

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) March 2, 2006

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 March 2, 2006, Ciena Corporation issued a press release announcing its financial results for the first quarter ended January 31, 2006. 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 March 2, 2006, issued by Ciena Corporation, reporting its results of operations
--------------	---

for the first quarter ended January 31, 2006.

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: March 2, 2006

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

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

Ciena Reports Fiscal First Quarter 2006 Results;
Delivers Eighth Quarter of Sequential Revenue Growth and Improves
Gross Margin 200 Basis Points Sequentially to 41.9%

LINTHICUM, Md.--(BUSINESS WIRE)--March 2, 2006--Ciena(R) Corporation (NASDAQ:CIEN), the network specialist, today announced results for its fiscal first quarter 2006 ending January 31, 2006. Revenue for the first quarter totaled \$120.4 million, representing a 1.9% sequential increase from fiscal fourth quarter revenue of \$118.2 million, and an increase of 27.1% over the same period a year ago when the Company reported sales of \$94.7 million.

"With sequential revenue growth for the eighth straight quarter and continued gross margin and operating cost improvements, Ciena's first quarter results demonstrate our persistent execution and resulting progress toward profitability," said Ciena CEO and President Gary Smith. "We continue to believe that Ciena's role as the network specialist and our focus on enabling our service provider and enterprise customers to transition their networks to reliably deliver an ever-increasing mix of new applications and services - at a pace that makes sense for their business - will enable us to grow faster than the market in 2006."

On the basis of generally accepted accounting principles (GAAP), Ciena's reported net loss for the fiscal first quarter 2006 was \$6.3 million, or a net loss of \$0.01 per share. This compares with a reported GAAP net loss of \$57.0 million, or a net loss of \$0.10 per share, for the same period a year ago.

Ciena's GAAP net loss for its fiscal first quarter 2006 includes \$3.8 million of share-based compensation expense related to equity based awards in accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R), adopted by Ciena on November 1, 2005. Prior periods' GAAP results do not include the impact of SFAS 123(R).

Debt Repurchase

During its fiscal first quarter, Ciena reduced its long-term debt position with the purchase on the open market of \$106.5 million par value of its outstanding 3.75% convertible notes due in February 2008, for \$98.8 million. As a result of the purchase, the Company recorded a \$6.7 million gain on extinguishment of debt, net of \$1.0 million associated debt issuance costs. The Company will save \$8.0 million in future interest payments as a result of this action and reduced the outstanding principal on its 3.75% convertible notes to \$542.3 million.

Non-GAAP Presentation of Results

In evaluating the operating performance of its business, Ciena's management excludes certain charges and credits that are required by GAAP. These items, which are identified in the table that follows (in thousands except per share data), 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 Jan. 31, 2005	Quarter Ended Jan. 31, 2006
	-----	-----
Stock compensation product	\$ -	\$ 135
Stock compensation services	-	188
Stock compensation research and development	1,011	1,637
Stock compensation sales and marketing	876	1,046
Stock compensation general and administrative	160	821
Amortization of intangible assets	10,411	6,295
Restructuring costs	1,125	2,015
Long-lived asset impairments	184	(3)
Recovery of doubtful accounts, net	-	(2,604)
Gain on lease settlement	-	(6,020)
(Gain) loss on equity investments, net	(22)	733
Gain on extinguishment of debt	-	(6,690)
Income tax benefit on adjusted net loss	15,513	3,253
	-----	-----
Total adjustments	\$ 29,258	\$ 806

GAAP Net Loss	\$ (56,995)	\$ (6,291)
Adjustment for items above	29,258	806
Adjusted (non-GAAP) net loss	\$ (27,737)	\$ (5,485)
Weighted average basic common and dilutive potential shares outstanding	571,573	580,771
Adjusted (non-GAAP) net loss per share	\$ (0.05)	\$ (0.01)

Adjusting Ciena's fiscal first quarter 2006 GAAP net loss of \$6.3 million for the items noted above would reduce the Company's net loss in the quarter from \$6.3 million to \$5.5 million and would have no effect on the Company's GAAP loss per share of \$0.01.

To aid investor's understanding of Ciena's results and the effect of SFAS 123(R)-related share-based compensation expenses, the following table summarizes the presentations of Ciena's financial results covered in this press release for both the Company's fiscal first quarter 2005 and fiscal first quarter 2006.

Periods prior to the Company's fiscal first quarter 2006 have not been restated to reflect, and do not include, the impact of SFAS 123(R). Prior periods do include share-based compensation expense recognized in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," as interpreted by Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 44.

	(in thousands except per share data)			
	Q1 2005		Q1 2006	
	Net Loss	Net Loss	Net Loss	Net Loss
	per Share	per Share	per Share	per Share
GAAP				
1. GAAP results as reported	\$ (56,995)	\$ (0.10)	\$ (6,291)	\$ (0.01)
Non-GAAP				
1. GAAP results less SFAS 123(R)-related share-based compensation expense	N/A	N/A	\$ (2,464)	\$ (0.00)
2. GAAP results less APB 25-related share-based compensation expense	\$ (54,948)	\$ (0.10)	N/A	N/A
3. As-adjusted results (excludes SFAS 123(R) and APB 25-related share-based compensation expense and other items as defined in previous table)	\$ (27,737)	\$ (0.05)	\$ (5,485)	\$ (0.01)

First Quarter 2006 Performance Highlights

- Delivered sequential revenue growth of 1.9% and year-over-year revenue growth of 27.1%.
- Delivered overall gross margin of 41.9%, an improvement of 200 basis points from fiscal fourth quarter 2005's gross margin of 39.9% and an improvement of more than 1600 basis points from the same year-ago period's 25.6% gross margin.
 - Improved product gross margin from 42.2% in the fiscal fourth quarter of 2005 to 43.0% in the fiscal first quarter of 2006.
 - Improved services gross margin from 24.5% in the fiscal fourth quarter of 2005 to 33.9% in the fiscal first quarter of 2006.
- Ended the fiscal first quarter 2006 with cash and short- and

long-term investments of \$961.6 million.

First Quarter 2006 Customer and Product Highlights

- Ciena announced that it had successfully completed contract negotiations with BT confirming Ciena's participation as a preferred supplier to the operator's revolutionary 21st Century Network, or 21CN. BT plans to deploy Ciena's CN 4200(TM) FlexSelect(TM) Advanced Services Platform, CoreDirector(R) Multiservice Switch and CoreStream(TM) Agility Optical Transmission System.
- Ciena's CN 4200 FlexSelect platform was selected by Slovenia's T-2 for a new nationwide next-generation VDSL network.
- Progress Telecom selected Ciena's CN 4200 for 10G DWDM metro and regional transport and CN 3600(TM) Intelligent Optical Multiservice Switch for international gateway and SONET/SDH applications in their next-generation network.
- Ciena expanded its involvement with the U.S. Department of Energy, announcing product deployments with Oak Ridge National Laboratory and Fermi National Accelerator Laboratory.

Business Outlook

"In recent weeks, we have seen an increase in order flow which seems to validate signs of improving overall market strength," said Smith. "Depending on the timing of revenue recognition associated with orders from several larger customers, we expect our fiscal second quarter revenue could increase by as much as 7% sequentially from our fiscal first quarter revenue and will likely include initial revenue associated with BT's 21CN project."

"We expect our continued product- and manufacturing-related cost reductions and anticipated product and customer mix will enable us to maintain overall gross margin in excess of 40% during our fiscal second quarter," continued Smith. "In addition, we are continuing to pursue operating efficiencies designed to improve our operating margin, including ramping hiring at our Gurgaon, India development facility."

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, Thursday, March 2, 2006 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-K filed with the Securities and Exchange Commission on January 12, 2006.

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 continue to believe that Ciena's role as the network specialist and our focus on enabling our service provider and enterprise customers to transition their networks to reliably deliver an ever-increasing mix of new applications and services - at a pace that makes sense for their business - will enable us to grow faster than the market in 2006; depending on the timing of revenue recognition associated with orders from several larger customers, we expect our fiscal second quarter revenue could increase by as much as 7% sequentially from our fiscal first quarter revenue and will likely include initial revenue associated with BT's 21CN project; we expect our continued product- and manufacturing-related cost reductions and anticipated product and customer mix will enable us to maintain overall gross margin in excess of 40% during our fiscal second quarter; and, in addition, we are continuing to pursue operating efficiencies designed to improve our operating margin, including

ramping hiring at our Gurgaon, India development facility. 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, ----- 2005	January 31, ----- 2006
Current assets:		
Cash and cash equivalents	\$ 358,012	\$ 298,624
Short-term investments	579,531	496,010
Accounts receivable, net	72,786	81,136
Inventories, net	49,333	64,379
Prepaid expenses and other	37,867	34,717
	-----	-----
Total current assets	1,097,529	974,866
Long-term investments	155,944	166,951
Equipment, furniture and fixtures, net	28,090	27,131
Goodwill	232,015	232,015
Other intangible assets, net	120,324	113,061
Other long-term assets	41,327	30,867
	-----	-----
Total assets	\$ 1,675,229	\$ 1,544,891
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 43,868	\$ 51,995
Accrued liabilities	76,491	64,138
Restructuring liabilities	15,492	12,687
Unfavorable lease commitments	9,011	8,620
Income taxes payable	5,785	5,846
Deferred revenue	27,817	30,986
	-----	-----
Total current liabilities	178,464	174,272
Long-term deferred revenue	15,701	15,727
Long-term restructuring liabilities	54,285	35,939
Long-term unfavorable lease commitments	41,364	38,934
Other long-term obligations	1,296	1,151
Convertible notes payable	648,752	542,262
	-----	-----
Total liabilities	939,862	808,285
	-----	-----
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; 580,340,947 and 581,581,317 shares issued and outstanding	5,803	5,816
Additional paid-in capital	5,489,613	5,493,614
Deferred stock compensation	(2,286)	-
Changes in unrealized gains on investments, net	(4,673)	(3,433)
Translation adjustment	(495)	(505)
Accumulated deficit	(4,752,595)	(4,758,886)
	-----	-----
Total stockholders' equity	735,367	736,606
	-----	-----
Total liabilities and stockholders' equity	\$ 1,675,229	\$ 1,544,891
	=====	=====

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

	Quarter Ended January 31,	
	2005	2006
Revenues:		
Products	\$ 82,300	\$ 105,941
Services	12,448	14,489
Total revenue	94,748	120,430
Costs:		
Products	60,848	60,399
Services	9,669	9,576
Total cost of goods sold	70,517	69,975
Gross profit	24,231	50,455
Operating expenses:		
Research and development	34,662	29,462
Selling and marketing	26,840	26,572
General and administrative	7,656	9,896
Amortization of intangible assets	10,411	6,295
Restructuring costs	1,125	2,015
Long-lived asset impairments	184	(3)
Recovery of doubtful accounts, net	-	(2,604)
Gain on lease settlement	-	(6,020)
Total operating expenses	80,878	65,613
Loss from operations	(56,647)	(15,158)
Interest and other income, net	7,433	9,262
Interest expense	(7,226)	(6,053)
Gain (loss) on equity investments, net	22	(733)
Gain on extinguishment of debt	-	6,690
Loss before income taxes	(56,418)	(5,992)
Provision for income taxes	577	299
Net loss	\$ (56,995)	\$ (6,291)
Basic and diluted net loss per common share and dilutive potential common share	\$ (0.10)	\$ (0.01)
Weighted average basic common and dilutive potential common shares outstanding	571,573	580,771

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

	Three Months Ended January 31,	
	2005	2006
Cash flows from operating activities:		
Net loss	\$ (56,995)	\$ (6,291)
Adjustments to reconcile net loss to net cash used in operating activities:		
Early extinguishment of debt	-	(6,690)
Amortization of premium on marketable securities	4,913	1,176
Non-cash impairment of long-lived assets	184	733
Depreciation and amortization of leasehold improvements	8,383	5,312
Stock compensation	2,047	4,183
Amortization of intangibles	11,378	7,263
Provision for inventory excess and obsolescence	1,115	3,000

Provision for warranty and other contractual obligations	3,016	2,470
Other	749	608
Changes in assets and liabilities:		
Accounts receivable	(6,244)	(8,350)
Inventories	242	(18,046)
Prepaid expenses and other	4,888	10,151
Accounts payable and accrued liabilities	(13,889)	(30,813)
Income taxes payable	318	61
Deferred revenue and other obligations	(3,436)	3,195
	-----	-----
Net cash used in operating activities	(43,331)	(32,038)
	-----	-----
Cash flows from investing activities:		
Additions to equipment, furniture, fixtures and intellectual property	(4,201)	(4,375)
Proceeds from sale of equipment, furniture and fixtures	177	-
Restricted cash	(621)	1,102
Purchases of available for sale securities	(161,847)	(63,641)
Maturities of available for sale securities	200,731	136,219
Minority equity investments, net	(1,595)	-
	-----	-----
Net cash provided by investing activities	32,644	69,305
	-----	-----
Cash flows from financing activities:		
Repayment of convertible notes payable	-	(98,772)
Proceeds from issuance of common stock	347	2,117
Repayment of notes receivable from stockholders	45	-
	-----	-----
Net cash provided (used) in financing activities	392	(96,655)
	-----	-----
Net decrease in cash and cash equivalents	(10,295)	(59,388)
Cash and cash equivalents at beginning of period	185,868	358,012
	-----	-----
Cash and cash equivalents at end of period	\$ 175,573	\$ 298,624
	=====	=====

Appendix A

The adjustments management makes in analyzing Ciena's first quarter 2006 GAAP results are as follows:

- Stock compensation costs - As of November 1, 2005, Ciena adopted SFAS 123(R). In accordance with the modified prospective application transition method, Ciena's consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Prior periods do include share-based compensation expense recognized in accordance with APB 25 as interpreted by FASB Interpretation (FIN) No. 44.
- 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.

- Recovery of doubtful accounts - a non-recurring charge unrelated to normal operations resulting from the recovery of an amount that was previously written off.
- Gain on lease settlement - a non-recurring charge unrelated to normal operations resulting from termination of obligations under a lease for an unused facility.
- (Gain) loss on equity investments, net - a non-recurring loss or gain related to changes in the value of the Company's equity investments which the Company feels is not reflective of its ongoing operating costs.
- Gain on extinguishment of debt - a non-recurring gain 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.

CONTACT: Ciena Corporation
Press Contact:
Nicole Anderson, 410-694-5786
pr@ciena.com
or
Investor Contact:
Jessica Towns, 888-243-6223
ir@ciena.com