INFINERA CORP
Form DEF 14A
March 24, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

INFINERA CORPORATION

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

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x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Infinera Corporation

140 Caspian Court

Sunnyvale, California 94089

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 12, 2016

10:00 a.m. Pacific Time

Dear Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the Annual Meeting) of Infinera Corporation, a Delaware corporation. Notice is hereby given that the meeting will be held on Thursday, May 12, 2016, at 140 Caspian Court, Sunnyvale, California 94089 at 10:00 a.m. Pacific Time, for the following purposes:

1. To elect to the Board of Directors (the Board) the three nominees for Class III directors named in the Proxy Statement;

2. To approve, on an advisory basis, the compensation of Infinera s named executive officers, as described in the Proxy Statement;

3. To approve Infinera s 2016 Equity Incentive Plan;

4. To ratify the appointment of Ernst & Young LLP as Infinera s independent registered public accounting firm for the fiscal year ending December 31, 2016; and

5. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is March 16, 2016. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any postponement or adjournment thereof. A list of our stockholders will be maintained and open for examination by any of our stockholders, for any purpose germane to the Annual Meeting, during regular business hours at the address listed above for ten days prior to the meeting.

We are pleased to inform you that Infinera will again be utilizing the U.S. Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders via the Internet. We believe that these rules allow us to provide our stockholders with the information they need more quickly and conveniently, while lowering the cost of delivery and reducing the environmental impact of the Annual Meeting.

As a stockholder of Infinera, your vote is important. Whether or not you expect to attend the Annual Meeting in person, it is important that you vote as soon as possible so that your shares are represented. To vote your shares, please follow the instructions in the Notice of Internet Availability of Proxy Materials, which is being mailed to you on or about March 24, 2016.

On behalf of the Board, thank you for your participation in this important annual process.

By Order of the Board,

/s/ James L. Laufman

James L. Laufman

Senior Vice President, General Counsel and

Secretary

Sunnyvale, California
March 24, 2016

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INFINERA CORPORATION

PROXY STATEMENT SUMMARY

This summary highlights selected information contained elsewhere in this Proxy Statement. The summary does not contain all of the information that you should consider, and you should read and consider carefully the complete Proxy Statement before voting.

2016 Annual Meeting of Stockholders

Time and Date:	10:00 a.m. Pacific Time, on Thursday, May 12, 2016
Place:	Infinera Corporation, 140 Caspian Court, Sunnyvale, California 94089
Record Date:	March 16, 2016
Voting:	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Meeting Agenda and Voting Matters

Agenda Items	Board Vote Recommendation	Page Reference (for more detail)
1. To elect to the Board of Directors the three nominees for Class III directors named in the Proxy Statement.	FOR EACH DIRECTOR NOMINEE	7
2. To approve, on an advisory basis, the compensation of Infinera s named executive officers, as described in the Proxy Statement.	FOR	51
3. To approve Infinera s 2016 Equity Incentive Plan.	FOR	52
4. To ratify the appointment of Ernst & Young LLP as Infinera s independent registered public accounting firm for the fiscal year ending December 31, 2016.	FOR	62
5. To transact such other business that may properly come before the meeting or any postponement or adjournment thereof.		

Board Nominees

				Committee Memberships[2]			
Name	Age	Director Since	Independent[1]	AC	CC	NGC	TAC
John P. Daane	52	2016	X		M		
Marcel Gani	63	2014	X	M	C		
Mark A. Wegleitner	65	2011	X			C	C

AC = Audit Committee; CC = Compensation Committee; NGC = Nominating and Governance Committee

TAC = Technology and Acquisition Committee; C = Chairman; M = Member

(1) Under the rules and regulations of the U.S. Securities and Exchange Commission and the listing standards of The NASDAQ Stock Market (NASDAQ).
(2) Committee memberships are as of the date of this Proxy Statement. Changes to the composition of certain committees were made by the Board of Directors on February 24, 2016.

Board and Governance Highlights

Board Independence. After this meeting, six out of eight of our directors will be independent. Currently seven out of nine of our directors are independent.

Board Composition. After this meeting, the size of the Board of Directors will be fixed at eight and is divided into three classes. The Board of Directors annually assesses its performance through a board self-evaluation.

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Board Committees. We have four committees of the Board of Directors Audit, Compensation, Nominating and Governance, and Technology and Acquisition. With the exception of the Technology and Acquisition Committee (David F. Welch, our President, serves on this committee), all other committees are composed entirely of independent directors.

Leadership Structure. We have separated the positions of Chairman and Chief Executive Officer (CEO).

Director Stock Ownership. Each non-employee director is required to own shares of Infinera common stock having a value of at least four times the annual cash retainer.

Risk Oversight. Members of our senior management team are responsible for implementation of our day-to-day risk management processes, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of overall risk management.

Fiscal 2015 Business Highlights

We continued our transformation to a multi-market company in fiscal 2015 by adding metro and cloud/data center interconnect (DCI) to our core long-haul business. In August 2015, we successfully completed our public offer to the shareholders of Transmode AB (Transmode), a metro packet-optical networking company based in Stockholm, Sweden. In addition, we enhanced our position in the DCI market in fiscal 2015 by expanding our Cloud Xpress offering to include 10 gigabit Ethernet (GbE), 40 GbE and 100 GbE client interfaces to meet additional customer requirements. We also introduced the XT-500, to provide a compact wavelength-division multiplexing (WDM) solution optimized for long-haul interconnect applications.

Overall, we grew total revenue by 33% compared to fiscal 2014 including revenue from Transmode in the post-acquisition period. Organically, excluding the partial year of Transmode revenue, our revenue grew in the mid-20% range in fiscal 2015, marking the third consecutive year we have grown significantly faster than the overall WDM market. We also continued to expand our gross margin and operating margin in fiscal 2015, demonstrating the leverage we have achieved from our vertical integration, the value proposition of our Intelligent Transport Network and our commitment to prudent expense management. Highlights included:

- Revenue was $886.7 million in fiscal 2015, compared to $668.1 million in fiscal 2014 and $544.1 million in fiscal 2013.

- GAAP gross margin in fiscal 2015 was 45.5%, compared to 43.2% in fiscal 2014 and 40.2% in fiscal 2013. Non-GAAP gross margin[(1)] was 47.8% in fiscal 2015, compared to 44.0% in fiscal 2014 and 41.6% in fiscal 2013.

- GAAP operating income was $59.7 million in fiscal 2015, compared to operating income of $27.3 million in fiscal 2014 and operating loss of $24.1 million in fiscal 2013. Non-GAAP operating income[(1)] was $116.5 million in fiscal 2015, compared to $55.7 million in fiscal 2014 and $7.8 million in fiscal 2013.

- GAAP net income in fiscal 2015 was $51.4 million, or $0.36 per diluted share, compared to $13.7 million, or $0.11 per diluted share, in fiscal 2014, and a net loss of $32.1 million, or $0.27 per diluted share in fiscal 2013.

(1) As used in this Proxy Statement, GAAP refers to U.S. generally accepted accounting principles. For a reconciliation of GAAP to non-GAAP gross profit, gross margin and operating income for fiscal years 2015, 2014 and 2013, please see Appendix A to this Proxy Statement.

Executive Compensation Program Highlights

Our executive compensation program continues to be designed to balance near-term results with long-term success and continues to encourage our executive officers (including our named executive officers (NEOs) for fiscal 2015) to build value through innovation and execution. To fulfill this mission, we have a pay-for-performance philosophy that forms the foundation for all decisions regarding executive compensation made by our Compensation Committee. As explained in more detail in the Compensation Discussion and Analysis section of this Proxy Statement, the design of our executive compensation program for fiscal 2015 promoted the continued

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strong alignment of the interests of our executive officers with those of our stockholders. Highlights of our executive compensation program for fiscal 2015 included:

The majority of our CEO s fiscal 2015 target total direct compensation was in equity.

66% of our CEO s target total direct compensation (the sum of base salary, target cash incentive opportunity and target equity incentive compensation) was in the form of equity awards, which links our CEO s compensation directly to the value of our common stock. In fiscal 2015, our CEO received two performance-based restricted stock unit (PSU) awards for a total of 79,540 shares of our common stock (at target attainment) and a time-based restricted stock unit (RSU) award for 55,240 shares of our common stock.

The majority of our CEO s fiscal 2015 target total direct compensation and target equity compensation were at risk.

59% of our CEO s target total direct compensation was fully at risk. This significant portion of his compensation was based on our performance against measurable performance objectives set forth under the fiscal 2015 bonus plan (the 2015 Bonus Plan) and PSU awards.

60% of our CEO s target equity compensation was in the form of PSU awards. These PSU awards could be earned based on (i) our relative total stockholder return (TSR) performance measured over three performance periods against the Standard & Poor s North American Technology Multimedia Networking Index (S&P Networking Index)(the 2015 TSR Award); and (ii) achievement of a pre-established minimum revenue target for sales of our CX family of products (CX PSU Award).

Our fiscal 2015 PSU awards included rigorous performance requirements. To support our pay-for-performance philosophy and further emphasize the importance of creating long-term stockholder value, our fiscal 2015 PSU awards contain several features we consider to be best practices. The 2015 TSR Award is consistent with prior year awards that measured our stock performance against a networking index. In fiscal 2015, we also included the CX PSU Award to highlight the importance of a new platform key to our long-term success.

2015 PSUs Measured on Relative TSR

Sustained performance requirement. To earn the maximum number of shares under the 2015 TSR Award, which is 150% of the target number of shares, our TSR must exceed that of the S&P Networking Index by 25 points or more as calculated on each of the one, two and three year measurement periods (coinciding with the end of our fiscal 2015, 2016 and 2017).

Steeper downside risk. The number of shares that may be earned under the 2015 TSR Award is reduced one and one-half times faster if our TSR underperforms the S&P Networking Index (3-to-1 downside) than it is increased if our TSR outperforms the S&P Networking Index (2-to-1 upside). For example, if we underperform the S&P Networking Index by 10 points of TSR, 70% of the target number of shares subject to the award would be earned. If we outperform the S&P Networking Index by 10 points of TSR, 120% of the target number of shares subject to the award would be earned.

Payment cap. Regardless of our performance versus the S&P Networking Index, the number of shares that may be earned under the 2015 TSR Award is capped at 100% of target for any period in which our TSR is negative. Therefore, even if we significantly outperform the S&P Networking Index

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in challenging market conditions, this award only provides rewards above the target performance level if incremental stockholder value is created.

PSUs Measured on Financial Objectives

In fiscal 2015, we included the CX PSU Award tied to revenue targets for a group of new products. To earn the shares subject to the CX PSU Award at target, a meaningful minimum revenue threshold was set for our new CX family of products.

Our fiscal 2015 payouts reflect our pay-for-performance philosophy. Our fiscal 2015 payouts reflect our continued strong performance and execution. As indicated above, a significant portion of our executive compensation program is designed to align the compensation outcomes for our NEOs with performance against measurable objectives. Our fiscal 2015 revenue and non-GAAP operating income results demonstrated significant growth over fiscal 2014 and exceeded the maximum levels established under our fiscal 2015 Bonus Plan for the financial objectives, resulting in the maximum payout for the financial component at 150%. As of the end of fiscal 2015, we had three PSU award programs outstanding for which fiscal 2015 was part of the performance period. We continued to outperform both the S&P Networking Index and the NASDAQ Telecommunications Index (Telecomm Index) for our fiscal 2015 PSU awards, fiscal 2014 PSU awards and fiscal 2013 PSU awards, which resulted in maximum payouts (150% of target) for the performance periods that concluded at the end of our fiscal 2015.

We continue to maintain sound corporate governance policies and practices. We seek to maintain sound corporate governance standards and recently we introduced majority voting for the election of directors, which under the previous standard had been determined by plurality voting. During fiscal 2015, the following policies and practices continued to be in effect:

Executive Clawback Policy	No Tax Gross-Ups
Anti-Hedging Policy	Double-Trigger Change-of-Control Agreements
No Pledging of our Common Stock by NEOs	Annual Compensation Risk Assessment
Fully Independent Compensation Committee	No Executive Perquisites
Stock Ownership Policy	Independent Compensation Consultant Reporting Directly to Compensation Committee
No Guaranteed Bonuses	

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PROXY STATEMENT

2016 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS

AND VOTING PROCEDURAL MATTERS

Annual Meeting

Q: Why am I being provided access to these proxy materials?

A: The Board of Directors (the Board) of Infinera Corporation (referred to herein as Infinera, we, us or our) is providing you access to these proxy materials in connection with the solicitation of proxies by the Board for use at the 2016 Annual Meeting of Stockholders (the Annual Meeting) to be held on Thursday, May 12, 2016 at 10:00 a.m. Pacific Time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters described herein. These materials were first sent or given to stockholders on or about March 24, 2016.

Q: What is the Notice of Internet Availability of Proxy Materials?

A: In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at the Annual Meeting, Infinera is furnishing the proxy materials to its stockholders via the Internet. If you received a Notice of Internet Availability of Proxy Materials (the Notice) by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice will instruct you as to how you may access and review the proxy materials and submit your vote via the Internet. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, please follow the instructions for requesting such materials included in the Notice.

Choosing to receive the Notice by email will save us the cost of printing and mailing the documents to you and will reduce the impact of the Annual Meeting on the environment. If you choose to receive the Notice by email, you will receive an email next year with instructions containing a link to the proxy materials and a link to the proxy voting site. Your election to receive the Notice by email will remain in effect until you terminate it.

On the date of mailing of the Notice, all stockholders of record and beneficial owners will have the ability to access all of our proxy materials on a website referred to in the Notice. These proxy materials will be available free of charge.

Q: Where is the Annual Meeting?

A: The Annual Meeting will be held at our principal executive offices, located at 140 Caspian Court, Sunnyvale, California 94089.

Q: Can I attend the Annual Meeting?

A: You are invited to attend the Annual Meeting if you were a stockholder of record or a beneficial owner as of the close of business on March 16, 2016 (the Record Date). If you are a stockholder of record, please bring a form of personal identification to be admitted to the meeting. If your shares are held in the name of your broker, trustee or other nominee, you must obtain a legal proxy issued in your name from the broker, trustee or other nominee that holds your shares, together with a form of personal identification, to be admitted to the meeting. The Annual Meeting will begin promptly at 10:00 a.m. Pacific Time.

Q: What proposals will be voted on at the Annual Meeting?

A: At the Annual Meeting, stockholders will be asked to vote on:

The election of three Class III directors to serve until the 2019 Annual Meeting of Stockholders or until their successors have been duly elected and qualified;

The approval, on an advisory basis, of the compensation of Infinera s named executive officers, as described in this Proxy Statement;

The approval of the Infinera Corporation 2016 Equity Incentive Plan (the 2016 Plan); and

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The ratification of the appointment of Ernst & Young LLP as Infinera s independent registered public accounting firm for the fiscal year ending December 31, 2016.

We are not currently aware of any other business to be acted upon at the Annual Meeting. If any other matters are properly submitted for consideration at the Annual Meeting, including any proposal to adjourn the Annual Meeting, the persons named as proxies will vote the shares represented thereby at their discretion. Adjournments of the Annual Meeting may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by approval of the holders of common stock representing a majority of the votes present in person or by proxy at the Annual Meeting, whether or not a quorum exists, without further notice other than by an announcement at the Annual Meeting.

Q: What is the voting requirement to approve each of the proposals and how does the Board recommend that I vote?

A: *Proposal 1* Directors are elected by a majority vote, which requires the affirmative vote of a majority of the total votes cast by holders of shares present in person, or represented by proxy, and entitled to vote for each nominee at the Annual Meeting. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote AGAINST this proposal. Broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal and will not affect the outcome of the vote. **The Board unanimously recommends that you vote your shares FOR the nominees listed in Proposal 1**.

Proposal 2 Approval, on an advisory basis, of the compensation of Infinera s named executive officers requires the affirmative vote of a majority of the total votes cast by holders of shares present in person, or represented by proxy, and entitled to vote on this proposal at the Annual Meeting. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote AGAINST this proposal. Broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal and will not affect the outcome of the vote. **The Board unanimously recommends that you vote your shares FOR Proposal 2**.

Proposal 3 Approval of the 2016 Plan requires the affirmative vote of a majority of the total votes cast by holders of shares present in person, or represented by proxy, and entitled to vote on this proposal at the Annual Meeting. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote AGAINST this proposal. Broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal and will not affect the outcome of the vote. **The Board unanimously recommends that you vote your shares FOR Proposal 3**.

Proposal 4 Ratification of the appointment of Ernst & Young LLP as Infinera s independent registered public accounting firm for the fiscal year ending December 31, 2016, requires the affirmative vote of a majority of the total votes cast by holders of shares present in person, or represented by proxy, and entitled to vote on this proposal at the Annual Meeting. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote AGAINST this proposal. Broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal and will not affect the outcome of the vote. **The Board unanimously recommends that you vote your shares FOR Proposal 4**.

Stock Ownership

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: *Stockholders of Record* If your shares are registered directly in your name with our transfer agent, Computershare, Inc., you are the stockholder of record with respect to those shares, and the Notice has been sent directly to you.

Beneficial Owners Many stockholders hold their shares through a broker, trustee or other nominee, rather than directly in their own name. If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The Notice has been forwarded to you by your broker, trustee or other nominee who is considered, with respect to those shares, the stockholder

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of record. As the beneficial owner, you have the right to direct your broker, trustee or other nominee on how to vote your shares. For directions on how to vote shares beneficially held in street name, refer to the voting instruction card provided by your broker, trustee or other nominee. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy issued in your name from the broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

Quorum and Voting

Q: Who is entitled to vote at the Annual Meeting?

A: Stockholders of record of our common stock at the close of business on the Record Date are entitled to receive notice of and to vote their shares at the Annual Meeting. Such stockholders are entitled to cast one vote for each share of common stock held as of the Record Date. As of the close of business on the Record Date, there were 141,417,504 shares of common stock outstanding and entitled to vote at the Annual Meeting. Shares held as of the Record Date include shares that are held directly in your name as the stockholder of record and those shares held for you as a beneficial owner through a broker, bank or other nominee.

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

A: The presence of the holders of a majority of the shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Such stockholders are counted as present at the meeting if they (1) are present in person at the Annual Meeting or (2) have properly submitted a proxy.

Under the General Corporation Law of the State of Delaware, as amended, abstentions and broker non-votes are counted as present and entitled to vote and are included for purposes of determining whether a quorum is present at the Annual Meeting.

Q: What is a broker non-vote and how are they counted at the Annual Meeting?

A: A broker non-vote occurs when the broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not exercise available discretionary voting power with respect to that proposal or, in the absence of discretionary voting power, has not received instructions from the beneficial owner on how to vote the shares. Broker non-votes will be counted towards the presence of a quorum, but will not be counted towards the vote total for any proposal.

Q: Which proposals are considered routine or non-routine?

A: The election of directors (Proposal 1), the non-binding advisory vote on Infinera s named executive officer compensation (Proposal 2) and the approval of the 2016 Plan (Proposal 3) are non-routine matters for which discretionary voting power does not exist under applicable rules. A broker, trustee or other nominee cannot vote without instructions on non-routine matters, and therefore, broker non-votes may exist in connection with Proposals 1, 2 and 3. Thus, if you hold your shares beneficially in street name and you do not instruct your broker, bank or other nominee how to vote with respect to Proposals 1, 2 and 3, no votes will be cast on your behalf.

The ratification of Ernst & Young LLP as our independent registered public accounting firm (Proposal 4) is considered a routine matter for which discretionary voting power exists under applicable rules. A broker, trustee or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 4.

Q: How can I vote my shares in person at the Annual Meeting?

A: *Stockholders of Record* Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting, even if previously voted by another method. To vote in person, please bring a form of personal identification to be admitted to the meeting.

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Beneficial Owners Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy issued in your name from the broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting. Otherwise, you will not be permitted to vote at the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you submit your vote as described in the Notice and below, so that your vote will be counted if you later decide not to attend the Annual Meeting.

Q: How can I vote my shares without attending the Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy (please refer to the voting instructions in the Notice or below). If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or other nominee (please refer to the voting instructions provided to you by your broker, trustee or other nominee).

Internet Stockholders of record with Internet access may submit proxies by following the instructions on the Notice. Most of our stockholders who hold shares beneficially in street name may vote by accessing the website specified in the voting instructions provided by their brokers, trustees or other nominees.

Telephone Depending on how your shares are held, you may be able to vote by telephone. If this option is available to you, you will receive information explaining this procedure.

Mail If you are a stockholder of record and have not already received one, you may request a proxy card from Infinera, and indicate your vote by completing, signing and dating the card where indicated and returning it in the prepaid envelope that will be included with the proxy card.

Q: How will my shares be voted if I submit a proxy via the Internet, by telephone or by mail and do not make specific choices?

A: If you are a stockholder of record or have obtained a proxy voting form from your broker, trustee or other nominee that holds your shares giving you the right to vote the shares, and you submit a proxy via the Internet, by telephone or by mail and do not make voting selections, the shares represented by that proxy will be voted FOR the nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4. If you are a beneficial owner of shares and your broker, trustee or other nominee does not receive instructions from you about how your shares are to be voted, the shares represented by that proxy will not be voted with respect to Proposals 1, 2 and 3 and will be counted as broker non-votes, and with respect to Proposal 4 will be voted at the discretion of your broker, trustee or other nominee.

Q: Can I change or revoke my vote?

A: Subject to any rules your broker, trustee or other nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Annual Meeting.

Stockholders of Record If you are a stockholder of record, you may change your vote by (1) filing with our Corporate Secretary, prior to your shares being voted at the Annual Meeting, a written notice of revocation or a duly executed proxy card, in either case dated later than the prior proxy relating to the same shares or (2) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy). Any written notice of revocation or subsequent proxy card must be received by our Corporate Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to our Corporate Secretary or should be sent to our principal executive offices, Attn: Corporate Secretary. A stockholder of record who has voted via the Internet or by telephone may also change his or her vote by making a timely and valid Internet or telephone vote at a later time but prior to 11:59 p.m. Eastern Time, on the day prior to the Annual Meeting.

Beneficial Owners If you are a beneficial owner of shares held in street name, you may change your vote by (1) submitting new voting instructions by any of the applicable voting methods allowed to your broker, trustee or other nominee or (2) attending the Annual Meeting and voting in person if you have obtained a proxy voting form from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares.

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Q: Who will bear the cost of soliciting votes for the Annual Meeting?

A: We will bear all expenses of soliciting proxies for the Annual Meeting. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of common stock for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Directors, officers and employees of Infinera may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. We have engaged the services of Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, as our proxy solicitor to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Morrow s fees for this service are estimated to be $9,500 plus expenses.

Q: Where can I find the voting results of the Annual Meeting?

A: We intend to announce preliminary voting results at the Annual Meeting and will publish final results on a Current Report on Form 8-K filed with the SEC.

Q: Are votes confidential? Who counts the votes?

A: We will continue to hold the votes of all stockholders in confidence from directors, officers and employees except:

- as necessary to meet applicable legal requirements and to assert or defend claims for or against Infinera;
- in the case of a contested proxy solicitation;
- if a stockholder makes a written comment on the proxy card or otherwise communicates his or her vote to management; or
- to allow the independent inspectors of election to certify the results of the vote.

A representative from Computershare will serve as the inspector of election.

Additional Information

Q: What should I do if I receive more than one Notice or set of proxy materials?

A: If you receive more than one Notice or set of proxy materials, your shares are likely registered in more than one name or brokerage account. Please follow the voting instructions on each Notice or voting instruction card that you receive to ensure that all of your shares are voted.

Q: Can I access Infinera s proxy materials and Annual Report on Form 10-K via the Internet?

A:

Our proxy materials will be available on our website at *www.infinera.com/annual_meeting*, and all stockholders of record and beneficial owners will have the ability to vote free of charge online with their control number referred to in the Notice at *www.proxyvote.com*. Our Annual Report on Form 10-K for the fiscal year ended December 26, 2015 (the 2015 Annual Report) is also available on the Internet as indicated in the Notice. In addition, you can access this Proxy Statement and the 2015 Annual Report by going to Infinera s website at *www.infinera.com/annual_meeting*. The 2015 Annual Report is not incorporated into this Proxy Statement and is not considered proxy soliciting material.

Q: What information from this proxy statement is incorporated by reference into certain Company SEC filings?

A: We have made previous filings under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the Exchange Act) that incorporate future filings, including this proxy statement, in whole or in part. However, the Compensation Committee Report and the Report of the Audit Committee shall not be incorporated by reference into any such filings.

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Q: How can I view or request copies of Infinera s corporate documents and SEC filings?

A: Our website contains our Amended and Restated Bylaws, Corporate Governance Guidelines, Board committee charters, Code of Business Conduct and Ethics, and SEC filings. To view these documents, go to *www.infinera.com*, click on Investor Relations under the Company heading and then click on Corporate Governance. To view our SEC filings and Forms 3, 4 and 5 filed by our directors and executive officers, go to *www.infinera.com*, click on Investor Relations under the Company heading and then click on SEC Filings under the Financials heading.

We will promptly deliver free of charge, upon request, a copy of our Corporate Governance Guidelines, Board committee charters or Code of Business Conduct and Ethics to any stockholder requesting a copy. Requests should be directed to Infinera Corporation, c/o Corporate Secretary, 140 Caspian Court, Sunnyvale, California 94089.

We will promptly deliver free of charge, upon request, a copy of the 2015 Annual Report and this Proxy Statement to any stockholder requesting a copy. Requests should be directed to Infinera Corporation, c/o Corporate Secretary, 140 Caspian Court, Sunnyvale, California 94089.

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PROPOSAL 1 ELECTION OF DIRECTORS

General

The Board currently consists of nine directors and is divided into three classes. Each class of the Board serves a staggered three-year term. Our Class III directors, whose terms expire at the Annual Meeting, are John P. Daane, Marcel Gani and Mark A. Wegleitner. On January 14, 2016, Carl Redfield informed the Board that he will be resigning from the Board effective immediately prior to the Annual Meeting and will not be standing for re-election. In addition, on January 26, 2016, James A. Dolce, Jr. resigned from the Board. After the Annual Meeting, the Board will consist of eight members.

There are three nominees for election to Class III of the Board this year, Messrs. Daane, Gani and Wegleitner. The nomination of these directors to stand for election at the Annual Meeting has been recommended by the Nominating and Governance Committee and has been approved by the Board. Each of the nominees for our Class III directors, if elected, will serve for a three-year term expiring at the 2019 Annual Meeting of Stockholders, or until his successor is duly elected and qualified, or until his earlier death, resignation or removal from the Board.

On February 24, 2016, the Board approved an amendment and restatement of our Bylaws to provide for majority voting in the election of directors. The Bylaws provide that each director nominee be elected to the Board if the votes cast for such nominee s election exceed the votes cast against such nominee s election. The Board, after taking into consideration the recommendation of the Nominating and Governance Committee, will determine whether or not to accept the pre-tendered resignation of any nominee for director, in an uncontested election, who receives a greater number of votes against his or her election than votes for such election.

Director Qualifications

The Nominating and Governance Committee reviews candidates for service on the Board and recommends nominees for election to fill vacancies on the Board, including nomination for re-election of directors whose terms are due to expire. In discharging its responsibilities to nominate candidates for election to the Board, the Nominating and Governance Committee endeavors to identify, recruit and nominate candidates characterized by wisdom, maturity, sound judgment, excellent business skills and high integrity. The Nominating and Governance Committee generally recommends that any new director be appointed to the class of directors that is up for re-election at the next annual meeting of stockholders, while maintaining the quality of distribution of the three classes of directors that comprise the Board. The Nominating and Governance Committee seeks to assure that the Board is composed of individuals of diverse backgrounds who have a variety of complementary experience, training and relationships relevant to our business. This diversity of background and experience includes ensuring that the Board includes individuals with experience or skills sufficient to meet the requirements of the various rules and regulations of NASDAQ and the SEC, such as the requirements to have a majority of independent directors and an Audit Committee Financial Expert. In nominating candidates to fill vacancies created by the expiration of the term of a director, the Nominating and Governance Committee determines whether the incumbent director is willing to stand for re-election. The Nominating and Governance Committee evaluates each director s performance to determine suitability for re-election, taking into consideration, among other things, each director s willingness to fully participate and contribute to the Board and its committees, ability to work constructively with the rest of the members of the Board, personal and professional integrity and familiarity with our business, operations and markets.

Each of the nominees to fill positions as Class III directors has consented to serve if elected. However, if any of the persons nominated by the Board subsequently declines to accept election, or is otherwise unavailable for election prior to the Annual Meeting, proxies solicited by the Board will be voted by the proxy holders for the election of any other person or persons as the Board may recommend, at its option, or may decide to further reduce the number of directors that constitute the entire Board.

Information Regarding Nominees and Continuing Directors

Set forth below is information regarding each person nominated for election as a Class III director at the Annual Meeting, as well as for each director continuing service on the Board, including their ages as of March 24, 2016, the periods during which they have served as a director, certain information as to their principal occupations, directorships they hold in corporations whose shares are publicly registered and qualifications for serving as a member of the Board, including the skills, qualities, attributes and experiences that led the Board to determine it is appropriate to nominate these directors.

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Nominees for Election as Class III Directors whose terms expire at the 2016 Annual Meeting of Stockholders. If re-elected the Class III Directors terms would expire at the 2019 Annual Meeting of Stockholders.

John P. Daane

Director since 2016

Age 52

John P. Daane has been a member of our Board since January 2016. Mr. Daane served as President, CEO, and a board member of Altera Corporation, a semiconductor company, from November 2000 through Altera s acquisition by Intel Corporation in December 2015. Mr. Daane also served as Chairman of Altera s board from May 2003 through December 2015. From June 1985 through November 2000, Mr. Daane worked for LSI Logic Corporation, a semiconductor manufacturer, in a variety of positions starting as an engineering intern and ending as Executive Vice President of the Communication Product Divisions, including the Networking, Wireless, Telecom, Computer and Consumer Divisions, and central engineering. Mr. Daane also served as a board member of the Semiconductor Industry Association from January 2003 through December 2015. Mr. Daane holds a B.A. in Artificial Intelligence from the University of California at Berkeley.

The Board believes that Mr. Daane brings extensive executive leadership experience in the technology industry, including as the former CEO of Altera. His service as a former CEO of a large public company combined with his technology expertise allows him to provide significant contributions to the Board. The Board also benefits from his service as a member of the Compensation Committee.

Marcel Gani

Director since 2014

Age 63

Marcel Gani has been a member of our Board since June 2014. Mr. Gani has been an independent consultant since 2009. His previous experience includes Lecturer in Accounting and Finance at the Leavey School of Business at Santa Clara University, and multiple roles at Juniper Networks, Inc., including Chief of Staff from January 2005 to March 2006 and Executive Vice President and Chief Financial Officer (CFO) from February 1997 to December 2004. Prior to Juniper, Mr. Gani served as Vice President and CFO of NVIDIA Corporation from February 1996 to February 1997. Mr. Gani also served as CFO of Grand Junction Networks, Primary Access Corporation and NeXT Computer, Inc. Mr. Gani currently serves on the board of directors of SolarEdge Technologies, Inc., a power optimizer solutions company. Mr. Gani previously served on the board of directors of Envivo, Inc., a video technology company, from May 2011 through October 2015.

The Board believes that Mr. Gani s executive management experience as a former CFO for various public and private companies in the technology industry provides the Board with broad experience in finance, including accounting and financial reporting. In addition, the Board also benefits from his service as Chairman of our Compensation Committee and a member of our Audit Committee, as well as an Audit Committee Financial Expert.

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Mark A. Wegleitner

Director since 2011

Age 65

Mark A. Wegleitner has been a member of the Board since May 2011. Since April 2011, Mr. Wegleitner has served as President of Wegleitner Consulting, LLC, a privately owned telecommunications consulting company. From September 2007 until his retirement in July 2010, Mr. Wegleitner served as the Senior Vice President, Technology, for Verizon Communications Inc., a telecommunications company, where his responsibilities included technology assessment, network architecture, platform development and laboratory testing for wireline and wireless communications networks. From July 2000 to September 2007, he served as Chief Technology Officer (CTO) for Verizon, with responsibility for wireline communications technologies. Prior to the creation of Verizon, Mr. Wegleitner held various positions in the Network Services division of Bell Atlantic, a telecommunications company, including CTO from January 1999 to July 2000. Prior to joining Bell Atlantic, he worked at Bell Laboratories and AT&T General Departments.

The Board believes that Mr. Wegleitner s extensive experience in the telecommunications industry provides the Board with a high level of expertise and experience. The Board also benefits from Mr. Wegleitner s service as Chairman of our Nominating and Governance Committee and our Technology and Acquisition Committee.

Incumbent Class II Directors whose terms expire at the 2018 Annual Meeting of Stockholders.

Paul J. Milbury

Director since 2010

Age 67

Paul J. Milbury has been a member of the Board since July 2010. Mr. Milbury served as Vice President of Operations and CFO of Starent Networks, Corp., a provider of mobile network solutions, from January 2007 until its acquisition by Cisco Systems, Inc., a networking and telecommunications company, in December 2009. From December 2009 to July 2010, Mr. Milbury played a key role in integrating Starent Networks into Cisco Systems to create the Mobile Internet Technology Group. From December 2000 to March 2007, Mr. Milbury served as Vice President and CFO of Avid Technology, Inc., a digital media creation, management and distribution solutions company. Mr. Milbury currently serves on the board of directors of Gigamon, Inc., a provider of network traffic visibility solutions, enabling stronger security and superior performance.

As Chairman of our Audit Committee and as an Audit Committee Financial Expert, Mr. Milbury provides the Board with a strong understanding and high level of experience in the areas of finance, accounting and operations. The Board also benefits from Mr. Milbury s service as a member of our Compensation Committee, his executive management experience at Starent Networks, Cisco Systems and Avid Technology, and his experience as a director at various public and private companies.

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David F. Welch, Ph.D.

Director since 2010

Age 55

David F. Welch, Ph.D. co-founded Infinera and has served as our President since June 2013 and as a member of the Board since October 2010. Dr. Welch has served as our Executive Vice President, Chief Strategy Officer from January 2004 to June 2013, as our Chief Development Officer/Chief Technology Officer from May 2001 to January 2005, as our Chief Marketing Officer from January 2005 to January 2009, and as a member of our Board from May 2001 to November 2006. Prior to joining Infinera, Dr. Welch served in various executive roles, including as Chief Technology Officer of the Transmission Products Group of JDS Uniphase Corporation, an optical component company, and Chief Technology Officer and Vice President of Corporate Development of SDL Inc., an optical component company. Dr. Welch holds over 130 patents, and has been awarded the Optical Society of America s (OSA) Adolph Lomb Medal, Joseph Fraunhofer Award, the John Tyndall Award and the IET JJ Thompson Medal for Achievement in Electronics, in recognition of his technical contributions to the optical industry. He is a Fellow of OSA and the Institute of Electrical and Electronics Engineers.

As co-founder and President of Infinera, Dr. Welch has strong institutional knowledge of Infinera, coupled with a deep technical understanding of the optical networking industry. The Board believes that Dr. Welch s leadership skills, industry experience and comprehensive technical knowledge provide the Board with an important perspective into our product development, marketing and selling strategies. The Board also benefits from Dr. Welch s service as a member of our Technology and Acquisition Committee.

Incumbent Class I Directors whose terms expire at the 2017 Annual Meeting of Stockholders.

Thomas J. Fallon

Director since 2009

Age 54

Thomas J. Fallon has served as our CEO since January 2010 and as a member of our Board since July 2009. From January 2010 to June 2013, Mr. Fallon also served as our President. Mr. Fallon served as our Chief Operating Officer from October 2006 to December 2009, and as our Vice President of Engineering and Operations from April 2004 to September 2006. From August 2003 to March 2004, Mr. Fallon was Vice President, Corporate Quality and Development Operations at Cisco Systems. From March 1991 to August 2003, Mr. Fallon served in a variety of functions at Cisco, including General Manager of the Optical Transport Business Unit and Vice President of Service Provider Manufacturing. Prior to joining Cisco, Mr. Fallon served in various manufacturing roles at Sun Microsystems and Hewlett Packard. Mr. Fallon currently serves on one other public company board, Hercules Capital, Inc., a specialty finance company. Mr. Fallon also serves on the Engineering Advisory Board of the Cockrell School at the University of Texas.

As the CEO of Infinera, the Board believes that Mr. Fallon provides significant institutional knowledge of Infinera and industry knowledge, as well as key insight and advice in the Board s consideration and oversight of corporate strategy and management development. The Board believes that Mr. Fallon s leadership skills and executive management experience, along with his operational management experience and technical expertise, enable Mr. Fallon to make significant contributions to the Board.

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Kambiz Y. Hooshmand Director since 2009 Age 54	**Kambiz Y. Hooshmand** has been a member of the Board since December 2009 and has served as Chairman of the Board since October 2010. From March 2005 to May 2009, Mr. Hooshmand served as President and CEO of Applied Micro Circuits Corporation (AMCC), a communications solutions company. From February 2002 to March 2005, Mr. Hooshmand served as Group Vice President and General Manager of Cisco Systems. From March 2000 to February 2002, Mr. Hooshmand served as Vice President and Division General Manager of the DSL Business Unit at Cisco Systems. From June 1997 to February 2000, Mr. Hooshmand served as Cisco Systems Vice President of Engineering. From January 1992 to June 1997, Mr. Hooshmand served as Director of Engineering of StrataCom, Inc., a networking solutions company, which was acquired by Cisco Systems. Mr. Hooshmand served on the board of directors of Power-One, Inc., an energy efficient power solutions company, from October 2009 to July 2013. Power-One was acquired by ABB Ltd., a power and automation technology company, in July 2013. As the Chairman of the Board of Infinera, Mr. Hooshmand brings his leadership skills, industry experience and comprehensive knowledge of our business, financial position and operations to the Board deliberations. Mr. Hooshmand brings significant executive management and technical experience in the networking industry as a result of his executive positions at AMCC, Cisco Systems and StrataCom. The Board also benefits from Mr. Hooshmand s service as a member of our Audit Committee, Nominating and Governance Committee and Technology and Acquisition Committee.
Rajal M. Patel Director since 2015 Age 47	**Rajal M. Patel** has been a member of the Board since September 2015. Mr. Patel brings more than 20 years of experience in scaling cloud infrastructure and applications for consumer Internet, SaaS and other service providers globally. Since March 2014, Mr. Patel has served as the Head of Cloud Engineering at Pinterest. Prior to Pinterest, Mr. Patel served as Senior Vice President for Technical Operations at Salesforce.com from July 2013 to December 2013. Mr. Patel was Vice President for Cloud Services Engineering at Cisco from April 2010 to July 2013 for the Webex collaboration portfolio, and held various engineering and management roles at Yahoo! Inc. from 2004 to early 2010. Prior to joining Yahoo!, Mr. Patel worked at Exodus Communications, which was shortly thereafter acquired by Cable and Wireless. While at Cable and Wireless, Mr. Patel served as Vice President of Network Services and facilitated the integration of Exodus technology assets into Cable and Wireless. Mr. Patel began his career at Pacific Bell, which is now AT&T, and over a 10 year span was last the GM of the Advanced Technologies Group. With over 20 years of experience in technology management and engineering over several transformations of infrastructure and networking technologies ranging from traditional service providers to the most modern webscale networks at the advent of consumer internet providers, the Board believes that Mr. Patel s leadership and know-how are additive to Infinera as it pursues these markets. The Board also benefits from his service on the Nominating and Governance Committee and Technology and Acquisition Committee.

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Vote Required

Directors are elected by a majority vote, which means that each of the three director nominees requires the affirmative vote of a majority of the votes cast in order to be elected. Abstentions will have the same effect as an AGAINST vote. Broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on this proposal and will not affect the outcome of the vote.

Proposal 1 Recommendation of the Board

The Board unanimously recommends a vote FOR the election of each of the three Class III nominees listed above.

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CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

We have adopted a number of policies and practices, some of which are described below, that highlight our commitment to sound corporate governance principles. We also maintain a Corporate Governance section on the Investor Relations page on our website, which can be found at *www.infinera.com*.

Independence of the Board

In accordance with the current listing standards of NASDAQ, the Board, on an annual basis, affirmatively determines the independence of each director or nominee for election as a director. The Board has determined that, with the exception of Mr. Fallon and Dr. Welch, both of whom are employees of Infinera, all of its members are independent directors, using the definition of that term in the listing standards of NASDAQ. Also, all members of the Audit Committee, Compensation Committee and Nominating and Governance Committee, as more fully described below, are independent directors.

Stockholder Communications with the Board

Stockholders may communicate with the Board by writing to the following address:

Board of Directors

c/o Corporate Secretary

Infinera Corporation

140 Caspian Court

Sunnyvale, California 94089

Communications are distributed to the Board or to any individual director, as appropriate, depending on the facts and circumstances outlined in the communication. At the direction of the Board, all mail received may be opened and screened for security purposes. Communications that are unduly hostile, threatening, illegal or similarly unsuitable will be excluded with the provision that any communication that is filtered out will be made available to any independent or non-employee director upon request.

Board Leadership Structure

In January 2010, we separated the positions of Chairman of the Board and CEO. Separating these positions allows our CEO to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. While our Bylaws do not require that our Chairman of the Board and CEO positions be separate, the Board believes that having separate positions is the appropriate leadership structure for Infinera at this time and demonstrates our commitment to good corporate governance practices. The Board has assigned the Chairman of the Board with responsibility for presiding over meetings of the Board, developing meeting agendas, facilitating communication between management and the Board, representing director views to management and improving meeting effectiveness, among other things.

The Board believes that its leadership structure is appropriate. The Board also believes that the combination of an independent chairman, three of our four committees comprised entirely of independent directors and the regular use of executive sessions of the independent directors enables the Board to maintain independent oversight of our strategies and activities.

Board Oversight of Risk

Risk is inherent with every business and the Board is responsible for overseeing our risk management function. Members of our senior management team are responsible for implementation of our day-to-day risk management processes, while the Board, as a whole and through its committees, has responsibility for the oversight of overall risk management. In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. In addition, each of the committees of the Board considers any risks that may be within its area of

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responsibilities and Board members, or Board committee members, periodically engage in discussions with members of our senior management team as appropriate. Specifically, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with certain public reporting requirements. The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Nominating and Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance. The Technology and Acquisition Committee assists the Board in fulfilling its oversight responsibilities with respect to managing the risks associated with technology development and acquisitions and investments. Each of the committee Chairs reports to the full Board at regular meetings concerning the activities of the committee, the significant issues it has discussed and the actions taken by the committee.

Code of Business Conduct and Ethics

We recently updated our Code of Business Conduct and Ethics, which applies to all of our employees, officers (including our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions) and our directors. The Code of Business Conduct and Ethics reflects our policy of dealing with all persons, including our customers, employees, investors and suppliers, with honesty and integrity. All employees are required to complete training on our Code of Business Conduct and Ethics. A copy of our Code of Business Conduct and Ethics is posted on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page. You may also obtain a copy of our Code of Business Conduct and Ethics without charge by writing to: Infinera Corporation, c/o Corporate Secretary, 140 Caspian Court, Sunnyvale, California 94089. We intend to disclose future amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of such provisions, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and our directors on our website identified above or on a Form 8-K if required by the applicable listing standards.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines which govern, among other things, board composition, board responsibilities, committee composition, management succession and stockholder communications. You can access these Corporate Governance Guidelines, along with other materials such as Board committee charters, on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page.

Stock Ownership Policy

The Board believes that it is important to link the interests of our directors and management to those of our stockholders. Accordingly, the Board has adopted a Stock Ownership Policy for our directors and executive officers who are designated as reporting officers under Section 16 of the Exchange Act (Section 16 Officers). For additional information regarding our Stock Ownership Policy, please see the section entitled Compensation Discussion and Analysis Additional Information Regarding Our Compensation Practices Stock Ownership Policy.

Information Regarding the Board and its Committees

The Board met eight times during fiscal 2015. The Board did not act by written consent during fiscal 2015. During fiscal 2015, each director then in office attended 75% or more of the meetings of the Board and the committees on which he served during the period for which he was a director, committee chairman or committee member, as applicable. Our independent directors meet in executive sessions, without management present, during most regular meetings of the Board. Directors are encouraged, but not required, to attend our annual meetings of stockholders. Two members of the Board attended our 2015 Annual Meeting of Stockholders.

The Board has four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, and a Technology and Acquisition Committee. Mr. Fallon does not serve on any

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committees of the Board. All members served the entire fiscal year unless otherwise noted. The following table provides membership and meeting information for the Board and each of the committees of the Board as of the end of fiscal 2015:

Name	Board[1]	Audit	Compensation	Nominating and Governance	Technology and Acquisition
James A. Dolce, Jr.[2]	M				M
Thomas J. Fallon	M				
Marcel Gani	M	M		M	
Kambiz Y. Hooshmand	C	M		M	C
Paul J. Milbury	M	C	M		
Rajal M. Patel[3]	M				
Carl Redfield[4]	M		M	C	
Mark A. Wegleitner	M		C		M
David F. Welch, Ph.D.	M				M
Total Meetings in Fiscal 2015	8	8	7	4	3

C = Chairman; M = Member

(1) Mr. Daane was appointed to the Board effective January 14, 2016 and did not begin his service as a director until after the end of fiscal 2015.
(2) Mr. Dolce resigned as a director effective January 26, 2016.
(3) Mr. Patel was appointed as a director effective September 17, 2015.
(4) On January 14, 2016, Mr. Redfield informed the Board that he will be resigning from the Board effective immediately prior to the Annual Meeting and will not be standing for re-election.

Below is a description of each standing committee of the Board as well as the current composition of each committee.

Audit Committee

The Audit Committee reviews and monitors our financial statements, financial reporting process and our external audits, including, among other things, our internal controls and audit functions, the results and scope of the annual audit and other services provided by our independent registered public accounting firm as well as our compliance with legal matters that have a significant impact on our financial statements. Our Audit Committee also consults with our management and our independent registered public accounting firm prior to the presentation of financial statements to stockholders and, as appropriate, initiates inquiries into aspects of our financial affairs. Our Audit Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. In addition, our Audit Committee is directly responsible for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm, including approving services and fee arrangements. Any related party transactions are subject to approval by our Audit Committee. A more detailed description of the Audit Committee s functions can be found in our Audit Committee charter. In addition, the Audit Committee meets in executive sessions, without management present and with the independent registered public accounting firm, during most regular meetings of the Audit Committee. A copy of the Audit Committee charter is available on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page.

The current members of the Audit Committee are Messrs. Gani, Hooshmand and Milbury. Mr. Milbury chairs the Audit Committee. The Audit Committee met eight times during fiscal 2015. The Audit Committee did not act by written consent during fiscal 2015. Each member of our Audit Committee is independent for Audit Committee purposes under the rules and regulations of the SEC and the listing standards of NASDAQ. In addition to qualifying as independent under the NASDAQ rules, each member of our Audit Committee can read and understand fundamental financial statements in accordance with NASDAQ Audit Committee requirements. The Board has determined that Messrs. Gani and Milbury are each an Audit Committee Financial Expert as defined in Item 407(d)(5)(ii) of Regulation S-K. The designation does not impose on Messrs. Gani and Milbury any duties, obligations or liabilities that are greater than are generally imposed on them as members of the Audit Committee and the Board.

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Compensation Committee

The Compensation Committee has the responsibility, authority and oversight relating to the development of our overall compensation strategy and compensation policies and programs. The Compensation Committee establishes our compensation philosophy and policies, administers all of our compensation plans for executive officers, and recommends the compensation for the non-employee directors of the Board. The Compensation Committee seeks to assure that our compensation policies and practices promote stockholder interests and support our compensation objectives and philosophy as described in more detail in the Compensation Discussion and Analysis section of this Proxy Statement.

The Compensation Committee also oversees, reviews and administers all of our material employee benefit plans, including our 401(k) plan, and reviews and approves various other compensation policies and matters. The Compensation Committee may form and delegate authority to one or more subcommittees as appropriate. A more detailed description of the Compensation Committee s functions can be found in our Compensation Committee charter. A copy of the Compensation Committee charter is available on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page.

During fiscal 2015, the members of the Compensation Committee were Messrs. Milbury, Redfield and Wegleitner. The current members of the Compensation Committee as of February 24, 2016 are Messrs. Daane, Gani, Milbury and Redfield. Mr. Wegleitner chaired the Compensation Committee through February 24, 2016 and was replaced as chair by Mr. Gani. The Compensation Committee met seven times during fiscal 2015. The Compensation Committee acted by written consent one time during fiscal 2015. Each member of our Compensation Committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act, an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code (Section 162(m)) and satisfies the director and compensation committee independence requirements under the listing standards of NASDAQ.

On January 14, 2016, Mr. Redfield informed the Board that he will be resigning from the Board and as a member of the Compensation Committee effective immediately prior to the Annual Meeting and will not be standing for re-election.

Non-Executive Equity Award Subcommittee

The guidelines for the size of new hire, promotional and annual retention equity awards for Section 16 Officers are reviewed and approved by the Compensation Committee. The Compensation Committee has delegated to the Non-Executive Equity Award Subcommittee (the Subcommittee), consisting of the CEO, General Counsel and Vice President of Human Resources, the authority to formally approve new hire, promotional and annual retention equity awards to certain employees pursuant to guidelines pre-approved by the Compensation Committee. The delegation to the Subcommittee does not include the authority to grant equity awards to new employees who are or are reasonably expected to become Section 16 Officers or to current Section 16 Officers. The delegation of authority to the Subcommittee is not exclusive and the Board and Compensation Committee have retained the right to approve any equity awards at their discretion. The Subcommittee acted by written consent 12 times during fiscal 2015.

Nominating and Governance Committee

The Nominating and Governance Committee reviews and recommends changes to corporate governance policies and practices applicable to Infinera. In addition, the Nominating and Governance Committee is responsible for identifying, evaluating and making recommendations of nominees to the Board and evaluating the performance of the Board and individual directors, including those eligible for re-election at the annual meeting of stockholders. The Nominating and Governance Committee also oversees an annual board evaluation process to determine whether the Board is functioning effectively. The Nominating and Governance Committee is also responsible for reviewing developments in corporate governance practices, and evaluating and making recommendations to the Board concerning corporate governance matters. A more detailed description of the Nominating and Governance Committee s functions can be found in our Nominating and Governance Committee charter. A copy of the Nominating and Governance Committee charter is available on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page.

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During fiscal 2015, the members of the Nominating and Governance Committee were Messrs. Gani, Hooshmand and Redfield. The current members of the Nominating and Governance Committee as of February 24, 2016 are Messrs. Hooshmand, Patel, Redfield and Wegleitner. Mr. Redfield chaired the Nominating and Governance Committee through February 24, 2016 and was replaced as chair by Mr. Wegleitner. The Nominating and Governance Committee met four times during fiscal 2015. The Nominating and Governance Committee did not act by written consent during fiscal 2015. Each member of the Nominating and Governance Committee satisfies the independence requirements under the listing standards of NASDAQ.

On January 14, 2016, Mr. Redfield informed the Board that he will be resigning from the Board and as a member of the Nominating and Governance Committee effective immediately prior to the Annual Meeting and will not be standing for re-election.

Board Nominees and Diversity

The Nominating and Governance Committee reviews and reports to the Board on a periodic basis with regard to matters of corporate governance, and reviews, assesses and makes recommendations on the effectiveness of our corporate governance policies. In addition, our Nominating and Governance Committee reviews and makes recommendations to the Board regarding the size and composition of the Board and the appropriate qualities and skills required of our directors in the context of the then-current composition of the Board. This includes an assessment of each candidate s independence, personal and professional integrity, financial literacy or other professional or business experience relevant to an understanding of our business, ability to think and act independently and with sound judgment, and ability to serve our stockholders long-term interests. While we do not have a formal written policy on director diversity, the Board and the Nominating and Governance Committee consider diversity when reviewing the overall composition of the Board and considering the slate of nominees for annual election to the Board and the appointment of individual directors to the Board. Diversity, in this context, includes factors such as experience, specialized expertise, geographic location, cultural background, gender and ethnicity. These factors, and others considered useful by our Nominating and Governance Committee, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of our Nominating and Governance Committee and of the Board may change from time to time to take into account changes in business and other trends, as well as the portfolio of skills and experience of current and prospective directors.

Our Nominating and Governance Committee leads the search for, selects and recommends candidates for election to the Board. Consideration of new director candidates typically involves a series of committee discussions, review of information concerning candidates and interviews with selected candidates. Candidates for nomination to the Board typically have been suggested by other members of the Board or by our executive officers. From time to time, our Nominating and Governance Committee may engage the services of a third-party search firm to identify director candidates. Our Nominating and Governance Committee will also consider candidates proposed in writing by stockholders, provided such proposal meets the eligibility requirements for submitting stockholder proposals for inclusion in our next proxy statement and is accompanied by the required information about the candidate specified in Section 2.4 of our Bylaws. Candidates proposed by stockholders are evaluated by our Nominating and Governance Committee using the same criteria as for all other candidates.

If a stockholder wishes to recommend a director candidate for consideration by the Nominating and Governance Committee, pursuant to our Corporate Governance Guidelines, the stockholder must have held at least 1,000 shares of our common stock for at least six months and must notify the Nominating and Governance Committee by writing to our Corporate Secretary at our principal executive offices, and must include the following information:

- To the extent reasonably available, information relating to such director candidate that would be required to be disclosed in a proxy statement pursuant to Regulation 14A under the Exchange Act, in which such individual would be a nominee for election to the Board;

- The director candidate s written consent to (a) if selected, be named in our proxy statement and proxy, and (b) if elected, to serve on the Board;

- The other information set forth in the applicable sections of Section 2.4 of our Bylaws; and

Any other information that such stockholder believes is relevant in considering the director candidate.

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Technology and Acquisition Committee

The Technology and Acquisition Committee reviews with management, makes recommendations to the Board on and, when expressly authorized by the Board, approves acquisitions, investments, joint ventures and other strategic transactions in which we may engage from time to time. The Technology and Acquisition Committee also evaluates the execution, financial results and integration of any such potential transactions. In addition, the Technology and Acquisition Committee provides advice and counsel on matters relating to technology development and innovation, as well as enhancing the Board s understanding to allow for better input and direction regarding our strategy, progress and risks. A more detailed description of the Technology and Acquisition Committee s functions can be found in our Technology and Acquisition Committee charter. A copy of the Technology and Acquisition Committee charter is available on our website at *www.infinera.com* in the Corporate Governance section on our Investor Relations page.

During fiscal 2015, the members of the Technology and Acquisition Committee were Messrs. Dolce, Hooshmand and Wegleitner and Dr. Welch. The current members of the Technology and Acquisition Committee as of February 24, 2016 are Messrs. Hooshmand, Patel and Wegleitner and Dr. Welch. Mr. Hooshmand chaired the Technology and Acquisition Committee through February 24, 2016 and was replaced as chair by Mr. Wegleitner. The Technology and Acquisition Committee met three times during fiscal 2015. The Technology and Acquisition Committee did not act by written consent during fiscal 2015. Mr. Dolce resigned as a director effective January 26, 2016.

Compensation Committee Interlocks and Insider Participation

During fiscal 2015, the Compensation Committee of the Board consisted of Messrs. Milbury, Redfield and Wegleitner. None of these individuals was at any time during fiscal 2015, or at any other time, an executive officer or employee of Infinera. No member of our Compensation Committee had any relationship with Infinera during fiscal 2015 requiring disclosure under Item 404 of Regulation S-K under the Exchange Act. None of our executive officers has ever served as a member of the board or compensation committee of any other entity that has or has had one or more executive officers serving as a member of the Board or Compensation Committee.

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COMPENSATION OF DIRECTORS

Our compensation program for our non-employee directors is designed to attract and retain highly-qualified, independent directors to represent stockholders on the Board and to act in their best interests. The Compensation Committee, which consists solely of independent directors, has the primary responsibility for reviewing and recommending any changes to our director compensation program, with compensation changes approved or ratified by the full Board. During fiscal 2015, the Compensation Committee engaged an outside advisor to provide relevant market data regarding our director compensation program in order to review the program. The Compensation Committee and Board determined that a mix of cash compensation and equity awards should continue to be used in our compensation program for our non-employee directors. Directors who are also employees of Infinera do not participate in our director compensation program, nor do they receive any additional compensation for their service as directors. The full Board approved some changes to the director cash compensation program beginning in fiscal 2016 as noted below.

Director Fees

During fiscal 2015, our cash compensation program for our non-employee directors was as follows:

Position	Annual Retainer Fee ($)
Non-Employee Director	50,000
Chairman of the Board	40,000
Audit Committee Chair	30,000
Audit Committee Member	12,500
Compensation Committee Chair	20,000
Compensation Committee Member	8,000
Nominating and Governance Committee Chair	10,000
Nominating and Governance Committee Member	5,000
Technology and Acquisition Committee Chair	10,000
Technology and Acquisition Committee Member	5,000

Beginning at the start of fiscal 2016, the Board approved changes to our cash compensation program for non-employee directors as follows: the annual retainer for the Chairman of the Board was increased from $40,000 annually to $50,000 annually; the annual retainer for the members of the Compensation Committee was increased from $8,000 annually to $10,000 annually; the annual retainer for the Chair of the Nominating and Governance Committee was increased from $10,000 annually to $11,000 annually; and the annual retainer for the members of the Nominating and Governance Committee was increased from $5,000 annually to $6,000 annually.

We do not pay any meeting fees for the Board or any of the committees of the Board. We pay the retainer fees set forth above in quarterly installments. Retainer fees are paid in arrears. In addition, we have a policy of reimbursing our non-employee directors for reasonable travel, lodging and other expenses incurred in connection with their attendance at Board and committee meetings.

Director Equity Awards

Non-employee directors are eligible to receive equity awards as follows:

Initial RSU Award. Each individual who commences service as a non-employee director upon his or her election or appointment to the Board at an annual meeting of stockholders will receive a RSU award for a number of shares with an aggregate fair market value as reported on NASDAQ equal to $165,000. The Initial RSU Award vests in annual installments over three years, provided that the non-employee director remains a service provider of Infinera on each applicable vesting date.

Annual RSU Award. On the date of each annual meeting of stockholders, each individual who continues to serve as a non-employee director after that annual meeting will be eligible to receive a RSU award for a number of shares with an aggregate fair market value as reported on NASDAQ equal to $165,000. The Annual RSU Award will vest as to 100% of the shares on the earlier of the date of the next annual meeting of stockholders or the one-year anniversary of the date of grant, provided that the non-employee director remains a service provider of Infinera on the vesting date.

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In addition to the Initial RSU Award, any individual who is first elected or appointed as a non-employee director other than at an annual meeting of stockholders and at least six months prior to the next annual meeting of stockholders will also be eligible for a RSU award for a number of shares with an aggregate fair market value as reported on NASDAQ equal to $165,000 pro-rated for the number of months remaining until the next scheduled annual meeting of stockholders.

For the Annual RSU Award in connection with the 2015 Annual Meeting of Stockholders, we granted RSU awards in the amount of 7,913 shares of Infinera common stock to each non-employee director then in office. These RSU awards vest in full on May 12, 2016, subject to each non-employee director s continued service to Infinera on the vesting date.

Fiscal 2015 Director Compensation

The following table sets forth all of the compensation awarded to or earned by the non-employee members of the Board in fiscal 2015.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Total ($)
James A. Dolce, Jr.(3)	55,000	168,389		223,389
Marcel Gani	67,500	168,389		235,889
Kambiz Y. Hooshmand	117,500	168,389		285,889
Paul J. Milbury	88,000	168,389		256,389
Rajal M. Patel(4)	13,874	278,520		292,394
Carl Redfield(5)	68,000	168,389		236,389
Mark A. Wegleitner	75,000	168,389		243,389

(1) For a description of the annual non-employee director retainer fees and retainer fees for chair positions and for service as Chairman of the Board, see the disclosure above under Director Fees.

(2) The amounts reported in this column represent the aggregate grant date fair value of the RSU awards granted in fiscal 2015 computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC 718) and without any adjustment for estimated forfeitures. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the non-employee directors with respect to these awards at the time the shares of Infinera common stock underlying the RSU awards are vested and/or sold. There can be no assurance that the actual value realized by a non-employee director will be at or near the grant date fair value of the RSU awards granted.

(3) Mr. Dolce resigned as a director effective January 26, 2016 and the outstanding RSUs were cancelled.

(4) Mr. Patel was appointed as a director effective September 17, 2015.

(5) Mr. Redfield has decided not to stand for re-election and will no longer serve as a director after the Annual Meeting.

Additional Information with Respect to Director Equity Awards

Name	Shares Subject to Stock Awards Outstanding at Fiscal Year-End (#)(1)	Shares Subject to Option Awards Outstanding at Fiscal Year-End (#)(2)
James A. Dolce, Jr.(3)	20,585	
Marcel Gani	19,766	
Kambiz Y. Hooshmand	7,913	
Paul J. Milbury	7,913	7,600
Rajal M. Patel(4)	13,113	
Carl Redfield(5)	7,913	107,100
Mark A. Wegleitner	7,913	40,000

(1) Includes unvested RSU awards.
(2) Includes both vested and unvested stock options to purchase shares of Infinera common stock.
(3) Mr. Dolce resigned as a director effective January 26, 2016 and the outstanding RSUs were cancelled.
(4) Mr. Patel was appointed as a director effective September 17, 2015.
(5) Mr. Redfield has decided not to stand for re-election and will no longer serve as a director after the Annual Meeting.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us regarding beneficial ownership of our common stock as of the Record Date by:

Each person known by us to be the beneficial owner of more than 5% of any class of our voting securities;

Our named executive officers;

Each of our directors; and

All current named executive officers and directors as a group.

The information provided in this table is based on our records, information filed with the SEC and information provided to Infinera, except where otherwise noted. To our knowledge and unless as otherwise indicated, each stockholder possesses sole voting and investment power over the shares listed, except for shares owned jointly with such person s spouse. Percentage beneficially owned is based on 141,417,504 shares of common stock outstanding on the Record Date. Unless otherwise indicated, the principal address of each of the stockholders below is c/o Infinera Corporation, 140 Caspian Court, Sunnyvale, California 94089.

Name of Beneficial Owner	Common Shares Currently Held	Common Shares That May Be Acquired Within 60 Days of the Record Date[1]	Total Beneficial Ownership	Percent Beneficially Owned
5% or More Stockholders				
FMR LLC[2]	20,970,781		20,970,781	14.8%
The Vanguard Group[3]	9,878,284		9,878,284	7.0%
BlackRock, Inc.[4]	8,236,147		8,236,147	5.8%
Named Executive Officers and Directors				
Thomas J. Fallon[5]	888,815	404,075	1,292,890	*
Brad D. Feller	61,628	20,770	82,398	*
David F. Welch, Ph.D.[6]	1,356,314	920,069	2,276,383	1.6%
Robert J. Jandro	49,210	19,537	68,747	*
James L. Laufman	10,152		10,152	*
John P. Daane[7]				*
Marcel Gani	23,707	7,913	31,620	*
Kambiz Y. Hooshmand[8]	67,576	7,913	75,489	*
Paul J. Milbury	17,342	15,513	32,855	*
Rajal M. Patel		5,245	5,245	*
Carl Redfield[9]	88,010	115,013	203,023	*
Mark A. Wegleitner	30,476	47,913	78,389	*
All current executive officers and directors as a group (12 persons)	2,593,230	1,563,961	4,157,191	2.9%

* Less than 1% of the outstanding shares of common stock.

(1) Includes shares represented by vested, unexercised stock options as of the Record Date and stock options, RSUs or other rights that are expected to vest within 60 days of the Record Date. These shares are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding

the stock options or RSUs, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Information based on a Schedule 13G/A filed with the SEC on February 12, 2016 by FMR LLC (FMR), Abigail P. Johnson (FMR s Director, Vice Chairman, Chief Executive Officer and President) and Fidelity Growth Company Fund (Fidelity). Such amendment states that FMR is deemed to be the beneficial owner of 20,970,781 shares by virtue of its control over Fidelity, which is deemed to be the beneficial owner of 12,689,328 shares as a result of its acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940. Such amendment further states that (a) FMR has sole voting power over 4,015,768 shares, shared voting power over no shares, sole dispositive

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power over 20,970,781 shares, and shared dispositive power over no shares; (b) Ms. Johnson has neither sole nor shared voting power over any shares, sole dispositive power over 20,970,781 shares, and shared dispositive power over no shares and (c) Fidelity has sole voting power over 12,689,328 shares, shared voting power over no shares, sole dispositive power over no shares, and shared dispositive power over no shares. The address of FMR is 245 Summer Street, Boston, Massachusetts 02210.

(3) According to a Schedule 13G/A filed with the SEC on February 11, 2016 by The Vanguard Group (Vanguard). Vanguard is the beneficial owner of 9,878,284 shares and has sole voting power with respect to 295,796 shares, shared voting power with respect to 7,300 shares, sole dispositive power with respect to 9,583,588 shares and shared dispositive power with respect to 294,696 shares. The address of Vanguard is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(4) According to a Schedule 13G/A filed with the SEC on February 26, 2016 by BlackRock, Inc. (BlackRock). BlackRock is the beneficial owner of 8,236,147 shares and has sole voting power with respect to 7,929,526 shares and sole dispositive power with respect to 8,236,147 shares. The address of BlackRock is 55 East 52nd Street, New York, New York 10055.

(5) Shares held by The Fallon Family Revocable Trust dated 9/7/94.

(6) Consists of (i) 14,132 shares held by Dr. Welch; (ii) 326,439 shares held by The Welch Family Trust dated 4/3/96; (iii) 319,493 shares held by LRFA, LLC, a limited liability company of which Dr. Welch is the sole managing member; (iv) 140,000 shares held by The Welch Group, L.P., a limited partnership of which Dr. Welch is the general partner; (v) 553,750 shares held by SEI Private Trust Company, Trustee of The Welch Family Heritage Trust I u/l dated 9/24/01; and (vi) 2,500 shares held by Dr. Welch as trustee for his children. Dr. Welch disclaims beneficial ownership of the shares held in trust for his children.

(7) Mr. Daane was appointed as a director effective January 14, 2016.

(8) Consists of (i) 35,234 shares held by Mr. Hooshmand; and (ii) 32,342 shares held by 2002 Hooshmand Family Trust UA 03/01/2002.

(9) Consists of (i) 39,562 shares held by Mr. Redfield; and (ii) 48,448 shares held by The Carl Redfield Trust 2000 dated 10/18/00.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information related to the fiscal 2015 compensation program and related decisions for our NEOs identified below. For fiscal 2015, these individuals were:

- Thomas J. Fallon, our CEO;
- Brad D. Feller, our CFO;
- David F. Welch, Ph.D., our President;
- Robert J. Jandro, our Senior Vice President, Worldwide Sales; and
- James L. Laufman, our Senior Vice President, General Counsel and Secretary.

Executive Summary

Our executive compensation program is designed to balance near-term results with long-term success and to encourage our executive officers to continue to build value through innovation and execution. To fulfill this mission, we have a pay-for-performance compensation philosophy that forms the foundation for all decisions regarding executive compensation made by the Compensation Committee of the Board. In addition, we are committed to equity-based pay practices, which help insure alignment of our executive officers interests with the interests of our stockholders.

Fiscal 2015 Business Highlights

We continued our transformation to a multi-market company in fiscal 2015 by adding metro and DCI to our core long-haul business. In August 2015, we successfully completed our public offer to the shareholders of Transmode, a metro packet-optical networking company based in Stockholm, Sweden. In addition, we enhanced our position in the DCI market in fiscal 2015 by expanding our Cloud Xpress offering to include 10 GbE, 40 GbE and 100 GbE client interfaces to meet additional customer requirements. We also introduced the XT-500, to provide a compact WDM solution optimized for long-haul interconnect applications.

Overall, we grew total revenue by 33% compared to fiscal 2014 including revenue from Transmode in the post-acquisition period. Organically, excluding the partial year of Transmode revenue, our revenue grew in the mid-20% range in fiscal 2015, marking the third consecutive year we have grown significantly faster than the overall WDM market. We also continued to expand our gross margin and operating margin in fiscal 2015, demonstrating the leverage we have achieved from our vertical integration, the value proposition of our Intelligent Transport Network and our commitment to prudent expense management. Highlights included:

- Revenue was $886.7 million in fiscal 2015, compared to $668.1 million in fiscal 2014 and $544.1 million in fiscal 2013.
- GAAP gross margin in fiscal 2015 was 45.5%, compared to 43.2% in fiscal 2014 and 40.2% in fiscal 2013. Non-GAAP gross margin[1] was 47.8% in fiscal 2015, compared to 44.0% in fiscal 2014 and 41.6% in fiscal 2013.
- GAAP operating income was $59.7 million in fiscal 2015, compared to operating income of $27.3 million in fiscal 2014 and operating loss of $24.1 million in fiscal 2013. Non-GAAP operating income[1] was $116.5 million in fiscal 2015, compared to $55.7 million in fiscal 2014 and $7.8 million in fiscal 2013.

GAAP net income in fiscal 2015 was $51.4 million, or $0.36 per diluted share, compared to $13.7 million, or $0.11 per diluted share, in fiscal 2014, and a net loss of $32.1 million, or $0.27 per diluted share in fiscal 2013.

(1) For a reconciliation of GAAP to non-GAAP gross profit, gross margin and operating income for fiscal years 2015, 2014 and 2013, please see Appendix A to this Proxy Statement.

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The following tables illustrate the growth in our revenue and non-GAAP operating income over the last three fiscal years (in millions):

(1) For a reconciliation of GAAP to non-GAAP gross profit, gross margin and operating income for fiscal years 2015, 2014 and 2013, please see Appendix A to this Proxy Statement.

We also continued to outperform our industry in terms of delivering stockholder returns, as shown by our 1-, 3- and 5-year TSR as compared to the S&P Networking Index.

Fiscal 2015 Executive Compensation Program Design Highlights

The design of our executive compensation program for fiscal 2015 promoted the continued strong alignment of the interests of our executive officers with those of our stockholders. Highlights of our executive compensation program for fiscal 2015 were:

The majority of our CEO s fiscal 2015 target total direct compensation was in equity.

66% of our CEO s target total direct compensation (the sum of base salary, target cash incentive opportunity and target equity incentive compensation) was in the form of equity awards, which links our CEO s compensation directly to the value of our common stock. In fiscal 2015, our CEO received two PSU awards for a total of 79,540 shares of our common stock (at target attainment) and a time-based RSU award for 55,240 shares of our common stock.

The majority of our CEO s fiscal 2015 target total direct compensation and target equity compensation were at risk.

59% of our CEO s target total direct compensation was fully at risk. This significant portion of his compensation was based on our performance against measurable performance objectives set forth under the 2015 Bonus Plan and PSU awards.

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60% of our CEO s target equity compensation was in the form of PSU awards. These PSU awards could be earned based on (i) our relative TSR performance measured over three performance periods against the S&P Networking Index (the 2015 TSR Award); and (ii) achievement of a pre-established minimum revenue target for sales of our CX family of products (CX PSU Award).

Our fiscal 2015 PSU awards included rigorous performance requirements. To support our pay-for-performance philosophy and further emphasize the importance of creating long-term stockholder value, our fiscal 2015 PSU awards contain several features we consider to be best practices. The 2015 TSR Award is consistent with prior year awards that measured our stock performance against a networking index. In fiscal 2015, we also included the CX PSU Award to highlight the importance of a new platform key to our long-term success.

2015 PSUs Measured on Relative TSR

Sustained performance requirement. To earn the maximum number of shares under the 2015 TSR Award, which is 150% of the target number of shares, our TSR must exceed that of the S&P Networking Index by 25 points or more as calculated on each of the one, two and three year measurement periods (coinciding with the end of our fiscal 2015, 2016 and 2017).

Steeper downside risk. The number of shares that may be earned under the 2015 TSR Award is reduced one and one-half times faster if our TSR underperforms the S&P Networking Index (3-to-1 downside) than it is increased if our TSR outperforms the S&P Networking Index (2-to-1 upside). For example, if we underperform the S&P Networking Index by 10 points of TSR, 70% of the target number of shares subject to the award would be earned. If we outperform the S&P Networking Index by 10 points of TSR, 120% of the target number of shares subject to the award would be earned.

Payment cap. Regardless of our performance versus the S&P Networking Index, the number of shares that may be earned under the 2015 TSR Award is capped at 100% of target for any period in which our TSR is negative. Therefore, even if we significantly outperform the S&P Networking Index in challenging market conditions, this award only provides rewards above the target performance level if incremental stockholder value is created.

PSUs Measured on Financial Objectives

In fiscal 2015, we included the CX PSU Award tied to revenue targets for a group of new products. To earn the shares subject to the CX PSU Award at target, a meaningful minimum revenue threshold was set for our new CX family of products.

Fiscal 2015 Executive Compensation Program Payout Highlights

Our fiscal 2015 payouts reflect our continued strong performance and execution. As indicated above, a significant portion of our executive compensation program was designed to align the compensation outcomes for our NEOs with performance against measurable objectives. The tables below summarize the results of the key performance measures that included fiscal 2015 in the performance period.

Our fiscal 2015 revenue and non-GAAP operating income results demonstrated significant growth over fiscal 2014 and exceeded the maximum levels established under the 2015 Bonus Plan, resulting in the maximum payout for the financial component of the plan at 150%.

Performance Measure	Fiscal 2014 Actual Results	Fiscal 2015 Financial Performance Target	Maximum	Actual[(1)]	Funding as a % of Target
Revenue (in millions)	$ 668.1	$ 750.0	$ 825.0	$ 886.7	150%
Non-GAAP Operating Income (in millions)	$ 55.7	>$ 87.90	>$ 105.86	$ 116.5	

(1) These amounts represent the consolidated results for Infinera in fiscal 2015. As these objectives were established prior to knowledge of the Transmode acquisition, for purposes of determining whether or not the financial objectives established under the 2015 Bonus Plan were met, the Compensation Committee only considered the revenue and non-GAAP operating

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income of Infinera on a stand-alone basis, without taking into account the additional revenue and/or profit from Transmode since its acquisition on August 20, 2015.

For the operational objectives under the 2015 Bonus Plan, the Compensation Committee included (i) an important quality measure related to the CX family of products; (ii) three key technology development objectives; and (iii) two objectives related to the adoption of the CX family of products (a minimum number of new customers and new channel partners). For fiscal 2015, we achieved a majority of the operational objectives, resulting in a payout for the operational component of the 2015 Bonus Plan at 55%.

As of the end of fiscal 2015, we had three PSU award programs outstanding for which fiscal 2015 was some or all of the performance period. Each measured our TSR against that of an independently constituted market index. As summarized in the table below, we continued to outperform the TSR of both the S&P Networking Index (applicable to the fiscal 2014 and 2015 PSU awards) and the Telecomm Index (applicable to the fiscal 2013 PSU awards), which resulted in maximum payouts (150% of target) for each of the performance periods that concluded at the end of fiscal 2015.

				Performance Comparison			Payout as a % of
Year of Grant	**Benchmark[(1)(2)]**	**Applicable Measurement Period**	**% of Target Award Tied to Period**	**Infinera % Change**	**Index % Change**	**Infinera Minus Index**	**Target (2-for-1 upside, 150% max)**
2015	S&P Networking Index	~1-year	33%	+ 31%	+ 3%	+ ~28 points	150%
2014	S&P Networking Index	~2-years	33%	+ 138%	+ 14%	+ ~124 points	150%
2013	Telecomm Index	~3-years	33%	+230%	+23%	+ ~207 points	150%

(1) Performance is calculated using a 60-day average closing stock price and index value leading up to and including the grant date and at the end of the performance period.

(2) One-third of the target award is measured at the end of the first, second and third fiscal years after the grant date.

In addition, to underscore the importance of the new CX family of products to our long-term success, in fiscal 2015, the Compensation Committee granted the CX PSU Award that could be earned based on the revenue performance of our CX family of products. Based on the performance criteria as of the end of fiscal 2015, no shares have been earned.

Governance of Executive Compensation

Our executive compensation program includes the following executive compensation governance policies and practices:

- Executive Clawback Policy. We maintain an executive clawback policy that applies to our Section 16 Officers and provides for recovery of incentive compensation under specified circumstances as described below in the section entitled Compensation Discussion and Analysis Additional Information Regarding our Compensation Practices Executive Clawback Policy.

- Anti-Hedging Policy. Our Insider Trading Policy prohibits all employees, including our NEOs, from hedging their Infinera common stock.

- Anti-Pledging Policy. Our Insider Trading Policy prohibits our NEOs from pledging Infinera common stock as collateral for a loan.

- Fully Independent Compensation Committee. Our executive compensation program is administered annually by the Compensation Committee, which consists solely of independent directors.

Stock Ownership Policy. Our Section 16 Officers and the non-employee members of the Board are subject to minimum stock ownership requirements as described below in the section entitled Compensation Discussion and Analysis Additional Information Regarding our Compensation Practices Stock Ownership Policy.

No Guaranteed Bonuses. We do not provide any guaranteed bonuses for any of our executive officers with the exception of sign on bonuses that may be negotiated as part of an executive officer new hire package.

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No Tax Gross-Ups. We do not have any arrangements providing for tax gross-ups of any compensation elements with any of our executive officers.

Double-trigger Change of Control Arrangements. Our change of control agreements contain double-trigger arrangements that require a termination of employment without cause or a constructive termination of employment following a change of control of Infinera before payments and benefits are triggered.

Annual Compensation Risk Assessment. The Compensation Committee annually conducts a compensation risk assessment to determine whether our compensation arrangements, or components thereof, create risks that are reasonably likely to have a material adverse effect on Infinera.

No Executive Perquisites. Our executive officers are only eligible to receive the same benefits and perquisites as our other U.S. salaried employees.

Independent Compensation Consultant Reporting Directly to Compensation Committee. The Compensation Committee utilizes input from an independent compensation consultant that is retained directly by the Compensation Committee.

Advisory Vote on Fiscal 2014 Named Executive Officer Compensation Say-on-Pay Vote

In calendar 2015, stockholders were provided with the opportunity to cast an advisory (non-binding) vote (a say-on-pay proposal) on the compensation of our NEOs for fiscal 2014. Our stockholders overwhelmingly approved this say-on-pay proposal, with over 96% of votes cast voting in favor of our executive compensation program. Noting the results of this vote, for fiscal 2015, the Compensation Committee retained our general approach to our executive compensation program, with a continued emphasis on rewarding our executive officers through compensation if they deliver value for our stockholders. The Compensation Committee considers input from our stockholders, as well as the outcome of our annual say-on-pay vote, when making executive compensation program decisions.

Overview of our Executive Compensation Program Philosophy and Process

Compensation Objectives and Philosophy

Our executive compensation program is designed to attract, retain, and reward talented executive officers and to motivate them to pursue our corporate objectives, while fostering the creation of long-term value for our stockholders. To achieve this mission, we take a pay-for-performance approach that forms the foundation for the design of our executive compensation program. The Compensation Committee also designs the various components of our executive compensation program to support our company culture (i.e., increasing levels of accountability through the use of at risk pay for more senior employees), the internal company environment relative to industry conditions, current business priorities and strategy and product development cycles.

Compensation-Setting Process

Role and Authority of Compensation Committee. The Compensation Committee is responsible for our executive compensation program and all related policies and practices. The Compensation Committee has the responsibility to establish and approve the compensation of each of our executive officers, including our NEOs. In addition, the Compensation Committee reviews, approves and administers our material compensation, equity and employee benefit plans and programs, which are generally available to our employees, including our NEOs. The Compensation Committee also has the authority to engage its own advisors to assist it in carrying out its responsibilities, and the reasonable compensation for such advisor services is paid by Infinera.

Role of Compensation Consultant. During fiscal 2015, the Compensation Committee engaged the services of Compensia, Inc. (Compensia), a national compensation consulting firm. Compensia provided the Compensation Committee with an analysis of industry sector competitive market data regarding NEO compensation, information on compensation trends, peer group and general market data, as well as assistance with base salary, incentive plan design and the structure of our executive compensation program. During fiscal 2015, Compensia also provided assistance with respect to the terms of the proposed 2016 Plan and in a review of the compensation program for our non-employee directors relative to peer practices.

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Compensia reports directly to the Compensation Committee. Compensia interacted with management at the direction of the Compensation Committee but did not provide any other services for Infinera or its management team in fiscal 2015. Compensia s fees were paid by Infinera. The Compensation Committee annually reviews the independence of its compensation consultant and during fiscal 2015 determined that there were no conflicts of interest in connection with Compensia s work.

Determination of CEO Compensation. Our compensation consultant provides market data and considerations for the Compensation Committee regarding the amount and form of our CEO s compensation. As part of this process, the Compensation Committee considers input from the Board and feedback from the Chairman of the Board in particular with respect to the performance of our CEO. After considering the feedback and recommendations received, all decisions regarding our CEO s compensation are made by the Compensation Committee, based on its own judgment and the interests of our stockholders, in executive sessions excluding our CEO.

Determination of non-CEO Compensation. As a result of his close working relationship with each of the other NEOs, our CEO is asked to provide his assessment of their performance to the Compensation Committee, including considerations regarding retention and importance to Infinera. Our CEO is assisted by our Vice President of Human Resources in making these assessments. Our CEO then presents his performance assessment and makes formal recommendations to the Compensation Committee regarding adjustments to base salary, annual cash incentive award opportunities and equity awards for our NEOs (other than himself). While the Compensation Committee considers the recommendations of our CEO in determining compensation for our other NEOs, ultimately its decisions are based on its own judgment and the interests of our stockholders. None of our NEOs makes any recommendations regarding his own compensation and, with the exception of our General Counsel, in his role as secretary of the meeting, none of our NEOs are present at meetings in which their compensation is determined.

Executive Compensation Elements

We provide base salaries to attract, retain and motivate our executive officers for their day-to-day contributions, annual incentive cash compensation to link payments to the achievement of our annual financial and/or operational objectives, and long-term incentive compensation delivered in the form of equity awards to align the interests of our executive officers with those of our stockholders and provide significant motivational and retention value to our executive officers. These are the key elements of our executive compensation program. We believe each is necessary to attract, retain and motivate our executive officers, on whom our success largely depends. In addition, we also provide employee benefits that are generally available to all our employees including our NEOs, and certain severance and double-trigger change of control payments and benefits as part of our executive compensation program as described further below.

Allocation of Compensation across Pay Elements

In determining how to allocate an NEO s target total direct compensation opportunity among these various elements, the Compensation Committee seeks to take into account market competitive practices for companies of a similar size and with a comparable business focus. Individual retention considerations specific to the individual are also factored in, as more fully described in the section entitled Relevant Factors Related to Individual Executives below. Equity awards, which for fiscal 2015 consisted of time-based RSU awards and two types of PSU awards, represented the largest component of our NEOs target total direct compensation opportunity. This approach was designed to encourage sustained, long-term performance and to ensure alignment of the interests of our NEOs and our stockholders. Consistent with our pay-for-performance philosophy, a significant portion of our NEOs fiscal 2015 target total direct compensation opportunity was completely at-risk, including 59% of our CEO s target total direct compensation opportunity.

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The following charts show the target total direct compensation mix for fiscal 2015 for our CEO and our other NEOs as a group:

Competitive Positioning

In making compensation decisions for our executive officers (other than our President), the Compensation Committee reviews and analyzes competitive market practices using data drawn from a group of peer companies and the Radford Global Technology survey. In the case of our President, due to the lack of data specific to this position, the Compensation Committee used an approximation of peer compensation based on data available from these sources.

The Compensation Committee reviews the compensation peer group annually and updates its composition as necessary to take into account changes in both our business and the businesses of the peer group companies. The fiscal 2015 peer group was based on the following targeted selection criteria:

Industry: companies in the communications equipment or related industry segments;

Annual Revenue: $225 million to $1.4 billion;

Market Capitalization: $335 million to $3 billion; and

Number of Employees: 660 to 2,635.

In addition to these criteria, the Compensation Committee considered each potential peer company s revenue growth rates, primary location and whether the potential peer company included Infinera in its compensation peer group. The Compensation Committee also considered whether a potential peer company was selected as a peer company of Infinera by one of the major proxy advisory firms. Given the limited number of companies directly comparable to us from a business perspective, and the wide range of factors under consideration, not all peer companies satisfy all of the targeted selection criteria.

The compensation peer group established to assist in determining fiscal 2015 compensation for our NEOs included the following 19 companies:

ADTRAN, Inc.	IPG Photonics Corporation
Aruba Networks, Inc.	Ixia
Calix, Inc.	NETGEAR, Inc.
Ciena Corporation	Plantronics*
Coherent, Inc.	QLogic*
Emulex Corporation	Riverbed Technology, Inc.
Extreme Networks, Inc.	ShoreTel, Inc.
Finisar Corporation	Sonus Networks, Inc.
Harmonic Inc.	ViaSat, Inc.
InterDigital, Inc.	

* Indicates an addition to the peer group for fiscal 2015. Companies removed from the fiscal 2014 peer group include Symmetricom (acquired) and Neophotonics (below target range for market capitalization).

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Given that not all of the peer companies report data for a position comparable to each of our NEOs, the Compensation Committee also reviewed market data derived from the Radford Global Technology survey for companies with annual revenues between $200 million and $1 billion. The Compensation Committee did not review the individual companies comprising the survey data. In this discussion, where we refer to market levels of pay and the market data, we are referring to the combined compensation peer group and survey data described above that were then in effect and applicable to the NEOs. For these purposes, each data source was weighted equally.

Use of Market Data

For its fiscal 2015 compensation decisions, the Compensation Committee maintained a holistic and flexible approach in its use of market data. The Compensation Committee s goal is generally to set all elements of compensation within a competitive range, using a balanced approach that does not use rigid percentiles to target pay levels for each compensation element, but instead makes its compensation decisions based on a variety of relevant factors, including those listed below. While the Compensation Committee continues to review and reference market data, the data generally is used to inform the Compensation Committee of market practices to ensure that our executive compensation program remains within a competitive range of our peers. In addition to the market data, several other factors are taken into account in setting the amount of each NEO s target total direct compensation opportunity. These factors include:

- **Recruitment, retention and historical factors**. The Compensation Committee reviews existing NEO compensation and retention levels relative to estimated replacement cost with respect to the scope, responsibilities and skills required of the particular position.

- **Lack of directly comparable data for some of our key roles**. Compensation data for some of our key positions (i.e., President) are often not explicitly reported by companies in our compensation peer group or survey data. This results in limited sample sizes and/or inconclusive data that can be misleading if targeting a specific percentile for market positioning.

- **Market positioning may be distorted by the source of the data**. Certain elements of compensation reported from one source can be consistently higher or lower than the data collected from another, given differences in methods and samples used by each source to collect market data. Given this variability and volatility within the market data, the Compensation Committee has determined that targeting pay levels at specific percentiles of this data could result in outcomes that do not align with the internal value and strategic importance of various roles at Infinera.

- **Desire to account for other factors not captured in the market data.** As discussed below, the Compensation Committee also considers several qualitative factors.

Relevant Qualitative Factors

In addition to our uses of competitive market data as described above, the Compensation Committee considers a range of subjective and qualitative factors when making compensation decisions for our NEOs, including:

- The role the executive officer plays and the importance of such individual to our ability to execute on our business strategy and to achieve our strategic objectives;

- Each executive officer s tenure, skills and experience;

- The responsibilities and particular nature of the functions performed or managed by the executive officer;

- Our CEO s recommendations and his assessment of each executive officer s performance (other than his own performance);

The value of unvested equity awards held by each executive officer and in comparison to other members of our executive management team and senior employees;

The impact of our compensation decisions on key financial and other measures such as our equity award burn-rate ;

Our overall performance as compared to internal plans and external benchmarks;

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The potential impact on stockholder dilution of our compensation decisions relative to peers and historical practices;

Internal pay equity across the executive management team; and

Competitive labor market pressures and the likely cost, difficulty and impact on our business and strategic objectives that would be encountered in recruiting a replacement for the role filled by each of our NEOs.

The Compensation Committee does not assign relative weights or rankings to any of these factors and does not solely use any quantitative formula, target percentile or multiple for establishing compensation among the executive officers or in relation to the market data. Instead, the Compensation Committee relies upon its members knowledge and judgment in assessing the various qualitative and quantitative inputs it receives regarding each individual and makes compensation decisions accordingly.

Relevant Factors Related to Individual Executives

With respect to determining fiscal 2015 executive compensation for our NEOs, in addition to the foregoing, the Compensation Committee broadly considered the following:

Mr. Fallon has served as our CEO since January 2010 and as a member of the Board since July 2009. He also served as our President from January 2010 through June 2013. In determining his compensation for fiscal 2015, the Compensation Committee considered Mr. Fallon s exceptional strategic leadership and his role in managing Infinera and our executive team during his time as our CEO. In addition, the Compensation Committee took into account:

Our strong performance under Mr. Fallon s leadership during fiscal 2014 where our stock price and annual revenue increased by 52% and 23%, respectively;

Competitive market data for companies of similar size and scope (as described above) and a desire to recognize Mr. Fallon s contributions to our performance by transitioning his target total cash compensation to a level that was more consistent with companies of similar size;

Mr. Fallon s significant institutional and industry knowledge, as well as his role in the development and oversight of corporate strategy and management development; and

The desire to retain Mr. Fallon in light of the potential risk of a competitor or other company seeking to recruit Mr. Fallon given his demonstrated leadership and performance, specifically, the Compensation Committee considered the potential amount of compensation such a competitor may offer both in total and when compared to Mr. Fallon s current equity holdings.

Mr. Feller assumed the role of CFO in March 2014. In determining his compensation for fiscal 2015, the Compensation Committee considered Mr. Feller s role in building a strong finance team, improving our internal processes and expanding our outreach to stakeholders. In addition, the Compensation Committee took into account:

Our strong financial performance during fiscal 2014;

Competitive market data for companies of similar size and scope (as described above); and

Mr. Feller s ability to oversee prudent expense management and demonstrated leadership in successful fulfillment of corporate strategy.

Dr. Welch is a co-founder of Infinera, has served as our President since June 2013, and has served as a member of the Board since October 2010. The Compensation Committee believes that Dr. Welch has added significant value in leading our product marketing, corporate marketing, business development, network strategy, product line management, product architecture, network systems analysis and systems engineering organizations. In addition, the Compensation Committee took into account:

Our strong financial performance during fiscal 2014;

Competitive market data for companies of similar size and scope (as described above) and a desire to recognize Dr. Welch s contributions to our performance by transitioning his target total cash compensation to a level that was more consistent with companies of similar size;

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Dr. Welch s experience, knowledge and deep technical understanding of the optical network industry as well as his leadership in overseeing our strategy to transition to a multi-market company; and

The desire to retain Dr. Welch in light of the potential risk of a competitor or other company seeking to recruit Dr. Welch given his demonstrated leadership and performance, specifically, the Compensation Committee considered the potential amount of compensation such a competitor may offer both in total and when compared to Dr. Welch s current equity holdings.

Mr. Jandro has served as our Senior Vice President, Worldwide Sales, since May 2013. Mr. Jandro has over 25 years of experience in the telecommunications and software industries. Since joining Infinera, Mr. Jandro has focused his team on building a strong flow of orders from current customers, as well as expanding opportunities with new customers and markets. In addition, the Compensation Committee took into account:

Our strong financial performance during fiscal 2014;

Competitive market data for companies of similar size and scope (as described above); and

Mr. Jandro s successful oversight of the expansion of our footprint and sales channels as part of implementing our overall sales strategy.

Mr. Laufman has served as our Senior Vice President, General Counsel and Secretary since October 2014. Mr. Laufman brings to Infinera his many years of experience as a General Counsel for technology companies, working with boards of directors and senior management. His base salary, target annual bonus opportunity and initial equity awards were approved at levels that the Compensation Committee believed were necessary to recruit him to join Infinera and deemed to be appropriate in light of his experience. No additional changes were made to his compensation in fiscal 2015.

Fiscal 2015 Compensation

Base Salaries

The Compensation Committee reviewed the base salaries for fiscal 2015 for each of our NEOs, and approved an increase for Mr. Fallon and Dr. Welch, but made no adjustments for Messrs. Feller, Jandro and Laufman. Given that our CEO s and President s base salaries had historically been below market levels, and after taking into consideration their significant contributions and strong leadership during fiscal 2014, the Compensation Committee determined that increases in their base salaries were appropriate to maintain competitiveness with market practices and to recognize their performance during the year.

The following table shows the annual base salary for each of our NEOs for fiscal 2014 and fiscal 2015:

Name	Fiscal 2014 Annual Base Salary	Fiscal 2015 Annual Base Salary
Thomas J. Fallon	$ 468,750	$ 540,000
Brad D. Feller	$ 360,000	$ 360,000
David F. Welch, Ph.D.	$ 375,000	$ 450,000
Robert J. Jandro	$ 350,000	$ 350,000
James L. Laufman	$ 325,000	$ 325,000

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Performance-Based Incentive Cash Compensation (2015 Bonus Plan)

Target Bonus Opportunities. The Compensation Committee reviewed the target bonus opportunities (which are expressed as a percentage of base salary) for fiscal 2015 for each of our NEOs, and determined that an adjustment was in order only for Mr. Feller to maintain competitiveness with market practices. The following table shows the target bonus opportunities for each of our NEOs for fiscal 2014 and fiscal 2015:

Name	Fiscal 2014 Target Bonus (as a percentage of base salary)	Fiscal 2015 Target Bonus (as a percentage of base salary)
Thomas J. Fallon	125%	125%
Brad D. Feller	60%	70%
David F. Welch, Ph.D.	80%	80%
Robert J. Jandro	100%	100%
James L. Laufman	60%	60%

Bonus Plan Design. Bonuses under the 2015 Bonus Plan for NEOs were paid out based on our performance against a mix of financial objectives (weighted at 80%) and operational objectives (weighted at 20%) as discussed below.

The 2015 Bonus Plan also contained an individual performance component that could be used to adjust the bonus payouts for our NEOs by factors of 75% to 125% of the funded amount. Our CEO was responsible for reviewing the individual performance of each NEO (other than himself) and recommending a bonus adjustment for each NEO. The Compensation Committee then had sole discretion to determine any individual performance adjustments for each NEO (including the CEO) and the final bonus payout for fiscal 2015.

The financial performance objectives for the 2015 Bonus Plan consisted of revenue and non-GAAP operating income, and were selected to focus our NEOs on important and measurable financial measures, and to align their interests with those of our stockholders. The Compensation Committee believes that revenue growth is an essential component of the long-term success and viability of Infinera. In addition, the Compensation Committee determined that a focus on operating income would serve to make generating a return for stockholders a priority. For purposes of the 2015 Bonus Plan, non-GAAP operating income was calculated excluding non-cash stock-based compensation expenses, acquisition-related costs and certain purchasing accounting adjustments. For a reconciliation of GAAP to non-GAAP operating income for fiscal 2015, please see Appendix A to this Proxy Statement.

For fiscal 2015, the financial performance objectives for revenue and non-GAAP operating income were as follows:

Revenue	Non-GAAP Operating Income	Payout as a Percentage of Target
$675 million	$68.68 million	25%
$700 million	$74.99 million	50%
$725 million	$81.31 million	75%
$750 million	$87.90 million	100%
$775 million	$93.70 million	116.7%
$800 million	$99.78 million	133.3%
$825 million	$105.86 million	150%

If the level of performance for either of the financial objectives was below the minimum thresholds of $675 million for revenue or $68.68 million for non-GAAP operating income, there would have been no payout for the financial objectives.

For a payout to occur at each of the percentages indicated in the table above, both the revenue and non-GAAP operating income objectives had to be met at the specified levels applicable to that payout percentage. If the revenue and non-GAAP operating income objectives are achieved at levels that are at different payout percentages, then the payout will be governed by whichever objective is achieved at the

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lower level (and using straight line interpolation if achievement of such objective is between any two levels in the table above).

For performance attainment above the maximum level, **the payout was capped at 150%**.

The Compensation Committee also believed that focusing on specific operational objectives was important to measuring our success in fiscal 2015. The Compensation Committee approved the following operational objectives for the 2015 Bonus Plan, which included (i) an important quality measure related to the CX family of products; (ii) three key technology development objectives; and (iii) two objectives related to the adoption of the CX family of products (a minimum number of new customers and new channel partners). Payouts tied to the operating objectives were based upon the achievement, as determined by the Compensation Committee, of each operating objective. No payout would be made for any operating objective that was behind schedule or failed to meet quality target measures. Payouts were capped at 100% for the operational objectives.

Operational Objectives	Weighting	Maximum Attainment
Quality Goal	25%	100%
Three Product Development Goals	15% each (45%)	100%
Two Goals Relating to Key Wins (consisting of new Infinera CX customers and new Infinera CX channel partners)	15% each (30%)	100%

Bonus Plan Payouts. The following table shows our actual performance with respect to each financial and operational objective under the 2015 Bonus Plan:

Performance Measures	Actual Performance
Financial Objectives (weighted at 80%)	
Revenue for Fiscal 2015	$ 886.7 million(1)
Non-GAAP Operating Income for Fiscal 2015	$ 116.5 million(1)
Operational Objectives (weighted at 20%)	
Quality	Achieved
Development	Partially Achieved(2)
Key Wins	Partially Achieved(3)

(1) These amounts represent the consolidated results for Infinera in fiscal 2015. As these objectives were established prior to knowledge of the Transmode acquisition, for purposes of determining whether or not the financial objectives established under the 2015 Bonus Plan were met, the Compensation Committee only considered the revenue and non-GAAP operating income of Infinera on a stand-alone basis, without taking into account the additional revenue and/or profit from Transmode since its acquisition on August 20, 2015.

(2) We achieved one of the three development goals during fiscal 2015. For the development goals that were not achieved, the eligible NEOs received no payout for this portion of the bonus.

(3) We achieved one of the two key wins goals during fiscal 2015. For the key wins goal that was not achieved, the eligible NEOs received no payout for this portion of the bonus.

Upon review of our actual financial and operational performance for fiscal 2015 as compared to the pre-established target levels, the Compensation Committee approved a bonus payout to our NEOs based on the achievement of the financial objectives at 150% of target performance and the operational objectives at 55% of target performance. No adjustments were made to the payouts of any of our NEOs, including our CEO, based on individual performance. The following table sets forth the bonus payments for fiscal 2015 earned by our NEOs pursuant to the 2015 Bonus Plan.

Name	Fiscal 2015 Final Bonus Payout(1)
Thomas J. Fallon	$ 884,250
Brad D. Feller	$ 330,120
David F. Welch, Ph.D.	$ 471,600
Robert J. Jandro	$ 458,500

James L. Laufman	$ 255,450

(1) Bonuses were paid in March 2016.

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Long-Term Incentive Compensation

Our long-term incentive compensation opportunities are delivered in the form of equity awards.

Equity Compensation Design. Under the Infinera 2007 Equity Incentive Plan (the 2007 Plan), the Compensation Committee grants equity awards to eligible employees, including our NEOs. The Compensation Committee actively monitors our annual aggregate equity utilization as measured by our burn rate.

The Compensation Committee believes that it is in the best interests of Infinera and our stockholders to grant performance-based equity awards to senior employees, including our NEOs. It also believes that our performance-based equity awards foster a pay-for-performance culture and multi-year vesting schedules create longer-term incentives that maintain alignment of the interests of our NEOs with those of our stockholders. Our NEOs benefit from these equity awards based on continued service to Infinera, as well as our sustained performance over time and the ability of our NEOs to create the results that drive stockholder value.

In determining the appropriate mix of such equity awards, the Compensation Committee considered how each equity vehicle supports our compensation strategy as follows:

Type of Award	Description	Why It Is Used
RSU Award	Provide the opportunity to earn a specified number of shares of Infinera common stock subject to the participant s continued employment for a specified period.	Supports retention and succession planning.
		Provides a direct incentive for future performance.
	Typically have a three-year or four-year vesting period to encourage a long-term perspective and to encourage key employees to remain at Infinera.	Useful in recruiting new executives.
PSU Award	Provide the opportunity to earn shares of Infinera common stock upon the achievement of pre-established performance objectives.	Supports pay-for-performance philosophy and retention efforts.
	If the threshold performance level is not achieved, the entire portion of the award tied to such performance objective is forfeited.	Links compensation directly to Infinera performance in areas identified as important by the Compensation Committee.

In February 2015, the Compensation Committee granted annual equity awards for fiscal 2015 in the form of RSU awards and two different types of PSU awards to each of our NEOs other than Mr. Laufman (due to the fact he had just recently joined Infinera in October 2014). For the fiscal 2015 PSU awards, the Compensation Committee determined that with regards to the target value typically assigned to the PSU awards that two-thirds of the target value would be assigned to the 2015 TSR Award and one-third would be assigned to the CX PSU Award.

In addition to the foregoing awards, and given Dr. Welch s importance to the implementation of the long-term strategy of Infinera, the Compensation Committee determined that an additional award of RSUs to Dr. Welch was appropriate in order to increase the retention value of his long-term incentive compensation. The vesting of this retention award differs from the standard time-based award granted to the NEOs in that fifty percent of the award vests after two years and the remaining fifty percent vests after three years.

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In determining the size of these annual equity awards, the Compensation Committee considered the factors described above in the sections entitled Use of Market Data, Relevant Qualitative Factors and Relevant Factors Related to Individual Executives, with particular attention to internal equity considerations, the potential dilutive impact of the equity awards and the amount and value of unvested equity awards held by each of our NEOs. The Compensation Committee believed a combination of time-based and performance-based equity awards promote close alignment of the interests of our NEOs with those of our stockholders.

The following table sets forth the NEO equity awards in the fiscal 2015 program:

		2015 TSR Award		CX PSU Award	
Name	**Number of Shares Subject to RSU Awards**	**Target Number of Shares**	**Maximum Number of Shares (150% of Target)**	**Target Number of Shares**	**Maximum Number of Shares (200% of Target)**
Thomas J. Fallon	55,240	51,920	77,879	27,620	55,240
Brad D. Feller	18,560	11,630	17,444	6,190	12,380
David F. Welch, Ph.D.[1]	28,770	18,030	27,045	9,590	19,180
Robert J. Jandro	17,990	11,270	16,904	6,000	12,000
James L. Laufman[2]					

(1) Dr. Welch was awarded an additional grant of 28,770 RSUs in fiscal 2015 (for an aggregate of 57,540 RSUs). This second award of RSUs is scheduled to vest as follows: one-half of the underlying shares on May 5, 2017 and one-half of the shares on May 5, 2018, subject to Dr. Welch s continued service to Infinera on each applicable vesting date.

(2) Mr. Laufman did not receive any equity awards in fiscal 2015 since he received equity awards when he was hired in October 2014.

The RSU awards in the table above (other than Dr. Welch s additional RSU award) vest in annual installments with one-third of the underlying shares of Infinera common stock vesting on May 5 of each of 2016, 2017 and 2018, subject to the NEO s continued service with Infinera on each applicable vesting date.

The shares of Infinera common stock subject to the 2015 TSR Award are eligible to vest based on our TSR performance relative to the S&P Networking Index over the applicable performance periods (as discussed below). The Compensation Committee selected relative TSR as the performance measure for this PSU award because it believes that our relative TSR is an important indicator of our long-term success and closely aligns the interests of our NEOs with those of our stockholders while also minimizing (or eliminating) the dilutive effect of our equity awards in the event of underperformance. In choosing an appropriate comparator group, the Compensation Committee selected the S&P Networking Index based on a review of its components (including the fact that Infinera is a component of the index, which shows it relevance), the relatively close correlation between our historical stock price movement and that of the S&P Networking Index, as well as the importance of the multimedia networking industry to our business.

Our relative TSR is measured against the S&P Networking Index at three intervals for the 2015 TSR Award, with one-third of the total number of shares of Infinera common stock subject to each NEO s 2015 TSR Award allocated to each of the three performance periods. For purposes of calculating TSR performance for Infinera and the S&P Networking Index, the performance periods are as follows:

(i) For the first performance period, the starting price is the 60-day average (of our closing stock price or the index, as applicable) leading up to and inclusive of February 24, 2015, and the ending price is the 60-day average leading up to and inclusive of the last day of fiscal 2015;

(ii) For the second performance period, the starting price is the 60-day average leading up to and inclusive of February 24, 2015, and the ending price is the 60-day average leading up to and inclusive of the last day of fiscal 2016; and

(iii) For the third performance period, the starting price is the 60-day average leading up to and inclusive of February 24, 2015 and the ending price is the 60-day average leading up to and inclusive of the last day of fiscal 2017.

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The table below summarizes the performance criteria used to determine the percentage of the shares subject to the 2015 TSR Awards that would be eligible to vest by our NEOs for various levels of TSR performance relative to the S&P Networking Index for each performance period.

	Minimum	Target	Maximum	
INFN TSR vs. Index	-33 Points	Match	+25 Points	Payment is capped at target if TSR is negative. To earn the maximum number of shares under the 2015 TSR Award, our TSR must be positive and at least 25 points higher than the S&P Networking Index at each of the three measurement periods.
Payment as a Percentage of Target	0%	100%	150%	
Slope	3 to 1		2 to 1	

As shown above, for each point of positive TSR we deliver above the TSR for the S&P Networking Index, the number of shares eligible to vest increases by 2% up to a maximum of 150% of the target award level. For each point of TSR we deliver below the TSR for the S&P Networking Index, the number of shares eligible to vest decreases by 3% and can be reduced to 0% of the target award level.

Notwithstanding our TSR performance relative to the S&P Networking Index, if our TSR is negative for any performance period, the potential payout will be capped at 100% of the target number of shares allocated to that period. The 2015 TSR Awards will be forfeited upon failure to achieve the TSR threshold for the relevant period, with the exception that if any shares allocated to the first and second performance periods would have otherwise vested but for the 100% cap imposed by a negative TSR for that period, then with respect to the first performance period, those shares may vest based on TSR performance for the second period criteria, or with respect to the second period, those shares may vest based on TSR performance for the third period, provided in each case that our TSR is positive and results achieved are at or above 100% of target for the applicable subsequent performance period.

As disclosed in last year s proxy statement, for awards measuring TSR against an index that may be awarded to our executive officers as part of their fiscal 2016 target total direct compensation opportunities, the Compensation Committee has determined that the start of the measurement period will be the 60-day average (of our closing stock price or the index, as applicable) leading up to and inclusive of the last day of the fiscal year prior to the grant of the award.

In addition, to underscore the importance of the new CX family of products to our long-term success, in fiscal 2015, the Compensation Committee also granted the CX PSU Award to be earned based on the cumulative revenue performance of the CX products over an 18-month performance period commencing on the first day of fiscal 2015 and ending on the last day of the second quarter of fiscal 2016 (the Performance Period). The CX PSU Award set a meaningful minimum threshold for cumulative revenue performance at which 100% of the target number of shares could be earned and a maximum level for revenue performance (two times the minimum threshold for cumulative revenue performance) at which 200% of the target number of shares could be earned. For revenue performance between the minimum threshold and the maximum level, the final award is determined on a linear basis using straight line interpolation. The CX PSU Award also contained a provision that provided that the shares of our common stock subject to the award could be earned prior to the end of the Performance Period at no more than target if we achieved at least the target cumulative revenue performance level for fiscal 2015. If the target cumulative revenue performance level was achieved by this date, then the shares of common stock subject to the CX PSU Award would be earned based on our actual cumulative CX family revenue for fiscal 2015. In this instance, the number of shares earned at the end of the Performance Period would equal the difference between the number of shares earned based on our actual cumulative CX family revenue performance level for the Performance Period (subject to the 200% cap) and the number of shares actually earned as of the end of fiscal 2015. No shares would be earned if the target cumulative revenue performance level was not achieved.

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PSU Results. For the initial performance period ended December 26, 2015 under the 2015 TSR Award, our TSR performance exceeded the TSR performance of the S&P Networking Index by approximately 28 points. As a result, 150% of the target number of shares of Infinera common stock allocated to the initial performance period vested, as shown in the table below:

	2015 TSR Award Summary for Initial Performance Period	
Name	**Target Number of PSUs Granted**	**Actual Number of PSUs Vested**
Thomas J. Fallon	17,307	25,960
Brad D. Feller	3,877	5,815
David F. Welch, Ph.D.	6,010	9,015
Robert J. Jandro	3,757	5,635

For the first measurement period of the CX PSU Award, which measures cumulative revenue performance during fiscal 2015, no shares subject to the award have yet become earned. The CX PSU Award is measured from the first day of fiscal 2015 through the second quarter of fiscal 2016.

Outstanding PSU Awards Granted in Prior Fiscal Years. The following table provides information regarding outstanding PSU awards granted prior to fiscal 2015 that were eligible to be earned in fiscal 2015 for our NEOs, including the performance requirements and number of shares of Infinera common stock earned through fiscal 2015.

Name	Fiscal Year of Grant	Total Target Number of PSUs Granted in Grant Year (#)	Target Number of Shares that Could Vest For Fiscal 2015 Performance Period (#)	Maximum Number of Shares that Could Vest For Fiscal 2015 Performance Period (#)	Actual Number of Shares Vested For Fiscal 2015 Performance Period (#)	Performance Measure
Thomas J. Fallon	2014	160,330	53,443	80,164	80,164	Relative TSR(1)
	2013	170,000	56,666	84,999	84,999	Relative TSR(2)
David F. Welch, Ph.D.	2014	41,847	13,949	20,923	20,923	Relative TSR(1)
	2013	75,000	25,000	37,500	37,500	Relative TSR(2)
Robert J. Jandro	2014	27,079	9,026	13,539	13,539	Relative TSR(1)

(1) In fiscal 2014, the Compensation Committee granted to the then-current NEOs a PSU award that measures our TSR against the TSR of the S&P Networking Index. This PSU award pays out at 150% if our TSR outperforms the Telecomm Index by 25 points or more. Our TSR performance exceeded the TSR performance of this index by approximately 124 points for the performance period measured. For the second performance period, the start price was the 60-day average (of our closing stock price or the index value, as applicable) leading up to and inclusive of February 25, 2014 and the end price was the 60-day average (of our closing stock price or the index value, as applicable) leading up to and inclusive of the last day of fiscal 2015.

(2) In fiscal 2013, the Compensation Committee granted to the then-current NEOs a PSU award that measures our TSR against the TSR of the Telecomm Index. This PSU award pays out at 150% if our TSR outperforms the Telecomm Index by 25 points or more. Our TSR performance exceeded the TSR performance of this index by approximately 207 points for the performance period measured. For the third and last performance period, the start price was the 60-day average (of our closing stock price or the index value, as applicable) leading up to and inclusive of January 30, 2013 and the end price was the 60-day average (of our closing stock price or the index value, as applicable) leading up to and inclusive of the last day of fiscal 2015.

Employee Benefits and Perquisites

Our NEOs are only eligible to receive the same benefits as our U.S. salaried employees except with respect to accrued paid time off (PTO) as explained below. Infinera and the Compensation Committee believe this approach is reasonable and consistent with the overall compensation objectives to attract and retain employees. These benefits include medical, dental, vision, and disability benefits, a Section 401(k) plan, and other plans and programs, including the 2007 Employee Stock Purchase Plan (2007 ESPP), made available to other eligible employees in the applicable country of residence. In fiscal 2015, we began to provide a matching contribution under the Section 401(k) plan that is applicable to all eligible participants, including our NEOs. Employee benefits

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and perquisites are reviewed periodically to ensure that benefit levels remain competitive, but are not included in the Compensation Committee s annual determination of the total compensation for each of our NEOs.

U.S. employees at the Senior Vice President level and above, at any U.S. work location, participate in our As Needed PTO Program. Under this program, these employees may schedule PTO as they see fit and as business necessity allows, although they must continue to meet all job expectations and remain responsible for ensuring appropriate coverage for the time they will be out of the office. Under this program, PTO does not accrue for these employees.

Additional Information Regarding Our Compensation Practices

Change of Control Payments and Benefits

The Compensation Committee considers maintaining a stable and effective management team to be essential to protecting the best interests of Infinera and its stockholders. Accordingly, Infinera has entered into Change of Control Agreements (the COC Agreements) with certain Vice President level officers and above, including each of our NEOs, to encourage their continued attention, dedication and continuity with respect to their roles and responsibilities without the distraction that may arise from the possibility or occurrence of a change of control of Infinera.

An NEO will receive payments and benefits under his or her COC Agreement only if his or her employment is terminated without cause, or by him or her as a result of a constructive termination (as more fully described in the section entitled Estimated Payments and Benefits upon Termination, Change of Control or Death/Disability below), within 12 months following a change of control of Infinera. The Compensation Committee believes that this double-trigger structure provides an appropriate balance between the corporate objectives described above and the potential compensation payable to each NEO upon a change of control. The Compensation Committee also believes that should Infinera engage in any discussions or negotiations relating to a change of control that the Board believes is in the best interests of our stockholders, these COC Agreements will help to ensure that our NEOs remain focused on the consummation of such potential transaction, without significant distraction or concern regarding their personal circumstances, such as continued employment.

The following terms apply with respect to our NEOs if we undergo a change of control and the NEO s employment is terminated without cause or as a result of a constructive termination within 12 months following the change of control of Infinera, subject to such individual entering into and not revoking a release of claims in our favor within 60 days of the termination date:

- 100% of all outstanding equity awards will vest;

- Our CEO will be paid a lump sum severance payment equal to two times his annual base salary and our other NEOs will be paid a lump sum severance payment equal to one and one-half times their annual base salary; and

- Our CEO will be reimbursed for premiums under COBRA for a period of 24 months and our other NEOs will be reimbursed for premiums under COBRA for a period of 18 months.

Executive Severance Policy

In addition to the Change of Control payments and benefits discussed above, the Compensation Committee has taken appropriate steps to provide competitive post-employment compensation arrangements that promote the continued attention, dedication and continuity of the members of our senior management team, including our NEOs, and enable us to continue to recruit talented senior executive officers. Accordingly, the Compensation Committee has adopted an executive severance policy, under which the following severance payments and benefits will become payable if the employment of one of our NEOs is terminated by us without cause (as defined in the policy) subject to such individual entering into and not revoking a release of claims in our favor:

- Our CEO will be paid a lump sum severance payment equal to one and one-half (1.5) times his annual base salary and our other NEOs will be paid a lump sum severance payment equal to one (1) times their annual base salary; and

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Our CEO will be reimbursed for premiums under COBRA for a period of 18 months and our other NEOs will be reimbursed for premiums under COBRA for a period of 12 months.

If an NEO s employment with Infinera is less than one year, the amount of severance payable to such individual will be equal to the lesser of (x) the base salary paid to such individual during his or her period of employment, or (y) the severance amount set forth above.

Acceleration of Equity Awards upon Death or Disability. In addition, all awards granted under our equity incentive plans permit accelerated vesting in the event of an employee s death or terminal illness (with exceptions in certain circumstances). Because we do not have any other policy with respect to severance payments or benefits in the event of an employee s death or disability, the Compensation Committee believes that in the event of an employee s death or terminal illness, it would be appropriate to provide the accelerated vesting of his or her RSU awards, PSU awards and stock options.

The estimated payments and benefits that would be received by each NEO in connection with a qualifying termination of employment are presented in the section entitled Estimated Payments and Benefits upon Termination, Change of Control or Death/Disability below.

Equity Grant Policy

Under our Equity Grant Policy, a Subcommittee of the Compensation Committee has been delegated the authority to grant new hire, promotional and annual retention equity awards to non-executive employees pursuant to certain pre-approved guidelines. This Subcommittee is currently comprised of our CEO, General Counsel and Vice President of Human Resources.

The Subcommittee generally meets on the second Monday of each month to approve new hire and promotional equity awards that are within pre-approved guidelines established by the Compensation Committee. Annual retention equity awards for such non-executive employees are also scheduled to occur as part of the monthly meetings of the Subcommittee. The delegation to the Subcommittee does not include the authority to grant equity awards to new employees who are or are reasonably expected to become Section 16 Officers or to current Section 16 Officers.

Executive Clawback Policy

We maintain an Executive Clawback Policy that applies to our Section 16 Officers (which includes each of our NEOs) and directors. Pursuant to this policy, the Compensation Committee has the authority to seek:

- Repayment of any cash incentive payment;
- Cancellation of unvested, unexercised or unreleased equity awards; and
- Repayment of any compensation earned on previously exercised or released equity awards,

where such payments, equity awards and/or compensation earned on previously exercised or released cash incentive and/or equity payments was predicated on financial results that were augmented by fraud, embezzlement, gross negligence or deliberate disregard of applicable rules resulting in significant monetary loss, damage or injury to Infinera (the Excess Compensation), whether or not such activity resulted in a financial restatement. The Compensation Committee shall have sole discretion under this policy, consistent with any applicable statutory requirements, to seek reimbursement for any Excess Compensation paid or received by a Section 16 Officer or director for up to a 12-month period prior to the date of the Compensation Committee action to require reimbursement of the Excess Compensation. Further, following a restatement of our financial statements, we will recover any compensation received by our CEO and CFO that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

For purposes of this policy, Excess Compensation will be measured as the positive difference, if any, between the compensation earned by a Section 16 Officer or director and the compensation that would have been earned by a Section 16 Officer or director had the fraud, embezzlement, gross negligence or deliberate disregard of applicable rules resulting in significant monetary loss, damage or injury to Infinera not occurred.

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Stock Ownership Policy

The Board believes that it is important to link the interests of our NEOs to those of our stockholders. Our Stock Ownership Policy requires our non-employee directors and Section 16 Officers (which includes each of our NEOs) to accumulate and hold a minimum number of shares of Infinera common stock within three years of the later of (i) the effective date of the policy or (ii) the date of appointment of the director or appointment/promotion of the Section 16 Officer. As of the Record Date, each of our Section 16 Officers and the non-employee members of the Board has either satisfied these ownership guidelines or had time remaining to do so. The specific Infinera stock ownership requirements for our Section 16 Officers and non-employee directors as a multiple of annual base salary (or cash retainer, in the case of the non-employee directors) are as follows:

CEO:	4x annual base salary
President:	2x annual base salary
CFO:	2x annual base salary
Other NEOs:	1x annual base salary
Non-employee directors:	4x annual cash retainer

Shares of Infinera common stock that count towards satisfaction of this policy include: (i) shares owned outright by the Section 16 Officer or non-employee director or his or her immediate family members residing in the same household, (ii) shares held in trust for the benefit of the Section 16 Officer or non-employee director or his or her family and (iii) shares subject to vested, unexercised, in-the-money stock options (the spread or intrinsic value of options). The value of a share of Infinera common stock is measured on the last day of the fiscal year as the greater of (i) the closing price on the date of calculation or (ii) the purchase price actually paid by the person for such share of Infinera common stock (for the avoidance of doubt, the purchase price for shares of Infinera common stock subject to RSU awards, PSU awards and other similar full value awards is zero).

Anti-hedging Policy

Under our Insider Trading Policy, we prohibit our employees, including our NEOs, from hedging the risk associated with ownership of shares of Infinera common stock and other securities.

Anti-pledging Policy

Under our Insider Trading Policy, we prohibit our NEOs and directors from pledging any Infinera securities as collateral for a loan.

Tax and Accounting Treatment of Compensation

Section 162(m) limits the amount that we may deduct for compensation paid to our CEO and to our three other most highly compensated executive officers (other than our CFO) to $1 million per individual in any tax year, unless such compensation is exempt from the deduction limit. One exemption from this deduction limit is available for various forms of qualified performance-based compensation.

While it cannot predict how the deduction limit may impact our executive compensation program in future years, the Compensation Committee intends to maintain an approach to executive compensation that strongly links pay to performance. While it has not adopted a formal policy regarding tax deductibility of compensation paid to our CEO and other senior executive officers, the Compensation Committee intends to consider tax deductibility under Section 162(m) as a factor in its compensation decisions. For example, pursuant to Proposal 3 under this proxy statement, we are asking our stockholders to approve the 2016 Plan that will permit the grant of equity awards intended to qualify as performance-based with the meaning of Section 162(m). However, from time to time, the Compensation Committee may provide compensation or grant equity awards to our executive officers that may not be deductible when, for example, we believe that such compensation is appropriate and in the best interests of our stockholders.

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We account for the equity compensation awarded to our executive officers and other employees under ASC 718, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is incurred.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on its review and discussions with management, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Marcel Gani (Chairman since February 24, 2016)

John P. Daane (member since February 24, 2016)

Paul J. Milbury

Carl Redfield

Mark A. Wegleitner (served as Chairman and a member until February 24, 2016)

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EXECUTIVE COMPENSATION TABLES

The following tabular information and accompanying narratives and footnotes provide all of the compensation awarded to, earned by, or paid to the individuals who served as our principal executive officer, principal financial officer and our three other highest paid executive officers during fiscal 2015. As previously noted, we refer to these executive officers as our NEOs.

Fiscal 2015 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)	Total ($)
Thomas J. Fallon	2015	526,298		2,383,666		884,250(3)	312(4)	3,794,526
CEO	2014	468,029		2,036,202		808,594	16,423(4)	3,329,248
	2013	375,000		1,898,390		635,250		2,908,640
Brad D. Feller	2015	360,000		641,511		330,120(3)	281(4)	1,331,912
CFO	2014	346,154	30,000	1,499,999	96,323	285,796	1,034(4)	2,259,306
David F. Welch, Ph.D.	2015	435,577		1,494,385		471,600(3)	312(4)	2,401,874
President	2014	374,885		822,290		414,000	31,774(4)	1,642,949
	2013	355,308		1,433,280		390,298		2,178,886
Robert J. Jandro	2015	350,000		621,760		458,500(3)	273(4)	1,430,533
Senior Vice President, Worldwide Sales	2014	350,000		532,106		483,000	11,068(4)	1,376,174
	2013	207,338		1,303,200		280,162(3)		1,790,700
James L. Laufman	2015	325,000				255,450(3)	254(4)	580,704
Senior Vice President, General Counsel and Secretary	2014	62,500		999,996			59(4)	1,062,555

(1) The amounts reported in this column represent the aggregate grant date fair value of the listed equity awards, computed in accordance with ASC 718. See Notes 2 and 13 of the notes to our consolidated financial statements contained in our 2015 Annual Report on Form 10-K filed on February 23, 2016 for a discussion of all assumptions made by us in determining the ASC 718 values of equity awards.

(2) The amounts reported in this column represent payouts under our annual cash incentive plan.

(3) The amounts reported represent annual incentive cash awards earned under the 2015 Bonus Plan. For additional information regarding the 2015 Bonus Plan, please see the section entitled Fiscal 2015 Compensation Performance-Based Incentive Cash Compensation (2015 Bonus Plan) in the Compensation Discussion and Analysis above.

(4) For fiscal 2015, this amount represented the payment of life insurance premiums. For fiscal 2014, this amount represented the payment of accrued vacation time and life insurance premiums.

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Fiscal 2015 Grants of Plan-Based Awards Table

The following table sets forth information regarding fiscal 2015 annual cash incentive compensation and equity awards granted to our NEOs during fiscal 2015.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)**	**(#)**	**($/Sh)**	**($)[2]**
Thomas J. Fallon	2/2/2015		675,000	1,012,500							
	2/24/2015							55,240[3]			960,071
	2/24/2015					51,920(4)	77,879(4)				943,559
	2/24/2015					27,620(5)	55,240(5)				480,036
Brad D. Feller	2/2/2015		252,000	378,000							
	2/24/2015							18,560[3]			322,573
	2/24/2015					11,630(4)	17,444(4)				211,356
	2/24/2015					6,190(5)	12,380(5)				107,582
David F. Welch, Ph.D.	2/2/2015		360,000	540,000							
	2/24/2015							28,770[3]			500,023
	2/24/2015							28,770[6]			500,023