct an error in accounting for the portion of Swiss Francs received in Basket creations and paid out in Basket redemptions that related to accrued interest. Such

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interest receipts or payments were incorrectly included in the calculation of interest receivable and interest income of the Trust, rather than cash and redeemable capital shares. Additionally, the translation of these receipts or payments to USD resulted in adjustments to the corresponding Currency Translation Adjustment balances.

The restatement will have the following impact on the financial statements for the Trust's quarterly period ended July 31, 2006:

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### Statements of Income and Comprehensive Income

	<b>Inception to Date July 31, 2006</b>		
	<u>As Previously Reported</u>	<u>Adjustment Amount</u>	<u>As Restated</u>
Interest Income	\$12,055	(\$1,585)	\$10,470
Net Income	\$7,266	(\$1,585)	\$5,681
Currency Translation Adjustment	\$29	(\$6)	\$23
Total Comprehensive Income	\$7,295	(\$1,591)	\$5,704
Earnings Per Share	\$0.06	(\$0.01)	\$0.05

Statements of Changes in Shareholder's Equity

	<b>Inception to Date July 31, 2006</b>		
	<u>As Previously Reported</u>	<u>Adjustment Amount</u>	<u>As Restated</u>
Net Income	\$7,266	(\$1,585)	\$5,681
Adjustment of redeemable capital shares to redemption value	(\$4,779)	\$1,585	(\$3,194)
Currency Translation Adjustment	\$29	(\$6)	\$23
Adjustment of redeemable capital shares to redemption value	(\$29)	\$6	(\$23)

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### Statement of Cash Flows

	<b>Inception to Date July 31, 2006</b>		
	<u>As Previously Reported</u>	<u>Adjustment Amount</u>	<u>As Restated</u>
Cash received for interest income	\$3,152	(\$1,584)	\$1,568
	\$2,487	(\$1,584)	\$903

**Inception to Date  
July 31, 2006**

Net cash provided by operating activities			
Cash received on issuance of redeemable shares	\$12,135,486	\$1,584	\$12,137,070
Net cash provided by financing activities	\$12,132,918	\$1,584	\$12,134,502
Net Income	\$7,266	(\$1,585)	\$5,681

The Sponsor intends to file these amended interim financial statements as soon as administratively practical.

#### 4. Swiss Franc Deposits

Swiss Franc principal deposits are held in a Swiss Franc-denominated, interest-bearing demand account. For the year ending October 31, 2006, there were Swiss Franc principal deposits of 30,000,000 and Swiss Franc principal redemptions of 100 resulting in an ending Swiss Franc principal balance of 30,000,000. This equates to \$24,146,813. In addition, net interest associated with creation and redemption activity is held in a Swiss Franc-denominated non-interest-bearing account, and any balance is distributed in full as part of the monthly income distributions.

#### 5. Redeemable Capital Shares

Shares are classified as redeemable for financial statement purposes, since they are subject to redemption. Shares are issued and redeemed continuously in Baskets of 50,000 Shares in exchange for Swiss Francs. Individual investors cannot purchase or redeem Shares in direct transactions with the Trust. Only Authorized Participants (as defined below) may place orders to create and redeem Baskets. An Authorized Participant is a DTC participant that is a registered broker-dealer or other institution eligible to settle securities transactions through the book-entry facilities of the DTC and which has entered into a contractual arrangement with the Trust and the Sponsor governing, among other matters, the creation and redemption process. Authorized Participants may redeem their Shares at any time in the prescribed Baskets.

Due to expected continuing creations and redemptions of Baskets and the three-day period for settlement of each creation or redemption, the Trust reflects Shares created as a receivable. Shares redeemed are reflected as a liability on the trade date. Outstanding Shares are reflected at a redemption value, which is the NAV per Share at the period end date. Adjustments to redeemable capital shares at redemption value are recorded against retained earnings, or, in the absence of retained earnings, by charges against the cumulative translation adjustment.

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Activity in redeemable capital Shares is as follows:

	<b>Period from June 8, 2006 [Date of Inception] to October 31, 2006</b>	
	Shares	U.S. Dollar Amount
Opening balance	1	81
Shares issued	300,000	24,159,770
Shares redeemed	(1)	(81)
Adjustment to period Shares due to currency movement and other	--	3,533
Ending Redemption Balance	300,000	\$ 24,163,303

The Trustee calculates the Trust's NAV each business day. To calculate the NAV, the Trustee subtracts the Sponsor's accrued fee through the previous day from the Swiss Francs held by the Trust (including all unpaid interest accrued through the preceding day) and calculates the value of the Swiss Francs in USD based upon the Noon Buying Rate. If, on a particular evaluation day, the Noon Buying Rate has not been determined and announced by 2:00 PM (New York time), then the most recent Federal Reserve Bank of New York determination of the Noon Buying Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. In the event that the Trustee and the Sponsor determine that the most recent Federal Reserve Bank of New York determination of the Noon Buying Rate is not an appropriate basis for valuation of the Trust's Swiss Francs, they shall determine an

alternative basis for such evaluation to be employed by the Trustee. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. Shares deliverable under a purchase order are considered outstanding for purposes of determining NAV per Share; Shares deliverable under a redemption order are not considered outstanding for this purpose.

#### **6. Sponsor's Fee**

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the Swiss Francs in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly.

The Sponsor assumes and pays the following administrative and marketing expenses incurred by the Trust: the Trustee's monthly fee, NYSE listing fees, SEC registration fees, typical maintenance and transaction fees of the Depository, printing and mailing costs, audit fees and expenses, up to \$100,000 per year in legal fees and expenses, and applicable license fees. The Sponsor has also paid the costs of the Trust's organization and the initial sales of the Shares, which were approximately \$229,000 when the Trust was formed.

In certain exceptional cases the Trust will pay for some expenses in addition to the Sponsor's fee. These exceptions include expenses not assumed by the Sponsor, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Trustee or the Sponsor on behalf of the Trust or action taken by the Trustee or the Sponsor to protect the Trust or the interests of Shareholders, indemnification of the Sponsor under the Depository Trust Agreement, and legal expenses in excess of \$100,000 per year.

#### **7. Related Parties**

The Sponsor is a related party of the Trust. The Sponsor oversees the performance of the Trustee and the Trust's principal service providers, including the preparation of financial statements, but does not exercise day-to-day oversight over the Trustee or the Trust's service providers. The Sponsor has paid the costs of the Trust's organization and the initial sales of the Shares, as described in Note 6.

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#### **8. Concentration Risk**

All of the Trust's assets are Swiss Francs, which creates a concentration risk associated with fluctuations in the price of the Swiss Franc. Accordingly, a decline in the price of the Swiss Franc relative to USD will have an adverse effect on the value of the Shares. Factors that may have the effect of causing a decline in the price of the Swiss Franc include national debt levels and trade deficits, domestic and foreign inflation rates, domestic and foreign interest rates, investment and trading activities of institutions and global or regional political, economic or financial events and situations. Substantial sales of Swiss Francs by the official sector (central banks, other governmental agencies and related institutions that buy, sell and hold Swiss Francs as part of their reserve assets) could adversely affect an investment in the Shares.

#### **9. Commitments and Contingencies**

Under the Trust's organizational documents, the Sponsor is indemnified against any liability or expense it incurs without negligence, bad faith or willful misconduct on its part. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

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### **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Rockville, State of Maryland, on January 29, 2007

SIGNATURES

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CURRENCYSHARES<sup>SM</sup>  
SWISS FRANC TRUST

By Rydex Specialized Products LLC  
Sponsor of the CurrencyShares<sup>SM</sup>  
Swiss Franc Trust

By: /s/ Carl G. Verboncoeur  
Carl G. Verboncoeur  
CEO and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities\* and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Carl G. Verboncoeur</u> Carl G. Verboncoeur	Director, CEO and Treasurer (principal executive officer)	January 29, 2007
<u>/s/ Nick Bonos</u> Nick Bonos	Director and CFO (principal financial officer and principal accounting officer)	January 29, 2007
<u>/s/ Michael Byrum</u> Michael Byrum	Director and Secretary	January 29, 2007

The registrant is a trust and the persons are signing in their capacities as officers or directors of Rydex Specialized Products LLC, the Sponsor of the registrant.

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO SECTION 302(A)  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Carl G. Verboncoeur, certify that:

1. I have reviewed the Annual Report on Form 10-K for the fiscal year ended October 31, 2006 of CurrencyShares<sup>SM</sup> Swiss Franc Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and PADCO Advisors II, Inc.'s auditors and the board of directors of PADCO Advisors II, Inc. and the board of directors of Rydex Fund Services, Inc. and the audit committee of Rydex Specialized Products LLC's board of managers (or persons performing equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves persons who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2007

/s/ Carl G. Verboncoeur

Carl G. Verboncoeur

Chief Executive Officer

(principal executive officer)

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### EXHIBIT 31.2

#### CERTIFICATION PURSUANT TO SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

I, Nick Bonos, certify that:

1. I have reviewed the Annual Report on Form 10-K for the fiscal year ended October 31, 2006 of CurrencyShares<sup>SM</sup> Swiss Franc Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and PADCO Advisors II, Inc.'s auditors and the board of directors of PADCO Advisors II, Inc. and the board of directors of Rydex Fund Services, Inc. and the audit committee of Rydex Specialized Products LLC's board of managers (or persons performing equivalent functions):



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(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves persons who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2007

/s/ Nick Bonos

Nick Bonos  
Chief Financial Officer  
(principal financial officer)

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**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CurrencyShares<sup>SM</sup> Swiss Franc Trust (the Trust) on Form 10-K for the fiscal year ended October 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Carl G. Verboncoeur, Chief Executive Officer of Rydex Specialized Products LLC, the Sponsor of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

Date: January 29, 2007

/s/ Carl G. Verboncoeur

Carl G. Verboncoeur\*  
Chief Executive Officer  
(principal executive officer)

\* The Registrant is a trust and Carl G. Verboncoeur is signing in his capacity as the principal executive officer of Rydex Specialized Products LLC, the Sponsor of the Registrant.

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**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CurrencyShares<sup>SM</sup> Swiss Franc Trust (the Trust) on Form 10-K for the fiscal year ended October 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Nick Bonos, Chief Financial Officer of Rydex Specialized Products LLC, the Sponsor of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

Date: January 29, 2007

/s/ Nick Bonos

Nick Bonos\*

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Chief Financial Officer  
(principal financial officer)

\* The Registrant is a trust and Nick Bonos is signing in his capacity as the principal financial officer of Rydex Specialized Products LLC, the Sponsor of the Registrant.