UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported)	September 3, 2009
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	rporation as Specified in Its Charter)
(Enter Function of Regionals)	as specifica in its smaller)
	aware
(State or Other Jurisdi	ction of Incorporation)
0-21969	23-2725311
(Commission File Number)	(IRS Employer Identification No.)
1201 Winterson Road, Linthicum, MD	21090
(Address of Principal Executive Offices)	(Zip Code)
•	` • <i>′</i>
	65-8500
(Registrant's Telephone Nu	mber, Including Area Code)
(Former Name or Former Addre	ss, if Changed Since Last Report)
	nultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):	
☐ Written communications pursuant to Rule 425 under the Securities Act	(17 CFR 230.425)
Soliciting material pursuant to Rule 14a-12 under the Exchange Act (1	7 CFR 240.14a-12)
Pre-commencement communications pursuant to Rule 14d-2(b) under	the Exchange Act (17 CFR 240.14d-2(b))
Pre-commencement communications pursuant to Rule 13e-4(c) under t	he Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 - RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 3, 2009, Ciena Corporation ("Ciena") issued a press release announcing its financial results for its third fiscal quarter ended July 31, 2009. The text of the press release is furnished as Exhibit 99.1 to this Report. The information in this Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended.

ITEM 9.01 - FINANCIAL STATEMENTS AND EXHIBITS

(c) The following exhibit is being filed herewith:

Exhibit Number Description of Document

Exhibit 99.1 Text of Press Release dated September 3, 2009, issued by Ciena Corporation, reporting results of operations for its third

fiscal quarter ended July 31, 2009.

SIGNATURES

Pursuant to the requirements 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.

Ciena Corporation

Date: September 3, 2009 By: /s/ David M. Rothenstein

David M. Rothenstein

Senior Vice President, General Counsel and Secretary

Ciena Reports Unaudited Fiscal Third Quarter 2009 Results

LINTHICUM, Md.--(BUSINESS WIRE)--September 3, 2009--Ciena[®] Corporation (NASDAQ:CIEN), the network specialist, today announced unaudited results for its fiscal third quarter ended July 31, 2009. Revenue for the fiscal third quarter 2009 totaled \$164.8 million, representing a 14% sequential improvement compared to fiscal second quarter 2009 revenue of \$144.2 million.

On the basis of generally accepted accounting principles (GAAP), Ciena's net loss for the fiscal third quarter 2009 was \$(26.5) million, or \$(0.29) per common share. This compares to fiscal second quarter 2009 GAAP net loss of \$(503.2) million¹, or \$(5.53) per common share¹.

Ciena's adjusted (non-GAAP) net loss for the fiscal third quarter 2009 was \$(4.8) million, or \$(0.05) per common share. This compares to fiscal second quarter 2009 adjusted (non-GAAP) net loss of \$(22.5) million, or \$(0.25) per common share. A reconciliation between the GAAP and adjusted (non-GAAP) measures contained in this release is provided in the table in Appendix A.

"We delivered significant sequential improvement in our fiscal third quarter across all major financial performance metrics, including revenue, gross margin and operating results," said Gary Smith, Ciena's CEO and president. "Through the challenging environment of the last 12 months, we've managed the business with the objective of balancing operating performance with a disciplined approach to strategic investment."

Third Quarter 2009 Performance Summary

- \$164.8 million in revenue, representing sequential growth of 14%, driven by sequential improvements in the Optical Service Delivery and Carrier Ethernet Service Delivery portfolios.
- Non-U.S. customers contributed 37% of total revenue.
- At 37% of total revenue, three customers each accounted for greater than 10% of revenue.
- GAAP gross margin of 45%.
- Adjusted (non-GAAP) gross margin of 46% excludes share-based compensation costs and amortization of intangible assets.
- GAAP net loss of \$(26.5) million or \$(0.29) per common share.
- Adjusted (non-GAAP) net loss of \$(4.8) million or \$(0.05) per common share.
- Generated \$3.5 million in cash from operations during the quarter, ending the quarter with cash, cash equivalents and shortand long-term investments of \$1.1 billion.

Third Quarter 2009 Customer and Product Summary

- In partnership with NYSE Euronext, Ciena announced plans to implement the first 100G network enabling NYSE Euronext to provide both the speed and ultra-low latency to facilitate unparalleled execution of equities quotes, trades, options data and other financial transactions in the U.S., Europe and globally.
- Clearwire will use Ciena's Carrier Ethernet Service Delivery platforms for its strategic backhaul and base station switching to support its CLEAR mobile 4G WiMAX services in several markets nationwide.
- Telehouse Europe selected Ciena's CN 4200[®] FlexSelect[®] Advanced Services Platform to enable connectivity for the new Telehouse 3 data storage facility in Magny-les-Hameaux near Paris.
- GTS Central Europe deployed Ciena's Carrier Ethernet Service Delivery solutions in its aggregation and access network
 layers to allow the operator to offer a broad range of carrier-class services while leveraging the simplicity and cost efficiency
 of Ethernet.
- XO Communications accepted the "Wholesale Service Innovation" award from *Global Telecoms Business* for its Ethernet Hub Service enabled by Ciena's Carrier Ethernet switching solutions.
- Urban Light Networks deployed Ciena's CN 4200 RS in a new, next-generation network to support low-latency, capacity-rich service delivery.
- Mzima Networks will use Ciena's Carrier Ethernet Service Delivery portfolio across Mzima's next-generation, IP Network.
- Lifeline Data Centers deployed Ciena's CN 4200 to provide high-performance, low-latency connectivity over dark fiber between its existing data center in downtown Indianapolis and its new 460,000-square foot state-of-the-art data center facility twelve miles outside of the city.
- MAGPI (Mid-Atlantic Gigapop for Internet2) implemented a CN 4200-based network to support high-performance network connectivity among multiple research labs located at Princeton University's Forrestal Campus and the U.S. Department of Energy's Energy Sciences Network 4.

Business Outlook

"Industry sentiment has improved somewhat over the first half of the calendar year as a result of what seems to be a stabilizing macro environment combined with continued pressure on service providers to increase network capacity and deliver more services," said Smith. "While we continue to believe our network vision and portfolio align well with our customers' current and future business priorities, customers in general continue to spend cautiously. As result, we expect our fiscal fourth quarter revenue will be roughly flat with our fiscal third quarter level."

Live Web Broadcast of Unaudited Fiscal Third Quarter 2009 Results

Ciena will host a discussion of its unaudited fiscal third quarter 2009 results with investors and financial analysts today, Thursday, September 3, 2009 at 8:30 a.m. (Eastern). The live broadcast of the discussion will be available via Ciena's homepage at www.ciena.com. An archived version of the discussion will be available shortly following the conclusion of the live broadcast on the Investor Relations page of Ciena's website at: https://www.ciena.com/investors.

¹ Ciena's GAAP net loss for the fiscal second quarter 2009 includes a non-cash charge of \$455.7 million for impairment of goodwill. This charge does not impact the Company's normal business operations nor will it result in any current or future cash expense.

Note to Investors

Forward-looking statements. This press release contains certain forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties. These statements are based on information available to the Company as of the date hereof; and Ciena's actual results could differ materially from those stated or implied, due to risks and uncertainties associated with its business, which include the risk factors disclosed in its Report on Form 10-Q, which Ciena filed with the Securities and Exchange Commission on June 5, 2009. Forward-looking statements include statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. Forward-looking statements in this release include: industry sentiment has improved somewhat over the first half of the calendar year as a result of what seems to be a stabilizing macro environment combined with continued pressure on service providers to increase network capacity and deliver more services; while we continue to believe our network vision and portfolio align well with our customers' current and future business priorities, customers in general continue to spend cautiously; and, as result, we expect our fiscal fourth quarter revenue will be roughly flat with our fiscal third quarter level. Ciena assumes no obligation to update the information included in this press release, whether as a result of new information, future events or otherwise.

Non-GAAP Presentation of Quarterly Results. This release includes non-GAAP measures of Ciena's gross profit, operating expenses, income from operations, net income and net income per share. In evaluating the operating performance of Ciena's business, management excludes certain charges and credits that are required by GAAP. These items, share one or more of the following characteristics: they are unusual and Ciena does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of Ciena's control. Management believes that the non-GAAP measures below provide management and investors useful information and meaningful insight to the operating performance of the business. The presentation of these non-GAAP financial measures should be considered in addition to Ciena's GAAP results and these measures are not intended to be a substitute for the financial information prepared and presented in accordance with GAAP. Ciena's non-GAAP measures and the related adjustments may differ from non-GAAP measures used by other companies and should only be used to evaluate Ciena's results of operations in conjunction with our corresponding GAAP results. For a complete GAAP to non-GAAP reconciliation of the non-GAAP measures contained in this release, see Appendix A.

About Ciena

Ciena specializes in practical network transition. We offer leading network infrastructure solutions, intelligent software and a comprehensive services practice to help our customers use their networks to fundamentally change the way they compete. With a global presence, Ciena leverages its heritage of practical innovation to deliver maximum performance and economic value in communications networks worldwide. We routinely post recent news, financial results and other important announcements and information about Ciena on our website. For more information, visit www.ciena.com.

CIENA CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share data) (unaudited)

	Quarter Ended July 31,				Nine Months Ended July 31,					
	2008	2009		2008			2009			
Revenues:										
Products	\$ 223,661	\$	139,903	\$	641,632	\$	398,469			
Services	 29,518		24,855		81,162		77,890			
Total revenue	 253,179		164,758		722,794		476,359			
Cost of goods sold:										
Products	107,953		72,842		295,381		214,628			
Services	19,595		17,251		57,617		54,503			
Total cost of goods sold	127,548		90,093		352,998		269,131			
Gross profit	125,631		74,665		369,796		207,228			
Operating expenses:										
Research and development	47,809		44,442		127,881		140,624			
Selling and marketing	39,440		31,468		111,639		98,582			
General and administrative	14,758		11,524		54,036		35,724			
Amortization of intangible assets	8,671		6,224		23,901		18,852			
Restructuring cost	-		3,941		-		10,416			
Goodwill impairment	 						455,673			
Total operating expenses	 110,678		97,599		317,457		759,871			
Income (loss) from operations	14,953		(22,934)		52,339		(552,643)			
Interest and other income, net	5,342		999		32,911		9,167			
Interest expense	(1,855)		(1,856)		(11,074)		(5,552)			
Realized loss due to impairment of marketable debt investments	(5,114)		-		(5,114)		-			
Loss on cost method investments	 <u> </u>		(2,193)				(5,328)			
Income (loss) before income taxes	13,326		(25,984)		69,062		(554,356)			
Provision for income taxes	 1,603		470		4,772		139			
Net income (loss)	\$ 11,723	\$	(26,454)	\$	64,290	\$	(554,495)			
Basic net income (loss) per common share	\$ 0.13	\$	(0.29)	\$	0.72	\$	(6.10)			
Diluted net income (loss) per potential common share	\$ 0.12	\$	(0.29)	\$	0.63	\$	(6.10)			
Weighted average basic common shares outstanding	 90,216		91,364		88,871		90,970			
Weighted average dilutive potential common shares outstanding	111,681		91,364		110,654		90,970			

CIENA CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share data) (unaudited)

ASSETS

ASSETS	,	October 31,		July 31,
Current assets:	(2008		2009
Cash and cash equivalents	\$	550,669	\$	455,732
Short-term investments	Ψ	366,336	Ψ	607,094
Accounts receivable, net		138,441		120,271
Inventories		93,452		89,600
Prepaid expenses and other		35,888		44,325
Total current assets		1,184,786		1,317,022
Long-term investments		156,171		-
Equipment, furniture and fixtures, net		59,967		60,608
Goodwill		455,673		-
Other intangible assets, net		92,249		68,445
Other long-term assets		75,748		65,151
Total assets	\$	2,024,594	\$	1,511,226
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$	44,761	\$	52,337
Accrued liabilities		96,143		89,571
Restructuring liabilities		1,668		1,917
Deferred revenue		36,767		43,625
Total current liabilities		179,339		187,450
Long-term deferred revenue		37,660		34,875
Long-term restructuring liabilities		2,557		7,570
Other long-term obligations		8,089		9,207
Convertible notes payable	_	798,000		798,000
Total liabilities		1,025,645	_	1,037,102
Commitments and contingencies				
Stockholders' equity:				
Preferred stock – par value \$0.01; 20,000,000 shares authorized; zero shares issued and outstanding Common stock – par value \$0.01; 290,000,000 shares authorized; 90,470,803 and 91,522,101 shares issued and outstanding		905		915
Additional paid-in capital		5,629,498		5,656,096
Accumulated other comprehensive income (loss)		(1,275)		1,787
Accumulated deficit		(4,630,179)		(5,184,674)
Total stockholders' equity	_	998,949	_	474,124
Total liabilities and stockholders' equity	\$	2,024,594	\$	1,511,226
Total national and stocational equity	Ψ	2,027,004	Ψ	1,011,220

CIENA CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands) (unaudited)

(unaudited)						
	Nine Months E					
	2008			2009		
Cash flows from operating activities:						
Net income (loss)	\$	64,290	\$	(554,495)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Amortization of discount on marketable securities		(1,827)		(858)		
Realized loss due to impairment of marketable debt investments		5,114		-		
Non-cash loss on cost method investments		-		5,328		
Depreciation of equipment, furniture and fixtures and amortization of leasehold improvements		13,345		16,270		
Goodwill impairment		-		455,673		
Share-based compensation		24,406		26,075		
Amortization of intangibles		27,942		23,804		
Deferred tax provision		1,640		-		
Provision for doubtful accounts		55		42		
Provision for inventory excess and obsolescence		13,841		11,126		
Provision for warranty		11,234		13,620		
Other		3,455		1,487		
Changes in assets and liabilities:						
Accounts receivable		(32,070)		18,128		
Inventories		(4,694)		(7,274)		
Prepaid expenses and other		(616)		(1,696)		
Accounts payable, accruals and other obligations		(7,927)		(5,799)		
Income taxes payable		(5,515)		-		
Deferred revenue		9,554		4,073		
Net cash provided by operating activities		122,227		5,504		
Cash flows from investing activities:						
Payments for equipment, furniture, fixtures and intellectual property		(22,947)		(17,630)		
Restricted cash		1,420		(1,914)		
Purchase of available for sale securities		(180,613)		(926,621)		
Proceeds from maturities of available for sale securities		820,177		321,554		
Proceeds from sale of available for sale securities		-		523,137		
Acquisition of business, net of cash acquired		(210,016)				
Net cash provided by (used in) investing activities		408,021		(101,474)		
Cash flows from financing activities:						
Repayment of 3.75% convertible notes payable		(542,262)		-		
Repayment of indebtedness of acquired business		(12,363)		-		
Proceeds from issuance of common stock and warrants		5,246		533		
Net cash provided by (used in) financing activities		(549,379)		533		
Effect of exchange rate changes on cash and cash equivalents		173		500		
Net decrease in cash and cash equivalents		(19,131)		(95,437)		
Cash and cash equivalents at beginning of period		892,061		550,669		
Cash and cash equivalents at end of period	\$	873,103	\$	455,732		
			<u> </u>			
Supplemental disclosure of cash flow information						
Cash paid (refunded) during the period for:						
Interest	\$	14,969	\$	4,748		
Income taxes, net	\$	2,673	\$	250		
Non-cash investing and financing activities	Ψ	2,073	Ψ	200		
Purchase of equipment in accounts payable	\$	1,717	\$	1.205		
Value of common stock issued in acquisition	\$	62,359	\$	-,203		
Fair value of vested options assumed in acquisition	\$	9,912	\$	-		
spaono accamea m acquisicon	Ψ	3,312	4			

		Quarter Ended					
Grown Firth Reconciliation (APAP internation) \$ 125,611 \$ 10,002 \$ 14,005 GAAP gross profit 1,004 4,045 4,007 Shee-based compensation-services 4,004 4,005 4,005 Shee-based compensation-services 1,004 1,005 1,005 Amountation of languille assets 1,009 1,000 1,000 For value allystement of acquired involvable 1,000 1,500 1,500 Total allystement related to gross profit 6,060 1,550 1,500 Adjusted (non-GAAP) gross profit 5 1,000 1,000 1,000 Adjusted (non-GAAP) gross profit 5 1,000 <t< th=""><th></th><th colspan="2">July 31,</th><th colspan="2">April 30,</th><th colspan="2">July 31,</th></t<>		July 31,		April 30,		July 31,	
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GAP operating expense \$ 10,678 \$ 563,688 \$ 7,599 Stock compensation general and advelopment 2,198 2,817 2,418 Stock compensation sales and marketing 2,234 2,673 2,621 Stock compensation general and administrative 2,343 2,773 2,621 Amortization of intangible assets 6,72 6,393 3,941 Restructing costs 1,6142 476,571 17,857 Goodwill impairment 1,6142 476,571 17,857 Adjusted (non-GAAP) operating expense 1,6142 476,571 3,779,42 Total adjustments related to operating expense 8,814,953 8,105,80 8,22,934 Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to gross profit 8,37,98 8,22,834 1,562 Adjusted (non-GAAP) operating margin percentage 1,512 8,053,210 8,051 Adjusted (non-GAAP) operating margin percentage 1,512 476,571 1,785 Adjusted (non-GAAP) operating margin percentage 1,512 476,571 1,785	Adjusted (non-GAAP) gross profit percentage		52%		43%		46%
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Amoutzation of intangible assers 8,671 6,224 6,224 Restructuring costs 6,399 3,41 Goodwill impairment 1,61 455,673 - Total adjustments related to operating expense 16,14 476,571 17,857 Adjusted (non-GAAP) operating expense 8,453 8,71,17 5,79,42 Total adjustments related for operations 1,453 6,062,968 8,23,94 Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to operating expense 16,14 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations 1,562 1,562 1,562 Adjusted (non-GAAP) operating expense 2,375 2,843 3,515 Adjusted (non-GAAP) operating expense 3,375 2,4843 3,515 Adjusted (non-GAAP) operating margin percentage 1,52 2,644 3,515 Adjusted (non-GAAP) operating margin percentage 5,117 3,515 1,562 Total adjustments related to goss profit 5,162 4,657 1,562 T			,				
Restructuring costs - 6,399 3,941 Goodwill impairment - 45,673 45,673 17,857 Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) operating expense 94,536 87,171 87,9742 Income from Operations Reconciliation (GAAP/non-GAAP) BAP income (loss) from operations 14,953 \$ (502,968) \$ (22,934) Total adjustments related to gross profit 6,663 1,554 1,562 Total adjustments related to perating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations 37,958 \$ (24,934) \$ (35) Adjusted (non-GAAP) operating margin percentage 15 (17,90) (279) Adjusted (non-GAAP) operating margin percentage \$ 11,172 \$ (503,210) \$ (35,15) Total adjustments related to operating expense 6,683 1,554 (1,562) Total adjustments related to operating expense 5,114 2,752 1,785 Total adjustments related to operating expense 5,114 2,257 2,135							
Goodwill impairment C 455,673 - Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) operating expense \$94,503 \$87,117 \$79,742 Total adjustments related to gross profit \$14,953 \$(52,2984) \$1,562 Total adjustments related to operating expense \$16,863 1,554 1,562 Total adjustments related to operating expense \$16,863 1,554 1,562 Total adjustments related to operating expense \$16,142 476,571 1,785 Adjusted (non-GAAP) income (loss) from operations \$37,958 \$(28,434) 3,785 Adjusted (non-GAAP) operating magria percentage \$11,723 \$(503,210) \$(26,454) Adjusted (non-GAAP) operating magria percentage \$11,723 \$(503,210) \$(26,454) Total adjustments related to gross profit \$1,512 476,571 17,857 Total adjustments related to gross profit \$6,863 1,554 1,552 Total adjustments related to operating expense \$5,012 9,032 2,133 Adjusted (non-GAAP) net inc	*		8,671				
Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) operating expense \$ 94,536 \$ 87,117 \$ 79,742 Income from Operations Reconciliation (GAAP/non-GAAP) GAAP income (loss) from operations \$ 14,953 \$ (502,968) \$ (2,934) Total adjustments related to gross profit \$ 16,142 476,571 17,857 Total adjustments related to operating expense \$ 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations \$ 37,958 \$ (24,943) \$ (35,15) Adjusted (non-GAAP) operating any in percentage \$ 11,723 \$ (503,210) \$ (26,454) Applications (Loss) Reconciliation (GAAP/non-GAAP) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to operating expense \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to operating expense \$ 16,142 476,571 17,857 Total adjustments related to operating expense \$ 5,114 4 6 17,857 Total adjustments related to operating expense \$ 5,114 4 6 6 18,24			-		,		3,941
Radjusted (non-GAAP) operating expense \$94,536 \$87,117 \$79,742	•		-		455,673		
Income from Operations Reconciliation (GAAP/non-GAAP) GAAP income (loss) from operations \$ 14,953 \$ (502,968) \$ (22,934) Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations \$ 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage \$ 11,723 \$ (503,210) \$ (26,454) Ady net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit \$ 16,422 476,571 17,857 Total adjustments related to operating expense \$ 6,863 1,554 (1,562) Total adjustments related to operating expense \$ 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments \$ 1,942 476,571 17,857 Realized loss due to impairment of marketable debt investments \$ 2,570 2,193 Loss on cost method investments \$ 39,842 \$ (25,515) \$ 9,932 91,364 Weighted average basic common s	Total adjustments related to operating expense				476,571		
GAAP income (loss) from operations \$ 14,953 \$ (502,968) \$ (22,934) Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage 15° (17°°) (28°) Net Income (Loss) Reconciliation (GAAP/non-GAAP) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 5 11,723 \$ (503,210) \$ (26,454) Total adjustments related to operating expense 5 11,493 476,571 17,857 Realized loss due to impairment of marketable debt investments 5 11,493 9 0,932 9 1,364 Loss on cost method investments 3 9,842 9 0,932 9 1,364 Weighted average basic common shares outstanding 9 0,932 9 1,364 Weighted average basic common shares 111,681 9 0,932 9 1,364 Cottome	Adjusted (non-GAAP) operating expense	\$	94,536	\$	87,117	\$	79,742
GAAP income (loss) from operations \$ 14,953 \$ (502,968) \$ (22,934) Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage 15° (17°°) (28°) Net Income (Loss) Reconciliation (GAAP/non-GAAP) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 5 11,723 \$ (503,210) \$ (26,454) Total adjustments related to operating expense 5 11,493 476,571 17,857 Realized loss due to impairment of marketable debt investments 5 11,493 9 0,932 9 1,364 Loss on cost method investments 3 9,842 9 0,932 9 1,364 Weighted average basic common shares outstanding 9 0,932 9 1,364 Weighted average basic common shares 111,681 9 0,932 9 1,364 Cottome	Income from Operations Reconciliation (GAAP/non-GAAP)						
Total adjustments related to gross profit 6,863 1,554 1,562 Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations \$ 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage 15% (17%) (2%) Net Income (Loss) Reconciliation (GAAP/non-GAAP) GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114 476,571 17,857 Loss on cost method investments 5,114 2 2 Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,916 90,932 91,364 Net Income (Loss) per Common Share \$ 0,12 \$ 0,032 91,364		\$	14,953	\$	(502,968)	\$	(22,934)
Total adjustments related to operating expense 16,142 476,571 17,857 Adjusted (non-GAAP) income (loss) from operations \$ 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage 15% (17%) (2%) Net Income (Loss) Reconciliation (GAAP/non-GAAP) \$ 11,723 \$ (503,210) \$ (26,454) GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5 11,42 476,571 17,857 Realized loss due to impairment of marketable debt investments 5 11,42 476,571 17,857 Realized loss due to impairment of marketable debt investments 5 11,42 476,571 17,857 Adjusted (non-GAAP) net income (loss) 9 9,932 91,364 Weighted average basic common shares outstanding 90,932 91,364 Weighted average basic common share 8 90,21 90,932 91,364 Total adjustmen							
Adjusted (non-GAAP) income (loss) from operations \$ 37,958 \$ (24,843) \$ (3,515) Adjusted (non-GAAP) operating margin percentage 15% (17%) (2%) Net Income (Loss) Reconciliation (GAAP/non-GAAP) GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114 - - - Loss on cost method investments 5,39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share(2) \$ 0.12 \$ (5.53) \$ (0.29)			16,142				
Adjusted (non-GAAP) operating margin percentage 15% (17%) (2%) Net Income (Loss) Reconciliation (GAAP/non-GAAP) GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114 - - Loss on cost method investments - 2,570 2,193 Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Adjusted (non-GAAP) income (loss) from operations	\$		\$	(24,843)	\$	(3,515)
GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114 - - Loss on cost method investments - 2,570 2,193 Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share \$ 0.12 \$ (5.53) \$ (0.29)	Adjusted (non-GAAP) operating margin percentage				(17%)	_	
GAAP net income (loss) \$ 11,723 \$ (503,210) \$ (26,454) Total adjustments related to gross profit 6,863 1,554 (1,562) Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114 - - Loss on cost method investments - 2,570 2,193 Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share \$ 0.12 \$ (5.53) \$ (0.29)	Net Income (Loss) Reconciliation (GAAP/non-GAAP)						
Total adjustments related to operating expense 16,142 476,571 17,857 Realized loss due to impairment of marketable debt investments 5,114	GAAP net income (loss)	\$	11,723	\$	(503,210)	\$	(26,454)
Realized loss due to impairment of marketable debt investments Loss on cost method investments Adjusted (non-GAAP) net income (loss) Weighted average basic common shares outstanding Weighted average basic common and dilutive potential common shares outstanding Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 5,114 \$ 2,570 \$ 2,193 \$ (4,842) \$ 90,932 \$ 91,364 \$ 90,932 \$ 91,364 \$ 111,681 \$ 90,932 \$ 91,364 \$ 111,681 \$ 90,932 \$ 91,364	Total adjustments related to gross profit		6,863		1,554		(1,562)
Loss on cost method investments - 2,570 2,193 Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Total adjustments related to operating expense		16,142		476,571		17,857
Adjusted (non-GAAP) net income (loss) \$ 39,842 \$ (22,515) \$ (4,842) Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Realized loss due to impairment of marketable debt investments		5,114		-		-
Weighted average basic common shares outstanding 90,216 90,932 91,364 Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Loss on cost method investments		-		2,570		2,193
Weighted average basic common and dilutive potential common shares outstanding 111,681 90,932 91,364 Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Adjusted (non-GAAP) net income (loss)	\$	39,842	\$	(22,515)	\$	(4,842)
Net Income (Loss) per Common Share GAAP diluted net income (loss) per common share (2) \$ 0.12 \$ (5.53) \$ (0.29)	Weighted average basic common shares outstanding	_	90,216	_	90,932	_	91,364
GAAP diluted net income (loss) per common share (2) <u>\$ 0.12 \$ (5.53) \$ (0.29)</u>	Weighted average basic common and dilutive potential common shares outstanding		111,681		90,932	_	91,364
GAAP diluted net income (loss) per common share (2) <u>\$ 0.12 \$ (5.53) \$ (0.29)</u>	Net Income (Loss) per Common Share						
		\$	0.12	\$	(5.53)	\$	(0.29)
	Adjusted (non-GAAP) diluted net income (loss) per common share (2)	\$	0.37	\$		\$	(0.05)

²Note that calculating GAAP and adjusted (non-GAAP) diluted earnings per common share for the fiscal third quarter 2008 requires adding interest expense of approximately \$1.9 million associated with Ciena's 0.25% and 0.875% convertible senior notes, to GAAP and adjusted (non-GAAP) net income in order to arrive at the numerator for the earnings per common share calculation.

The adjusted (non-GAAP) measures above and their reconciliation to Ciena's GAAP results for the periods presented reflect adjustments relating to the following items:

- *Share-based compensation cost* a non-cash expense incurred in accordance with SFAS 123(R).
- *Amortization of intangible assets* a non-cash expense arising from acquisition of intangible assets, principally developed technology, which Ciena is required to amortize over its expected useful life.
- Fair value adjustment of acquired inventory an infrequent charge required by purchase accounting rules resulting from the revaluation of finished goods inventory acquired from World Wide Packets to estimated fair value. This revaluation resulted in a net increase in inventory carrying value and a \$4.3 million increase in cost of goods sold during the third quarter of fiscal 2008.
- *Restructuring costs* infrequent costs incurred as the result of restructuring activities (or in the case of recoveries, previous restructuring activities) taken to align resources with perceived market opportunities that Ciena believes are not reflective of its ongoing operating costs.
- Goodwill Impairment a non-cash charge reflecting the impairment of the remaining goodwill on Ciena's balance sheet. Ciena conducted an interim impairment assessment of goodwill during the second quarter of fiscal 2009 based on a combination of factors, including macroeconomic conditions and the sustained decline in Ciena's common stock price and market capitalization below its net book value.
- Realized loss due to impairment of marketable debt investments an infrequent loss of \$5.1 million realized in the fiscal third quarter 2008 related to Ciena's investments in commercial paper issued by two structured investment vehicles (SIVs) that were exposed to market risks stemming from their mortgage-related assets.
- Loss on cost method investment a non-cash loss related to changes in the value of the Ciena's equity investments in technology companies which Ciena believes is not reflective of its ongoing operating costs.

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