

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

August 19, 2004
Date of Report (Date of earliest event reported)

CIENA Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-21969
(Commission File No.)

23-2725311
(IRS Employer
Identification No.)

1201 Winterson Road, Linthicum, Maryland 21090
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(410) 865-8500

Not applicable
(Former name or former address, if changed since last report)

Exhibit Index on Page 2

The information in this Report, including the exhibit, is furnished under Item 12 of Form 8-K and, pursuant to General Instruction B.6. thereunder, is not "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934. Furthermore, the information in this Report, including the exhibit, is not incorporated by reference into the filings of the registrant under the Securities Act of 1933.

ITEM 12 -- RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 19, 2004, CIENA Corporation issued a press release announcing its financial results for the fiscal quarter ended July 31, 2004. The text of the press release is furnished as Exhibit 99.1 to this Report.

EXHIBIT INDEX

Exhibit Number	Description of Document
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Exhibit 99.1	Text of Press Release dated August 19, 2004, issued by CIENA Corporation, reporting its results of operations for the third quarter of fiscal 2004.

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

Dated: August 19, 2004

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

Senior Vice President, General Counsel
and Secretary

CIENA Reports Third Quarter 2004 Results

LINTHICUM, Md.--(BUSINESS WIRE)--Aug. 19, 2004--CIENA(R) Corporation (NASDAQ:CIEN), a leading global provider of intelligent service creation and delivery solutions, today reported its third fiscal quarter results for the period ending July 31, 2004. Consistent with information in the Company's preliminary results announcement of August 3, 2004, revenue for the quarter totaled \$75.6 million, representing a 1.2% sequential increase, and an increase of 10.4% for the same period a year ago. On a generally accepted accounting principles (GAAP) basis, CIENA's reported net loss for the quarter was \$141.5 million, or a net loss of \$0.25 per share.

"More than a year ago CIENA embarked toward a goal of significantly diversifying our product portfolio, and our business," said Gary Smith, CIENA's president and CEO. "As a result of strategic acquisitions, partnerships and internal development efforts, we now participate in new data and service delivery markets, targeting high-value applications such as DSL, Fiber-to-the-X, storage extension, and the triple-play of voice, video and data. In fact, revenue from these new opportunities represented more than 35% of total revenue in the third quarter.

"We have taken a number of important steps toward restoring health and profitability to our business, and over the next several quarters, our focus and execution will be crucial for success," said Smith.

CIENA's Board of Directors affirmed its support of the Company's strategy.

"CIENA is pursuing a complex, long-term strategy in an unpredictable and dynamic market," said H. Berry Cash, lead independent director for CIENA. "The Company has substantially expanded its addressable markets while simultaneously implementing significant cost reductions and operating changes. The Board is confident these actions represent the best long-term interests of the Company's shareholders and will lead to a return to profitability and improved shareholder value."

Separately today, CIENA announced that Michael J. Rowny, chairman of Rowny Capital and former president and CEO of MCI's International Ventures, Alliances and Correspondent group, has joined CIENA's board of directors as its tenth member and eighth independent director.

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 table below, 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	9 Months Ended
	July 31, 2004	July 31, 2004
	(in thousands)	(in thousands)
Stock compensation costs	\$ 3,953	\$ 8,699
Amortization of intangible assets	12,667	19,458
In-process research and development	30,200	30,200
Accelerated amortization of leasehold improvements	12,504	14,153
Restructuring costs	13,547	22,125
Long-lived asset impairments	7,217	7,217
Recovery of sales, export, use tax liabilities & payments	(3,457)	(5,388)
Recovery of doubtful accounts, net	-	(2,794)
(Gain)/loss on equity investments, net	200	(393)
Loss on extinguishment of debt	-	8,216
Income tax benefit on adjusted net loss	22,756	68,193
Total Adjustments	\$ 99,587	\$ 169,686
GAAP Net Loss	\$ (141,467)	\$ (294,391)
Adjusted for items above	99,587	169,686
Non GAAP Net Loss	\$ (41,880)	\$ (124,705)

Non GAAP Net Loss per Share

\$ (0.07) \$ (0.25)

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Please see Appendix A for additional information about this table.

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

As of the quarter ended July 31, 2004, CIENA's weighted average shares outstanding were approximately 566,234,000. Adjusting CIENA's quarterly GAAP results as noted would reduce the Company's net loss in its third fiscal quarter to \$0.07 per share.

For the nine months ended July 31, 2004, CIENA's weighted average shares outstanding were approximately 504,812,000. Adjusting CIENA's nine-month GAAP results as noted would reduce the Company's net loss for the period to \$0.25 per share.

Third Quarter 2004 Highlights

- Successfully completed the acquisitions and the operational integration of both Catena Networks and Internet Photonics.
- Improved gross margin from 11.0% in the fiscal second quarter to 24.9% in the third quarter.
- Delivered lower-than-anticipated ongoing operating expenses, overachieving cost-reduction targets in the quarter by approximately \$10 million.
- Secured three new customers for the new CN 1000 next-generation broadband access platform and agreed to product trials with a regional Bell operating company (RBOC).
- Recognized initial revenue from Verizon for DN 7000 series multiservice edge switching deployments.
- Ended the quarter with cash and short- and long-term investments valued at \$1.36 billion.

Third Quarter Product and Application Developments

CIENA made several new data and access-focused product and feature announcements during the quarter, including:

- Introduced the CNX-100(TM) Modular Broadband Loop Carrier designed to broadband-enable an estimated 30 million POTS-only access lines.
- Introduced a new integrated, 10-Gigabit add/drop multiplexer (ADM) for the ONLINE Metro(TM) multiservice DWDM optical transport platform, driving down the cost of high-bandwidth metro, enterprise and multiservice networks.
- Announced the CN 2600(TM) Multiservice Edge Aggregator, an edge-optimized platform to deliver low- and high-bandwidth TDM and Ethernet services for remote terminals, multi-tenant units and central offices.
- Announced CoreDirector(R) services gateway solutions for metro data networking and IP/MPLS core convergence, expanding CoreDirector's capabilities into Layer 2 applications with Ethernet interfaces and packet-aware intelligence.
- Introduced integrated Layer 2 packet switching to intelligent metro access and transport solutions to drive revenue-generating services for cable operators and service providers.
- Demonstrated the world's first ultra long-haul optical transport connection at 40 Gigabits per second (Gbps) with MCI and Mintera to facilitate the roll-out of next-generation IP-based services on MCI's existing 10 Gbps backbone.
- Participated in a 40 Gbps trial on Sprint's production IP network between San Jose and Stockton, Calif., utilizing CIENA's dense wave division multiplexing technology.

Business Outlook

"As a result of our broader product portfolio, we are engaged in

significantly more customer interactions and are confident that those interactions will translate into opportunities longer-term," said Smith. "Short term, we expect revenue for our fourth fiscal quarter will be roughly flat with our third fiscal quarter revenue, reflecting ongoing customer uncertainty and caution."

Live Web Broadcast of Third Quarter Results

CIENA will host a discussion of this morning's announcements with investors and financial analysts today, Thursday, August 19, 2004 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: www.CIENA.com/investors.

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, which CIENA filed with the Securities and Exchange Commission on May 20, 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: The Board is confident these actions represent the best long-term interests of the Company's shareholders and will lead to a return to profitability and improved shareholder value; as a result of our broader product portfolio, we are engaged in significantly more customer interactions and are confident that those interactions will translate into opportunities longer-term; and, short term, we expect revenue for our fourth fiscal quarter will be roughly flat with our third fiscal quarter revenue, reflecting ongoing customer uncertainty and caution. 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		Nine Months Ended	
	July 31, 2003	July 31, 2004	July 31, 2003	July 31, 2004
Revenues:				
Products	\$ 59,294	\$ 64,340	\$ 183,914	\$ 181,436
Services	9,184	11,249	28,578	35,266
Total revenue	68,478	75,589	212,492	216,702
Costs:				
Products	39,194	48,069	119,177	138,918
Services	12,749	8,723	42,300	30,212
Total cost of goods sold	51,943	56,792	161,477	169,130
Gross profit	16,535	18,797	51,015	47,572
Operating expenses:				
Research and development (exclusive of stock compensation costs below)	47,963	57,762	153,890	151,418
Selling and marketing (exclusive of stock compensation costs below)	24,536	29,468	76,804	80,011
General and administrative (exclusive of stock compensation costs below)	7,969	6,969	30,741	20,052
Stock compensation costs:				

Research and development	2,932	1,860	10,136	5,473
Selling and marketing	687	1,214	2,122	2,147
General and administrative	312	879	1,032	1,079
Amortization of intangible assets	4,479	12,667	11,454	19,458
In-process research and development	1,500	30,200	1,500	30,200
Restructuring costs	15,527	13,547	18,251	22,125
Long-lived asset impairments	-	7,217	-	7,217
Recovery of sale, export, use tax liabilities and payments	-	(3,457)	-	(5,388)
Recovery of doubtful accounts, net	-	-	-	(2,794)
Total operating expenses	105,905	158,326	305,930	330,998
Loss from operations	(89,370)	(139,529)	(254,915)	(283,426)
Interest and other income, net	8,865	4,936	33,297	18,228
Interest expense	(8,070)	(6,469)	(28,334)	(20,326)
Gain (loss) on equity investments, net	-	(200)	(10)	393
Loss on extinguishment of debt	-	-	(20,606)	(8,216)
Loss before income taxes	(88,575)	(141,262)	(270,568)	(293,347)
Provision for income taxes	299	205	909	1,044
Net loss	\$(88,874)	\$(141,467)	\$(271,477)	\$(294,391)
Basic and diluted net loss per common share and dilutive potential common share	\$ (0.20)	\$ (0.25)	\$ (0.62)	\$ (0.58)
Weighted average basic common and dilutive potential common shares outstanding	451,009	566,234	438,133	504,812

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

	October 31, 2003	July 31, 2004

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 309,665	\$ 255,730
Short-term investments	796,809	358,369
Accounts receivable, net	43,600	49,821
Inventories, net	44,995	49,836
Prepaid expenses and other	34,334	29,663
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Total current assets	1,229,403	743,419
Long-term investments	519,744	732,967
Equipment, furniture and fixtures, net	114,930	77,499
Goodwill	336,039	780,875
Other intangible assets, net	108,408	210,762
Other long-term assets	69,641	67,924
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Total assets	\$ 2,378,165	\$ 2,613,446
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 44,402	\$ 35,570
Accrued liabilities	98,926	81,505
Restructuring liabilities	14,378	13,718
Unfavorable lease commitments	9,380	9,857
Income taxes payable	4,640	5,609
Deferred revenue	14,473	17,525
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Total current liabilities	186,199	163,784
Long-term deferred revenue	14,547	16,730
Long-term restructuring liabilities	52,164	43,831
Long-term unfavorable lease commitments	61,312	53,903
Other long-term obligations	2,698	2,826
Convertible notes payable	730,428	690,000
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Total liabilities	1,047,348	971,074
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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; 473,214,856 and 568,890,725 shares issued and outstanding	4,732	5,689
Additional paid-in capital	4,861,182	5,479,672
Deferred stock compensation	(9,664)	(17,204)
Notes receivable from stockholders	(448)	(401)
Accumulated other comprehensive income (loss)	2,447	(3,561)
Accumulated deficit	(3,527,432)	(3,821,823)
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Total stockholders' equity	1,330,817	1,642,372
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Total liabilities and stockholders' equity	\$ 2,378,165	\$ 2,613,446
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Appendix A

The adjustments management makes in analyzing CIENA's third quarter fiscal 2004 GAAP results are as follows:

- Stock compensation costs - a non-cash expense largely unrelated to normal operations, and which arises under GAAP accounting from the assumption of unvested stock options issued by any companies we acquire.
- Amortization of intangible assets - a non-cash expense unrelated to normal operations arising from acquisitions of intangible assets, principally developed technology, which CIENA is required to amortize over its expected useful life.
- 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 planned closing of our San Jose, California facility.
- Restructuring costs - non-recurring charges, unrelated to normal operations, 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.
- Long-lived asset impairments - non-recurring charges, unrelated to normal operations, incurred as a result of excess equipment classified as held for sale.
- Recovery of sales, export and use tax liabilities and payments - a non-recurring gain unrelated to normal operations
- Recovery of doubtful accounts, net - a non-recurring gain unrelated to normal operations due to payment received from a customer from which payment was previously deemed doubtful due to the customer's financial condition.

- Gain (loss) on equity investments, net - a non-recurring gain or loss unrelated to normal operations.
- Loss on extinguishment of debt - a non-recurring expense, unrelated to normal operations.
- 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 delivers innovative network solutions to the world's largest service providers, cable operators and enterprises, increasing the cost-efficiency of current services while enabling the creation of new carrier-class data services built upon the existing network infrastructure. Additional information about CIENA can be found at www.ciena.com.

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