

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 1, 2005

Ciena Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction 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)

(410) 865-8500

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously 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 (17 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 the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 - RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 1, 2005, Ciena Corporation issued a press release announcing its financial results for the third quarter ended July 31, 2005. 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
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Exhibit 99.1

Text of Press Release dated September 1, 2005, issued
by Ciena Corporation, reporting its results of
operations for the third quarter ended July 31, 2005

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 1, 2005

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

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

Ciena Reports Fiscal Third Quarter 2005 Results

LINTHICUM, Md.--(BUSINESS WIRE)--Sept. 1, 2005--Ciena(R) Corporation (NASDAQ:CIEN), the network specialist, today reported its fiscal third quarter 2005 results for the period ending July 31, 2005. Revenue for the third quarter totaled \$110.5 million, representing a 6.4% sequential increase from fiscal second quarter revenue of \$103.8 million, and an increase of 46.2% over the same period a year ago when the Company reported sales of \$75.6 million.

On the basis of generally accepted accounting principles (GAAP), Ciena's reported net loss for the fiscal third quarter was \$51.0 million, or a net loss of \$0.09 per share. This loss compares to a GAAP net loss of \$141.5 million, or a net loss of \$0.25 per share, in the same period a year ago. For the nine-month period ended July 31, 2005, Ciena's reported GAAP net loss was \$182.8 million, or a net loss of \$0.32 per share. This loss compares to a GAAP net loss of \$294.4 million, or a net loss of \$0.58 per share, in the same nine-month period a year ago.

"Signs that we are executing our plan and that our application-focused, network specialist approach to the market is on target, are evident in our fiscal third quarter results," said Gary Smith, Ciena's president and CEO. "In addition to delivering solid revenue growth for our sixth sequential quarter, as a result of deliberate actions taken over the last several years to expand our product portfolio and successful portfolio-wide cost reduction efforts, we also improved our overall gross margin from 26.2% in our fiscal second quarter to 34.1% in our fiscal third quarter."

Debt Repurchase

During its fiscal third quarter, Ciena reduced its long-term debt position with the purchase on the open market of \$41.2 million par value of its \$690 million outstanding 3.75% convertible notes due in 2008, for \$36.9 million. As a result of the purchase, the Company recorded a \$3.9 million gain on extinguishment of debt, net of \$0.4 million associated debt issuance costs. The Company saved \$4.3 million in future principal payments as a result of this action and reduced the outstanding principal on its 3.75% convertible notes to \$648.8 million.

Third Quarter 2005 Performance Highlights

- Delivered sequential revenue growth of 6.4% and year-over-year revenue growth of 46.2%.
- Recognized initial revenue from the recently announced CN 4200(TM) Advanced Services Platform, the first product introduced under Ciena's new FlexSelect(TM) Architecture.
- Improved overall gross margin nearly 800 basis points from 26.2% in the fiscal second quarter to 34.1% in the fiscal third quarter.
 - Improved product gross margin from 28.1% in the fiscal second quarter to 35.6% in the fiscal third quarter.
 - Improved services-related gross margin from 11.4% in the fiscal second quarter to 22.5% in the fiscal third quarter.
- Continued to drive toward positive operating cash flow with lower-than-expected cash use from operations in the quarter, at \$39.3 million, inclusive of a \$12.9 million semi-annual interest payment on the Company's outstanding 3.75% convertible notes.
- Ended the fiscal third quarter 2005 with cash and short- and long-term investments of \$1.12 billion.

Third Quarter 2005 Customer Highlights

- T-Online, part of Deutsche Telekom, selected Ciena's optical transport solutions as part of the operator's comprehensive program to expand its network infrastructure across France. Under the agreement, T-Online will deploy Ciena's CoreStream(TM) Agility platform to deliver additional network

capacity and enhanced performance to its Club Internet customers.

- StarHub, Singapore's integrated info-communications service provider, has deployed Ciena's DN 7000(TM) series of multiservice edge switches in the service provider's rollout of third generation (3G) mobile services, including video calls, video streaming and video Multimedia Messaging Services (MMS).
- Jupiter Telecommunications Co., Ltd. (J:COM), the largest cable service operator in Japan based on the number of customers served, is adopting Ciena's optical Ethernet platforms for the transport of Video on Demand (VOD) services, specifically for its "J:COM On Demand" digital service offering.
- Ciena emphasized its focus on government customers with the announcement of a subsidiary, Ciena Government Solutions, Inc., dedicated to government sales and supported by a Government Advisory Board.

Third Quarter 2005 Innovation Highlights

- Unveiled Ciena's FlexSelect Architecture as a practical new approach to packet service migration and profitable network convergence.
- Introduced the CN 4200 FlexSelect Advanced Services Platform with breakthrough "Any Service, Any Where, Any Time" capabilities as the first product in the FlexSelect Architecture.
- Added 10 Gigabit Ethernet to the CN 4350(TM) managed optical services switch to optimize networks for triple play and business-class Ethernet services.
- Expanded the multi-reach capabilities of its DWDM portfolio with the addition of CoreStream Regional.

Non-GAAP Presentation of Quarterly Results

In evaluating the operating performance of its business, Ciena's management excludes certain charges or credits that are required by GAAP. These items, which are identified in the tables that follow, 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 the Company's control.

Item	Quarter Ended	Quarter Ended
	July 31, 2004	July 31, 2005
	(in thousands)	(in thousands)
Stock compensation costs	\$ 3,953	\$ 3,282
Amortization of intangible assets	12,667	9,653
In-process research and development	30,200	-
Accelerated amortization of leasehold improvements	12,504	-
Restructuring costs	13,547	4,355
Long-lived asset impairment	7,217	(25)
Recovery of use tax payments	(3,457)	-
Provision for doubtful accounts	-	2,604
Loss (gain) on equity investments, net	200	1,708
Loss (gain) on extinguishment of debt	-	(3,882)
Income tax benefit on adjusted net loss	22,756	11,722
Total Adjustments	\$ 99,587	\$ 29,417
GAAP Net Loss	\$ (141,467)	\$ (51,027)

Adjustment for items above	99,587	29,417
	-----	-----
Non-GAAP Net Loss	\$ (41,880)	\$ (21,610)
	=====	=====

Please see Appendix A for additional information about this table.

As of the quarter ended July 31, 2005, Ciena's weighted average shares outstanding were approximately 576,331,000. Adjusting Ciena's quarterly GAAP results as noted above would reduce the Company's net loss in its fiscal third quarter 2005 to \$21.6 million, or a loss of \$0.04 per share. This compares with an adjusted net loss of \$41.9 million, or a loss of \$0.07 per share, in the same period a year ago.

These adjustments are not in accordance with GAAP, and making these adjustments may not permit meaningful comparisons to other companies.

Business Outlook

"Like others in our industry, we are seeing some seasonal softness in order patterns seemingly due to customers' summer holidays, but our fourth quarter visibility remains strong," said Smith. "As a result of demand fueled by accelerating customer and enterprise broadband adoption and usage, we expect to deliver up to five percent sequential revenue growth in our fiscal fourth quarter. On an as-adjusted basis, we expect our fourth quarter results will demonstrate continued progress toward profitability and positive cash flow."

Live Web Broadcast of Fiscal Third Quarter Results

Ciena will host a discussion of its fiscal third quarter results with investors and financial analysts today, Thursday, September 1, 2005 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: <http://www.ciena.com/investors/investors.htm>.

NOTE TO INVESTORS

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 filed with the Securities and Exchange Commission on September 1, 2005. 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: we are seeing some seasonal softness in order patterns seemingly due to customers' summer holidays, but our fourth quarter visibility remains strong; as a result of demand fueled by accelerating customer and enterprise broadband adoption and usage, we expect to deliver up to five percent sequential revenue growth in our fiscal fourth quarter; and, on an as-adjusted basis, we expect our fourth quarter results will demonstrate continued progress toward profitability and positive cash flow. Ciena assumes no obligation to update the information included in this press release, whether as a result of new information, future events or otherwise.

Ciena Corporation
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

ASSETS	October 31, 2004	July 31, 2005
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 202,623	\$ 313,569
Short-term investments	753,251	602,888
Accounts receivable, net	45,878	70,622
Inventories, net	47,614	51,447

Prepaid expenses and other	29,906	30,361
Total current assets	1,079,272	1,068,887
Long-term investments	329,704	200,188
Equipment, furniture and fixtures, net	51,252	32,984
Goodwill	408,615	408,615
Other intangible assets, net	208,015	174,845
Other long-term assets	60,196	37,955
Total assets	\$2,137,054	\$1,923,474

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 31,509	\$ 43,025
Accrued liabilities	76,045	72,541
Restructuring liabilities	16,203	15,201
Unfavorable lease commitments	9,902	8,908
Income taxes payable	3,354	4,093
Deferred revenue	21,566	31,298
Total current liabilities	158,579	175,066
Long-term deferred revenue	16,010	14,379
Long-term restructuring liabilities	65,180	56,722
Long-term unfavorable lease commitments	51,341	43,846
Other long-term obligations	1,522	1,216
Convertible notes payable	690,000	648,752
Total liabilities	982,632	939,981
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; 980,000,000 shares authorized; 571,656,659 and 576,908,483 shares issued and outstanding as of October 31, 2004 and July 31, 2005, respectively	5,717	5,769
Additional paid-in capital	5,482,175	5,485,595
Deferred stock compensation	(13,761)	(2,925)
Notes receivable from stockholders	(48)	-
Changes in unrealized gains on investments, net	(2,488)	(4,744)
Translation adjustment	(277)	(477)
Accumulated deficit	(4,316,896)	(4,499,725)
Total stockholders' equity	1,154,422	983,493
Total liabilities and stockholders' equity	\$2,137,054	\$1,923,474

Ciena Corporation
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Quarter Ended July 31,		Nine Months Ended July 31,	
	2004	2005	2004	2005
Revenues:				
Products	\$ 64,340	\$ 97,448	\$ 181,436	\$ 271,366
Services	11,249	13,032	35,266	37,708
Total revenue	75,589	110,480	216,702	309,074
Costs:				
Products	48,069	62,756	138,918	189,447
Services	8,723	10,095	30,212	30,601
Total cost of goods sold	56,792	72,851	169,130	220,048
Gross profit	18,797	37,629	47,572	89,026

Operating expenses:				
Research and development	57,762	32,619	151,418	101,036
Selling and marketing	29,468	29,275	80,011	82,440
General and administrative	6,969	9,340	20,052	25,538
Stock compensation costs:				
Research and development	1,860	2,195	5,473	4,048
Selling and marketing	1,214	934	2,147	4,257
General and administrative	879	153	1,079	505
Amortization of intangible assets	12,667	9,653	19,458	30,268
In-process research and development	30,200	-	30,200	-
Restructuring costs	13,547	4,355	22,125	15,245
Long-lived asset impairments	7,217	(25)	7,217	134
Recovery of sale, export, use tax liabilities and payments	(3,457)	-	(5,388)	-
Provision for (recovery of) doubtful accounts, net	-	2,604	(2,794)	2,604
	-----	-----	-----	-----
Total operating expenses	158,326	91,103	330,998	266,075
	-----	-----	-----	-----
Loss from operations	(139,529)	(53,474)	(283,426)	(177,049)
Interest and other income, net	4,936	6,765	18,228	19,787
Interest expense	(6,469)	(6,406)	(20,326)	(19,348)
Gain (loss) on equity investments, net	(200)	(1,708)	393	(8,986)
Gain (loss) on extinguishment of debt	-	3,882	(8,216)	3,882
	-----	-----	-----	-----
Loss before income taxes	(141,262)	(50,941)	(293,347)	(181,714)
Provision for income taxes	205	86	1,044	1,115
	-----	-----	-----	-----
Net loss	\$(141,467)	\$(51,027)	\$(294,391)	\$(182,829)
	=====	=====	=====	=====
Basic and diluted loss per common share and dilutive potential common share				
	\$ (0.25)	\$ (0.09)	\$ (0.58)	\$ (0.32)
	=====	=====	=====	=====
Weighted average basic common and dilutive potential common shares outstanding				
	566,234	576,331	504,812	573,939
	=====	=====	=====	=====

Ciena Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended July 31,	
	----- 2004	----- 2005
	-----	-----
Cash flows from operating activities:		
Net loss	\$(294,391)	\$(182,829)
Adjustments to reconcile net loss to net cash used in operating activities:		
Early extinguishment of debt	8,216	(3,882)
Amortization of premium on marketable securities	21,893	12,344
Non-cash impairment of long-lived assets	7,217	134
Non-cash loss on equity investments	(393)	8,986
Accretion of convertible notes payable	599	-
In-process research and development	30,200	-
Depreciation and amortization of leasehold improvements	52,325	26,803
Stock compensation	8,699	8,810
Amortization of intangibles	22,361	33,169
Provision of doubtful accounts	284	2,604
Provision for inventory excess and obsolescence	3,026	3,396
Provision for warranty and other contractual obligations	7,179	7,546
Other	2,270	2,072

Changes in assets and liabilities:		
Accounts receivable	(6,505)	(27,348)
Inventories	(114)	(7,229)
Prepaid expenses and other	13,533	5,194
Accounts payable and accrued liabilities	(77,793)	(17,789)
Income taxes payable	969	739
Deferred revenue and other obligations	3,268	8,101
	-----	-----
Net cash used in operating activities	(197,157)	(119,179)
	-----	-----
Cash flows from investing activities:		
Additions to equipment, furniture, fixtures and intellectual property	(18,828)	(8,935)
Proceeds from sale of equipment, furniture and fixtures	403	266
Purchases of available for sale securities	(488,832)	(490,041)
Maturities of available for sale securities	686,250	755,320
Acquisition of businesses, net of cash acquired	4,864	-
Minority equity investments, net	(5,500)	4,882
	-----	-----
Net cash provided by investing activities	178,357	261,492
	-----	-----
Cash flows from financing activities:		
Net proceeds from other obligations	72	-
Repayment of convertible notes payable	(49,243)	(36,913)
Proceeds from issuance of common stock	13,989	5,498
Repayment of notes receivable from stockholders	47	48
	-----	-----
Net cash used in financing activities	(35,135)	(31,367)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(53,935)	110,946
Cash and cash equivalents at beginning of period	309,665	202,623
	-----	-----
Cash and cash equivalents at end of period	\$ 255,730	\$ 313,569
	=====	=====

Appendix A

The adjustments management makes in analyzing Ciena's fiscal third quarter 2005 GAAP results are as follows:

- Stock compensation costs - a non-cash expense which arises under GAAP accounting from the assumption of unvested stock options issued by any companies we acquire and which the Company feels is not reflective of its ongoing operating costs.
- Amortization of intangible assets - a non-cash expense arising from acquisitions of intangible assets, principally developed technology, which Ciena is required to amortize over its expected useful life and which the Company feels is not reflective of its ongoing operating costs.
- In-process research and development - a non-recurring expense related to in-process technology that, as of the date of acquisition, has not reached technological feasibility and has no alternative future use.
- Accelerated amortization of leasehold improvements - a non-cash expense related to the closure of our San Jose, California facility.
- Restructuring costs - non-recurring charges incurred as the result of reducing the size of the Company's operations to align its resources with the reduced size of the telecommunications market as well as the result of targeting new segment opportunities within the overall market, which the Company feels are not reflective of its ongoing operating costs.
- Long-lived asset impairments - non-recurring charges, incurred as a result of excess equipment classified as held for sale which the Company feels are not reflective of its ongoing operating costs.
- Recovery of use tax payments - a non-recurring gain unrelated to normal operations

- Provision for (recovery of) doubtful accounts - a non-recurring charge unrelated to normal operations resulting from an assessment of doubtful payment due to a customer's financial condition.
- Loss (gain) on equity investments, net - a non-recurring gain or loss related to changes in the value of the Company's equity investments which the Company feels is not reflective of its ongoing operating costs.
- Loss (gain) on extinguishment of debt - a non-recurring gain or loss related to the early extinguishment of outstanding debt.
- Income tax benefit on adjusted net loss - the income tax charge or benefit on the adjusted net loss, which is a necessary adjustment for consistency. The Company currently has a full valuation allowance for GAAP reporting purposes and accordingly does not recognize a tax benefit for losses generated.

About Ciena

Ciena Corporation is the network specialist, focused on expanding the possibilities for its customers' networks while reducing their cost of ownership. The Company's systems, software and services target and cure specific network pain points so that telcos, cable operators, governments and enterprises can best exploit the new applications that are driving their businesses forward. For more information, visit www.ciena.com.

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