

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) February 23, 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 February 23, 2005, Ciena Corporation issued a press release announcing its financial results for the first quarter ended January 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 - FINANANCIAL 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 February 23, 2005, issued by Ciena Corporation, reporting its results of operations for the first quarter ended January 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: February 23, 2005

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

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

Ciena Reports First Quarter Fiscal 2005 Results

LINTHICUM, Md.--(BUSINESS WIRE)--February 23, 2005--

16% Sequential Revenue Growth Fueled by Growth From Product Lines
Targeting Core Networking, Data Networking and Broadband Applications

Ciena(R) Corporation (NASDAQ:CIEN), the network specialist, today reported its fiscal first quarter 2005 results for the period ending January 31, 2005. Revenue for the first quarter totaled \$94.7 million, representing a 16% sequential increase, and an increase of 43% over the same period a year ago.

On the basis of generally accepted accounting principles (GAAP), Ciena's reported net loss for the fiscal first quarter was \$57.0 million, or a net loss of \$0.10 per share. This loss compares to a GAAP net loss of \$76.7 million, or a net loss of \$0.16 per share, in the same period a year ago.

"Strong growth from a number of application areas, including core optical transport, core switching and data networking, fueled revenue growth in our fiscal first quarter," said Gary Smith, Ciena's president and CEO. "While our traditional specialty of core networking continues to be a focus for us, one of the most telling signs of the scope and progress of our efforts to become a more strategic provider is that we have increased the number of customers purchasing from multiple product lines by 73 percent compared to the first quarter of 2004 and we're looking to build on that momentum."

First Quarter 2005 Highlights

- Delivered sequential revenue growth of 16% and year-over-year revenue growth of 43%.
- Reduced research and development, sales and marketing and general and administrative operating expenses by 9.9% sequentially (exclusive of stock compensation costs in both the first and fourth fiscal quarters, and in the fiscal fourth quarter, also exclusive of accelerated amortization of leasehold improvements).
- Reduced cash burn from operations by 11.1% sequentially, from \$48.7 million in the fiscal fourth quarter of 2004 to \$43.3 million in the fiscal first quarter 2005.
- Ended the fiscal first quarter 2005 with cash and short- and long-term investments valued at \$1.23 billion.
- Announced that Cegetel had selected Ciena's next-generation optical transport systems to improve the performance and reliability of the French operator's national long-haul network and to facilitate new revenue opportunities via more efficient broadband service delivery.
- Introduced the CN 4350(TM) Ethernet services provisioning switch, the foundation for telco and cable triple play networks.
- Revenue derived from sales of products added to Ciena's portfolio through acquisition since June 2003 increased to 37% of total revenue.

Non-GAAP Presentation

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.

	Quarter Ended	Quarter Ended
	Jan 31, 2004	Jan 31, 2005
Item	(in thousands)	(in thousands)
Stock compensation costs	\$ 2,844	\$ 2,047
Amortization of intangible assets	3,396	10,411
Restructuring costs	3,393	1,125
Long-lived asset impairment	-	184
Gain on equity investments, net	(454)	(22)
Loss on extinguishment of debt	8,216	-

Income tax benefit on adjusted net loss	21,035	15,513
	=====	=====
Total Adjustments	\$ 38,430	\$ 29,258
	=====	=====
GAAP Net Loss	\$ (76,708)	\$ (56,995)
Adjustment for items above	38,430	29,258
	-----	-----
Non-GAAP Net Loss	\$ (38,278)	\$ (27,737)
	=====	=====

Please see Appendix A for additional information about this table.

As of the quarter ended January 31, 2005, Ciena's weighted average shares outstanding were approximately 571,573,000. Adjusting Ciena's quarterly GAAP results as noted above would reduce the Company's net loss in its fiscal first quarter 2005 to \$27.7 million, or a loss of \$0.05 per share. This compares with an adjusted net loss of \$38.3 million, or a loss of \$0.08 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.

First Quarter 2005 Result Details

Ciena recognized revenue from two customers that each contributed more than ten percent of the fiscal first quarter's total revenue. Combined, the two ten percent customers accounted for 31.7% of the quarter's total revenue. In addition, approximately 83% of Ciena's business in the fiscal first quarter came from domestic customers.

As a result of product mix, Ciena's gross margin in the quarter was 25.6%, compared to 29.5% in its fiscal fourth quarter.

"During the quarter we secured long-haul optical transport footprint faster than expected," said Smith. "While this had a negative effect on gross margin in the quarter, it means we've successfully captured more long-distance routes than we had anticipated and our customers are deploying Ciena common equipment that will require the subsequent addition of higher-margin channel cards."

In addition to higher-than-anticipated shipments of optical transport common equipment, the Company's gross margin in the quarter was adversely affected by low-volume shipments of its CN 1000(TM) next generation broadband access platform.

"As is the case with many products early in their life cycle, gross margin improvements on our CN 1000 platform will be volume dependent and we are currently pursuing broadband access opportunities globally to drive volume for this new product," said Smith.

For operating purposes, Ciena is currently organized into four business units. Unaudited revenue contribution by business unit appears in the following table:

Business Unit	Fiscal Q4 2004		Fiscal Q1 2005	
	Revenue (in thousands)	Percent of Total	Revenue (in thousands)	Percent of Total
Broadband Access (BBG)	\$16,332	19.9%	\$15,281	16.1%
Data Networking (DNG)	\$9,311	11.4%	\$16,579	17.5%
Global Network Services (GNS)	\$13,231	16.1%	\$12,448	13.1%
Transport and Switching (TSG)	\$43,131	52.6%	\$50,440	53.3%
	\$82,005	100.0%	\$94,748	100.0%

Business Outlook

"In addition to enhancing our position as a strategic supplier through our diversified, application-focused product portfolio and by targeting customer segments beyond our traditional telco service provider customers, we are seeing early signs of what could be a thaw in demand for core networking applications," said Smith. "We expect a number of applications, including intelligent core networking, data networking, and broadband access will drive Ciena's revenue growth in 2005. Near term, we anticipate sequential revenue growth of five to seven percent in our fiscal second quarter."

Live Web Broadcast of Fiscal First Quarter Results

Ciena will host a discussion of its fiscal first quarter results with investors and financial analysts today, Wednesday, February 23, 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:

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-K filed with the Securities and Exchange Commission on December 9, 2004. 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: in addition to enhancing our position as a strategic supplier through our diversified, application-focused product portfolio and by targeting customer segments beyond our traditional telco service provider customers, we are seeing early signs of what could be a thaw in demand for core networking applications; we expect a number of applications, including intelligent core networking, data networking, and broadband access will drive Ciena's revenue growth in 2005; and near term, we anticipate sequential revenue growth of five to seven percent in our fiscal second quarter. 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 STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

	Quarter Ended January 31,	
	2004	2005
Revenues:		
Products	\$ 54,674	\$ 82,300
Services	11,740	12,448
	66,414	94,748
Costs:		
Products	34,560	60,848
Services	11,301	9,669
	45,861	70,517
Gross profit	20,553	24,231
Operating expenses:		
Research and development	47,177	33,651
Selling and marketing	25,468	25,964
General and administrative	7,091	7,496
Stock compensation costs:		
Research and development	2,205	1,011
Selling and marketing	518	876
General and administrative	121	160
Amortization of intangible assets	3,396	10,411
Restructuring costs	3,393	1,125
Long-lived asset impairments	-	184
	89,369	80,878
Loss from operations	(68,816)	(56,647)
Interest and other income, net	7,678	6,676
Interest expense	(7,384)	(6,469)
Gain on equity investments, net	454	22
Loss on extinguishment of debt	(8,216)	-
	(76,284)	(56,418)
Provision for income taxes	424	577
Net loss	\$ (76,708)	\$ (56,995)
Basic and diluted net loss per common share and dilutive potential common share	\$ (0.16)	\$ (0.10)

Weighted average basic common and dilutive potential common shares outstanding	472,935	571,573
	=====	=====

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

ASSETS	October 31, 2004	January 31, 2005
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 202,623	\$ 192,949
Short-term investments	753,251	704,691
Accounts receivable, net	45,878	52,122
Inventories, net	47,614	46,257
Prepaid expenses and other	29,906	27,757
	-----	-----
Total current assets	1,079,272	1,023,776
Long-term investments	329,704	332,023
Equipment, furniture and fixtures, net	51,252	46,709
Goodwill	408,615	408,615
Other intangible assets, net	208,015	196,637
Other long-term assets	60,196	58,295
	-----	-----
Total assets	\$2,137,054	\$2,066,055
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 31,509	\$ 32,719
Accrued liabilities	76,045	72,517
Restructuring liabilities	16,203	15,114
Unfavorable lease commitments	9,902	9,514
Income taxes payable	3,354	3,672
Deferred revenue	21,566	18,732
	-----	-----
Total current liabilities	158,579	152,268
Long-term deferred revenue	16,010	15,408
Long-term restructuring liabilities	65,180	60,670
Long-term unfavorable lease commitments	51,341	48,786
Other long-term obligations	1,522	1,509
Convertible notes payable	690,000	690,000
	-----	-----
Total liabilities	982,632	968,641
	-----	-----
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 572,229,867 shares issued and outstanding	5,717	5,722
Additional paid-in capital	5,482,175	5,481,560
Deferred stock compensation	(13,761)	(10,757)
Notes receivable from stockholders	(48)	(3)
Changes in unrealized gains on investments, net	(2,488)	(4,932)
Translation adjustment	(277)	(285)
Accumulated deficit	(4,316,896)	(4,373,891)
	-----	-----
Total stockholders' equity	1,154,422	1,097,414
	-----	-----
Total liabilities and stockholders' equity	\$2,137,054	\$2,066,055
	=====	=====

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

Three Months Ended
January 31,

	2004	2005
Cash flows from operating activities:		
Net loss	\$(76,708)	\$(56,995)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Early extinguishment of debt	8,216	-
Amortization of premium on marketable securities	7,166	4,913
Non-cash impairment of long-lived assets	-	184
Accretion of convertible notes payable	599	-
Depreciation and amortization of leasehold improvements	13,142	8,383
Stock compensation	2,844	2,047
Amortization of intangibles	4,363	11,378
Provision for inventory excess and obsolescence	1,043	1,115
Provision for warranty and other contractual obligations	2,214	3,016
Other	841	749
Changes in assets and liabilities:		
Accounts receivable	(2,276)	(6,244)
Inventories	(5,290)	242
Prepaid expenses and other	958	4,888
Accounts payable and accrued liabilities	(16,357)	(13,889)
Income taxes payable	455	318
Deferred revenue and other obligations	7,397	(3,436)
Net cash used in operating activities	(51,393)	(43,331)
Cash flows from investing activities:		
Additions to equipment, furniture, fixtures and intellectual property	(5,869)	(4,201)
Proceeds from sale of equipment, furniture and fixtures	-	177
Purchases of available for sale securities	(112,313)	(161,847)
Maturities of available for sale securities	198,797	200,731
Minority equity investments, net	-	(1,595)
Net cash provided by investing activities	80,615	33,265
Cash flows from financing activities:		
Net proceeds from (repayment of) other obligations	39	-
Repayment of convertible notes payable	(49,243)	-
Proceeds from issuance of common stock	6,632	347
Repayment of notes receivable from stockholders	-	45
Net cash used in financing activities	(42,572)	392
Net increase (decrease) in cash and cash equivalents	(13,350)	(9,674)
Cash and cash equivalents at beginning of period	309,665	202,623
Cash and cash equivalents at end of period	\$296,315	\$192,949

Appendix A

The adjustments management makes in analyzing Ciena's first fiscal 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.
- 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.

- 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 on extinguishment of debt - a non-recurring expense related to early extinguishment of long-term debt which the Company feels is not reflective of its ongoing operating costs.
- 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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