UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): May 8, 2019

INFINERA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-33486	77-0560433
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

140 Caspian Court
Sunnyvale, CA **94089**
(Address of principal executive offices) **(Zip Code)**

(408) 572-5200
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(b) of the Act:

Common shares, par value $0.001 per share	INFN	The Nasdaq Global Select Market
(Title of each class)	(Trading symbol)	(Name of exchange on which registered)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 **Results of Operations and Financial Condition.**

On May 8, 2019, Infinera Corporation (the "Company") issued a press release announcing financial results for its first quarter ended March 30, 2019. The Company also posted on the Investor Relations section of its website (www.infinera.com) a CFO Commentary with respect to its first quarter ended March 30, 2019. Copies of the press release and CFO Commentary are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K. Information on the Company's website is not, and will not be deemed, a part of this report or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, are being furnished under Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of the general incorporation language of such filing, except as shall be expressly set forth by specific reference in such a filing.

The press release and CFO Commentary furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, refer to certain non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in each exhibit.

Item 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 7, 2019, Brad D. Feller, the Chief Financial Officer ("CFO") of the Company, informed the Company of his intention to resign as CFO effective as of a date still to be determined no later than the end of the third quarter of fiscal 2019. The Company has agreed with Mr. Feller that he will continue to serve as CFO during this transition period (the "Transition Period") while the Company conducts a search for his successor. As an incentive for Mr. Feller to continue in a transition role, he will continue to receive his regular base salary and benefits and, upon his termination, the Company will provide Mr. Feller a separation payment of $1.5 million and 18 months of COBRA benefits. During the Transition Period, Mr. Feller will continue to (i) fulfill his duties as the CFO; (ii) oversee the implementation and consolidation of the Company's enterprise resource planning system; and (iii) help in the transition of a new CFO and other personnel, as appropriate. Other than the foregoing separation payment and COBRA benefits, Mr. Feller will not be entitled to any other payments, bonuses, severance or other compensation for his transition service.

In the event the Company terminates Mr. Feller's employment without "cause" prior to the end of the Transition Period he will be entitled to receive the separation payment described above.

In any case, Mr. Feller is required to enter into the Company's standard release and waiver agreement to receive the separation payment.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No.	Description
99.1	Press release dated May 8, 2019.
99.2	CFO Commentary dated May 8, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INFINERA CORPORATION

Date: May 8, 2019

By: /s/ BRAD D. FELLER

Brad D. Feller
Chief Financial Officer

Exhibit 99.1

Infinera Corporation Reports First Quarter 2019 Financial Results

Sunnyvale, Calif., May 8, 2019 - Infinera Corporation, provider of Intelligent Transport Networks, today released financial results for its first quarter ended March 30, 2019.

GAAP revenue for the quarter was $292.7 million compared to $332.1 million in the fourth quarter of 2018 and $202.7 million in the first quarter of 2018.

GAAP gross margin for the quarter was 22.7% compared to 25.4% in the fourth quarter of 2018 and 40.5% in the first quarter of 2018. GAAP operating margin for the quarter was (38.2)% compared to (34.4)% in the fourth quarter of 2018 and (12.2)% in the first quarter of 2018.

GAAP net loss for the quarter was $121.6 million , or $(0.69) per share, compared to a net loss of $133.5 million , or $(0.76) per share, in the fourth quarter of 2018, and net loss of $26.3 million , or $(0.17) per share, in the first quarter of 2018.

Non-GAAP revenue for the quarter was $295.6 million compared to $336.6 million in the fourth quarter of 2018 and $202.7 million in the first quarter of 2018.

Non-GAAP gross margin for the quarter was 35.3% compared to 31.8% in the fourth quarter of 2018 and 43.7% in the first quarter of 2018. Non-GAAP operating margin for the quarter was (11.9)% compared to (10.5)% in the fourth quarter of 2018 and (3.4)% in the first quarter of 2018.

Non-GAAP net loss for the quarter was $41.2 million , or $(0.23) per share, compared to a net loss of $44.2 million , or $(0.25) per share, in the fourth quarter of 2018, and net loss of $7.2 million , or $(0.05) per share, in the first quarter of 2018.

A further explanation of the use of non-GAAP financial information and a reconciliation of the non-GAAP financial measures to the GAAP equivalents can be found at the end of this release.

“In the first quarter of 2019, we made significant progress on the integration of our new company and in executing on our committed synergies," said Tom Fallon, Infinera CEO. "While a significant deployment did not progress as expected, I am encouraged by the strong bookings outlook we see for second quarter of 2019 and our continued trend of building backlog and engaging with a much larger customer base. We are committed to capitalizing on this momentum and expect to return to non-GAAP profitability in the fourth quarter of this year.”

Financial Outlook

Infinera's outlook for the quarter ending June 29, 2019 is as follows:

- GAAP revenue is expected to be $298 million +/- $10 million. Non-GAAP revenue is expected to be $300 million +/- $10 million.
- GAAP gross margin is expected to be 25% +/- 200 bps. Non-GAAP gross margin is expected to be 30% +/- 200 bps.
- GAAP operating expenses are expected to be $156 million +/- $3 million. Non-GAAP operating expenses are expected to be $135 million +/- $3 million.
- GAAP operating margin is expected to be approximately (27)%. Non-GAAP operating margin is expected to be approximately (15)%.
- GAAP EPS is expected to be $(0.51) +/- $0.02. Non-GAAP EPS is expected to be $(0.28) +/- $0.02.

Separately, Brad Feller, the Chief Financial Officer ("CFO") of Infinera, informed Infinera of his intention to resign as CFO effective as of a date still to be determined no later than the end of the third quarter of fiscal 2019. Infinera has agreed with Mr. Feller that he will continue to serve as CFO during this transition period while Infinera conducts a search for his successor.

"On behalf of the board of directors and executive team, I would like to thank Brad for his selfless service and valuable contributions to Infinera over the past five years, including his leadership in helping us with the strategic acquisition and integration of Coriant," said Tom Fallon. "We all wish him well in his future endeavors."

First Quarter 2019 Financial Commentary Available Online

A CFO Commentary reviewing Infinera's first quarter of 2019 financial results will be furnished to the SEC on Form 8-K and published on Infinera's Investor Relations website at investors.infinera.com. Analysts and investors are encouraged to review this commentary prior to participating in the conference call webcast.

Conference Call Information

Infinera will host a conference call for analysts and investors to discuss its results for the first quarter of 2019 and its outlook for the second quarter of 2019 today at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time). Interested parties may join the conference call by dialing 1-866-373-6878 (toll free) or 1-412-317-5101 (international). A live webcast of the conference call will also be accessible from the Events section of Infinera's website at investors.infinera.com. Replay of the audio webcast will be available at investors.infinera.com approximately two hours after the end of the live call.

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About Infinera

Infinera provides Intelligent Transport Networks, enabling carriers, cloud operators, governments and enterprises to scale network bandwidth, accelerate service innovation and automate optical network operations. Infinera's end-to-end packet-optical portfolio is designed for long-haul, subsea, data center interconnect and metro applications. To learn more about Infinera visit www.infinera.com, follow us on Twitter @Infinera and read our latest blog posts at www.infinera.com/blog.

Forward-Looking Statements

This press release contains certain forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties. Such forward-looking statements include, without limitation, Infinera's expectations regarding its bookings outlook for the second quarter of 2019; trends in the business; returning to non-GAAP profitability in the fourth quarter of 2019; and its financial outlook for the second quarter of 2019.

Forward-looking statements can also be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. These statements are based on information available to Infinera as of the date hereof and actual results could differ materially from those stated or implied due to risks and uncertainties. The risks and uncertainties that could cause Infinera's results to differ materially from those expressed or implied by such forward-looking statements include, the combined company's ability to promptly and effectively integrate the businesses; Infinera's ability to realize synergies in a timely manner; market acceptance of the combined company's end-to-end portfolio; the diversion of management time on issues related to the integration; Infinera's future capital needs and its ability to generate the cash flow or otherwise secure the capital necessary to make anticipated capital expenditures; service its debt obligations and pursue its strategic plan; delays in the development and introduction of new products or updates to existing products and market acceptance of these products; fluctuations in demand, sales cycles and prices for products and services, including discounts given in response to competitive pricing pressures, as well as the timing of purchases by Infinera's key customers; the effect that changes in product pricing or mix, and/or increases in component costs could have on Infinera's gross margin; the effects of customer consolidation; Infinera's ability to respond to rapid technological changes; aggressive business tactics by Infinera's competitors; Infinera's reliance on single and limited source

suppliers; Infinera's ability to protect Infinera's intellectual property; claims by others that Infinera infringes their intellectual property; Infinera's ability to recruit a successor as CFO before the end of the transition period; the effect of global macroeconomic conditions on Infinera's business; war, terrorism, public health issues, natural disasters and other circumstances that could disrupt the supply, delivery or demand of Infinera's products; and other risks and uncertainties detailed in Infinera's SEC filings from time to time. More information on potential factors that may impact Infinera's business are set forth in its Annual Report on Form 10-K for the year ended on December 29, 2018 as filed with the SEC on March 14, 2019, as well as subsequent reports filed with or furnished to the SEC from time to time. These reports are available on Infinera's website at www.infinera.com and the SEC's website at www.sec.gov. Infinera assumes no obligation to, and does not currently intend to, update any such forward-looking statements.

Use of Non-GAAP Financial Information

In addition to disclosing financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), this press release and the accompanying tables contain certain non-GAAP measures that exclude acquisition-related deferred revenue and inventory adjustments, restructuring and related costs (credits), non-cash stock-based compensation expenses, amortization of debt discount on Infinera's convertible senior notes, impairment charge of non-marketable equity investments, accretion of financing lease obligation, amortization of acquired intangible assets, acquisition and integration costs, and certain purchase accounting adjustments related to Infinera's acquisitions of Coriant and Transmode AB, along with related tax effects. For a description of these non-GAAP financial measures and a reconciliation to the most directly comparable GAAP financial measures, please see the section titled, "GAAP to Non-GAAP Reconciliations."

Infinera has included forward-looking non-GAAP information in this press release, including an estimate of certain non-GAAP financial measures for the second quarter of 2019 that exclude non-cash stock-based compensation expenses, acquisition and integration costs related to Infinera's acquisition of Coriant, and amortization of acquired intangible assets and related tax effects. Please see the section titled, "GAAP to Non-GAAP Reconciliations of Financial Outlook" below on specific adjustments.

Infinera believes these adjustments are appropriate to enhance an overall understanding of its underlying financial performance and also its prospects for the future and are considered by management for the purpose of making operational decisions. In addition, these results are the primary indicators management uses as a basis for its planning and forecasting of future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for gross margin, operating margin, net loss, or basic and diluted net loss per share prepared in accordance with GAAP. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and are subject to limitations.

A copy of this press release can be found on the Investor Relations page of Infinera's website at www.infinera.com.

Infinera and the Infinera logo are trademarks or registered trademarks of Infinera Corporation. All other trademarks used or mentioned herein belong to their respective owners.

Infinera Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 30, 2019	March 31, 2018
Revenue:		
Product	$ 223,007	$ 171,629
Services	69,700	31,052
Total revenue	292,707	202,681
Cost of revenue:		
Cost of product	157,817	102,324
Cost of services	36,676	12,831
Amortization of intangible assets	8,252	5,341
Acquisition and integration costs	2,064	—
Restructuring and related	21,466	17
Total cost of revenue	226,275	120,513
Gross profit	66,432	82,168
Operating expenses:		
Research and development	73,660	58,681
Sales and marketing	40,037	28,885
General and administrative	33,044	17,836
Amortization of intangible assets	7,057	1,607
Acquisition and integration costs	7,134	—
Restructuring and related	17,188	(163)
Total operating expenses	178,120	106,846
Loss from operations	(111,688)	(24,678)
Other income (expense), net:		
Interest income	766	897
Interest expense	(7,563)	(3,683)
Other gain (loss), net:	(2,923)	506
Total other income (expense), net	(9,720)	(2,280)
Loss before income taxes	(121,408)	(26,958)
Provision for (benefit from) income taxes	193	(678)
Net loss	(121,601)	(26,280)
Net loss per common share - basic and diluted:	$ (0.69)	$ (0.17)
Weighted average shares used in computing net loss per common share - basic and diluted:	176,406	150,333

Infinera Corporation
GAAP to Non-GAAP Reconciliations
(In thousands, except percentages and per share data)
(Unaudited)

	Three Months Ended					
	March 30, 2019		December 29, 2018		March 31, 2018	
Reconciliation of Revenue:						
U.S. GAAP as reported	$ 292,707		$ 332,058		$ 202,681	
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Non-GAAP as adjusted	$ 295,612		$ 336,640		$ 202,681	
Reconciliation of Gross Profit:						
U.S. GAAP as reported	$ 66,432	22.7 %	$ 84,504	25.4 %	$ 82,168	40.5 %
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	1,328		1,620		994	
Amortization of acquired intangible assets (3)	8,252		8,315		5,341	
Acquisition and integration costs (4)	2,064		132		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	21,466		2,580		17	
Non-GAAP as adjusted	$ 104,225	35.3 %	$ 107,070	31.8 %	$ 88,520	43.7 %
Reconciliation of Operating Expenses:						
U.S. GAAP as reported	$ 178,120		$ 198,728		$ 106,846	
Stock-based compensation (2)	7,385		7,395		9,989	
Amortization of acquired intangible assets (3)	7,057		24,735		1,607	
Acquisition and integration costs (4)	7,134		13,463		—	
Restructuring and related (6)	17,188		10,804		(163)	
Non-GAAP as adjusted	$ 139,356		$ 142,331		$ 95,413	
Reconciliation of Loss from Operations:						
U.S. GAAP as reported	$ (111,688)	(38.2)%	$ (114,224)	(34.4)%	$ (24,678)	(12.2)%
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	8,713		9,015		10,983	
Amortization of acquired intangible assets (3)	15,309		33,050		6,948	
Acquisition and integration costs (4)	9,198		13,595		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	38,654		13,384		(146)	
Non-GAAP as adjusted	$ (35,131)	(11.9)%	$ (35,261)	(10.5)%	$ (6,893)	(3.4)%
Reconciliation of Net Loss:						
U.S. GAAP as reported	$ (121,601)		$ (133,467)		$ (26,280)	
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	8,713		9,015		10,983	
Amortization of acquired intangible assets (3)	15,309		33,050		6,948	
Acquisition and integration costs (4)	9,198		13,595		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	38,654		13,384		(146)	
Amortization of debt discount (7)	4,241		4,137		2,779	
Accretion of financing lease obligation (8)	—		6,538		—	
Impairment of non-marketable equity investment (9)	—		850		—	
Income tax effects (10)	(426)		(1,237)		(1,529)	
Non-GAAP as adjusted	$ (41,229)		$ (44,216)		$ (7,245)	

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
Net Loss per Common Share - Basic and Diluted:			
U.S. GAAP as reported	$ (0.69)	$ (0.76)	$ (0.17)
Non-GAAP as adjusted	$ (0.23)	$ (0.25)	$ (0.05)
Weighted Average Shares Used in Computing Net Loss per Common Share - Basic and Diluted:	176,406	174,908	150,333

(1) Business combination accounting principles require Infinera to write down to fair value its maintenance support contracts assumed in the Coriant acquisition. The revenue for these support contracts is deferred and typically recognized over a one-year period, so Infinera's GAAP revenue for the one year period after the acquisition will not reflect the full amount of revenue that would have been reported if the acquired deferred revenue was not written down to fair value. The non-GAAP adjustment eliminates the effect of the deferred revenue write-down. Management believes these adjustments to the revenue from these support contracts are useful to investors as an additional means to reflect revenue trends of Infinera's business.

(2) Stock-based compensation expense is calculated in accordance with the fair value recognition provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation – Stock Compensation* effective January 1, 2006. The following table summarizes the effects of stock-based compensation related to employees and non-employees (in thousands):

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
Cost of revenue	$ 538	$ 543	$ (122)
Research and development	3,603	3,677	4,324
Sales and marketing	1,547	2,181	2,898
General and administration	2,235	1,537	2,767
	7,923	7,938	9,867
Cost of revenue - amortization from balance sheet*	790	1,077	1,116
Total stock-based compensation expense	$ 8,713	$ 9,015	$ 10,983

* Stock-based compensation expense deferred to inventory and deferred inventory costs in prior periods recognized in the current period.

(3) Amortization of acquired intangible assets consists of developed technology, trade names, customer relationships and backlog acquired in connection with the Coriant acquisition, which closed during the fourth quarter of 2018. Amortization of acquired intangible assets also consists of amortization of developed technology, trade names and customer relationships acquired in connection with the Transmode AB acquisition. U.S. GAAP accounting requires that acquired intangible assets are recorded at fair value and amortized over their useful lives. As this amortization is non-cash, Infinera has excluded it from its non-GAAP operating expenses, gross margin and net income measures. Management believes the amortization of acquired intangible assets is not indicative of ongoing operating performance and its exclusion provides a better indication of Infinera's underlying business performance.

(4) Acquisition and integration costs consist of legal, financial, employee-related costs and other professional fees incurred in connection with Infinera's acquisition of Coriant. These amounts have been adjusted in arriving at Infinera's non-GAAP results because management believes that these expenses are non-recurring, not indicative of ongoing operating performance and their exclusion provides a better indication of Infinera's underlying business performance.

(5) Business combination accounting principles require Infinera to measure acquired inventory at fair value. The fair value of inventory reflects the acquired company's cost of manufacturing plus a portion of the expected profit margin. The non-GAAP adjustment to Infinera's cost of sales excludes the amortization of the acquisition-related step-up in carrying value for units sold in the quarter. Additionally, in connection with the Coriant acquisition, cost of sales excludes a one-time adjustment in inventory as a result of renegotiated supplier agreements that contained unusually higher than market pricing. Management believes these adjustments are useful to investors as an additional means to reflect ongoing cost of sales and gross margin trends of Infinera's business.

(6) Restructuring and related costs are associated with Infinera's two restructuring initiatives implemented during the fourth quarter of 2018 and during the fourth quarter of 2017, as well as the planned closure of the Company's Berlin, Germany manufacturing facility and Coriant's historical restructuring plan associated with their early retirement plan. In addition, management included accelerated amortization on operating lease right-of-use assets due to the cease use of certain facilities. Management has excluded the impact of these charges in arriving at Infinera's non-GAAP results as they are non-recurring in nature and its exclusion provides a better indication of Infinera's underlying business performance.

(7) Under GAAP, certain convertible debt instruments that may be settled in cash on conversion are required to be separately accounted for as liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. Accordingly, for GAAP purposes, Infinera is required to amortize as debt discount an amount equal to the fair value of the conversion option that was recorded in equity as interest expense on the $402.5 million in aggregate principal amount of its 2.125% convertible debt issuance in September 2018 due September 2024 and the $150 million in aggregate principal amount of its 1.75% convertible debt issuance in May 2013 due June 2018, over the term of the respective notes. Interest expense has been excluded from Infinera's non-GAAP results because management believes that this non-cash expense is not indicative of ongoing operating performance and provides a better indication of Infinera's underlying business performance.

(8) Accretion of financing lease obligation included in interest expense relates to a failed sale-leaseback transaction executed by Coriant in the past and assumed by Infinera in the acquisition. Management believes that this adjustment is not indicative of ongoing operating performance and its exclusion provides a better indication of Infinera's underlying business performance.

(9) Management has excluded the impairment charge related to non-marketable equity investments in arriving at Infinera's non-GAAP results because they are non-recurring, and management believes that these expenses are not indicative of ongoing operating performance.

(10) The difference between the GAAP and non-GAAP tax provision is due to the net tax effects of the purchase accounting adjustments, acquisition-related costs and amortization of acquired intangible assets.

Infinera Corporation
Condensed Consolidated Balance Sheets
(In thousands, except par values)
(Unaudited)

	March 30, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 167,259	$ 202,954
Short-term investments	16,022	26,511
Short-term restricted cash	4,671	13,229
Accounts receivable, net of allowance for doubtful accounts of $5,276 in 2019 and $5,084 in 2018	267,117	317,115
Inventory	332,495	311,888
Prepaid expenses and other current assets	87,871	85,400
Total current assets	875,435	957,097
Property, plant and equipment, net	161,146	342,820
Operating lease right-of-use assets	65,598	—
Intangible assets	215,964	233,119
Goodwill	221,517	227,231
Long-term restricted cash	23,316	26,154
Other non-current assets	11,975	14,849
Total assets	$ 1,574,951	$ 1,801,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 163,834	$ 191,187
Accrued expenses and other current liabilities	141,087	131,891
Accrued compensation and related benefits	71,973	71,152
Accrued warranty	19,187	20,103
Deferred revenue	95,344	88,534
Total current liabilities	491,425	502,867
Long-term debt, net	279,738	266,929
Long-term financing lease obligation	—	193,538
Accrued warranty, non-current	20,564	20,918
Deferred revenue, non-current	30,727	31,768
Deferred tax liability	11,423	13,347
Operating lease liabilities	59,949	—
Other long-term liabilities	63,826	68,082
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, $0.001 par value Authorized shares – 25,000 and no shares issued and outstanding	—	—
Common stock, $0.001 par value Authorized shares – 500,000 as of March 30, 2019 and December 29, 2018		
Issued and outstanding shares – 177,415 as of March 30, 2019 and 175,452 as of December 29, 2018	177	175
Additional paid-in capital	1,702,710	1,685,916
Accumulated other comprehensive loss	(30,714)	(25,300)
Accumulated deficit	(1,054,874)	(956,970)
Total stockholders' equity	617,299	703,821
Total liabilities and stockholders' equity	$ 1,574,951	$ 1,801,270

Infinera Corporation
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended	
	March 30, 2019	March 31, 2018
Cash Flows from Operating Activities:		
Net loss	$ (121,601)	$ (26,280)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	30,939	16,976
Non-cash restructuring and related credits	19,882	(81)
Amortization of debt discount and issuance costs	4,614	3,018
Operating lease expense, net of accretion	16,704	—
Stock-based compensation expense	8,713	10,983
Other loss	1,775	84
Changes in assets and liabilities:		
Accounts receivable	49,754	(30,928)
Inventory	(24,937)	(2,329)
Prepaid expenses and other assets	(352)	(3,950)
Accounts payable	(23,439)	19,286
Accrued liabilities and other expenses	(25,139)	(6,181)
Deferred revenue	6,933	5,293
Net cash used in operating activities	(56,154)	(14,109)
Cash Flows from Investing Activities:		
Purchase of available-for-sale investments	—	(2,986)
Proceeds from maturities of investments	10,542	50,168
Acquisition of business, net of cash acquired	(10,000)	—
Purchase of property and equipment	(6,590)	(8,019)
Net cash provided by (used in) investing activities	(6,048)	39,163
Cash Flows from Financing Activities:		
Proceeds from issuance of debt, net	8,584	—
Proceeds from issuance of common stock	7,740	10,644
Minimum tax withholding paid on behalf of employees for net share settlement	—	(97)
Net cash provided by financing activities	16,324	10,547
Effect of exchange rate changes on cash and restricted cash	(1,213)	(58)
Net change in cash, cash equivalents and restricted cash	(47,091)	35,543
Cash, cash equivalents and restricted cash at beginning of period	242,337	121,486
Cash, cash equivalents and restricted cash at end of period [1]	$ 195,246	$ 157,029
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net of refunds	$ 1,353	$ 1,537
Cash paid for interest	$ 4,315	$ 9
Supplemental schedule of non-cash investing and financing activities:		
Transfer of inventory to fixed assets	$ 1,805	$ 893

(1) Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets:

	March 30, 2019	March 31, 2018
	(In thousands)	
Cash and cash equivalents	$ 167,259	$ 151,436
Short-term restricted cash	4,671	84
Long-term restricted cash	23,316	5,509
Total cash, cash equivalents and restricted cash	$ 195,246	$ 157,029

Infinera Corporation
Supplemental Financial Information
(Unaudited)

	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP Revenue ($ Mil)	$176.8	$192.6	$195.8	$202.7	$208.2	$200.4	$332.1	$292.7
GAAP Gross Margin %	36.7%	35.2%	24.1%	40.5%	40.5%	35.0%	25.4%	22.7%
Non-GAAP Gross Margin % [1]	40.7%	39.1%	37.5%	43.7%	43.9%	38.4%	31.8%	35.3%
Revenue Composition:								
Domestic %	63%	59%	53%	64%	58%	49%	39%	45%
International %	37%	41%	47%	36%	42%	51%	61%	55%
Customers >10% of Revenue	3	2	1	2	2	2	2	1
Cash Related Information:								
Cash from Operations ($ Mil)	($3.0)	($20.9)	($1.0)	($14.1)	$7.0	($20.4)	($71.6)	($56.2)
Capital Expenditures ($ Mil)	$24.5	$11.0	$7.8	$8.0	$13.5	$5.5	$10.7	$6.6
Depreciation & Amortization ($ Mil)	$16.6	$16.8	$16.6	$17.0	$16.3	$17.1	$50.2	$31.0
DSOs	64	65	59	73	65	70	87	83
Inventory Metrics:								
Raw Materials ($ Mil)	$36.7	$35.8	$27.4	$30.3	$30.5	$33.6	$74.5	$82.5
Work in Process ($ Mil)	$91.6	$84.3	$59.6	$66.5	$61.6	$56.4	$57.2	$63.0
Finished Goods ($ Mil)	$117.7	$122.7	$127.7	$119.1	$127.2	$121.9	$180.2	$187.0
Total Inventory ($ Mil)	$246.0	$242.8	$214.7	$215.9	$219.3	$211.9	$311.9	$332.5
Inventory Turns [2]	1.7	1.9	2.3	2.1	2.1	2.3	2.9	2.3
Worldwide Headcount	2,272	2,296	2,145	2,084	2,070	2,079	3,876	3,708
Weighted Average Shares Outstanding (in thousands):								
Basic	147,538	148,777	149,412	150,333	152,259	153,492	174,908	176,406
Diluted	148,662	149,714	150,098	151,633	154,777	154,228	175,629	176,602

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(1) Non-GAAP adjustments include restructuring and related costs (credit), non-cash stock-based compensation expense, certain purchase accounting adjustments related to Infinera's acquisition of Coriant and Transmode, and amortization of acquired intangible assets. For a description of this non-GAAP financial measure, please see the section titled, “GAAP to Non-GAAP Reconciliations” of this press release for a reconciliation to the most directly comparable GAAP financial measures.

(2) Infinera calculates non-GAAP inventory turns as annualized non-GAAP cost of revenue before adjustments for restructuring and related costs, non-cash stock-based compensation expense, and certain purchase accounting adjustments, divided by the average inventory for the quarter.

Infinera Corporation
GAAP to Non-GAAP Reconciliation of Financial Outlook
(In millions, except percentages and per share data)
(Unaudited)

The following amounts represent the midpoint of the expected range:

	Q2'19 Outlook
Reconciliation of Revenue:	
U.S. GAAP	$ 298
Acquisition-related deferred revenue adjustment	2
Non-GAAP	$ 300
Reconciliation of Gross Margin:	
U.S. GAAP	25 %
Acquisition-related deferred revenue adjustment	1 %
Stock-based compensation	1 %
Amortization of acquired intangible assets	2 %
Restructuring and related	1 %
Non-GAAP	30 %
Reconciliation of Operating Expenses:	
U.S. GAAP	$ 156
Stock-based compensation	(9)
Amortization of acquired intangible assets	(5)
Acquisition and integration costs	(6)
Restructuring and related	(1)
Non-GAAP	$ 135
Reconciliation of Operating Margin:	
U.S. GAAP	(27)%
Acquisition-related deferred revenue adjustment	1 %
Stock-based compensation	3 %
Amortization of acquired intangible assets	4 %
Acquisition and integration costs	2 %
Restructuring and related	2 %
Non-GAAP	(15)%
Reconciliation of Net Loss per Common Share:	
U.S. GAAP	$ (0.51)
Acquisition-related deferred revenue adjustment	0.01
Stock-based compensation	0.06
Amortization of acquired intangible assets	0.06
Acquisition and integration costs	0.04
Restructuring and related	0.04
Amortization of debt discount	0.02
Non-GAAP	$ (0.28)

Exhibit 99.2

Infinera

CFO Commentary - First Quarter 2019 Financial Results

The following metrics and commentary are provided by management and should be reviewed in conjunction with our first quarter 2019 financial results press release, available on the Investor Relations section of our website at http://investors.infinera.com.

First Quarter 2019 Financial Results

GAAP

(In millions, except per share amounts and percentages)	Q1'19	Q4'18	Q1'18	Q/Q Change	Y/Y Change
Revenue	$ 292.7	$ 332.1	$ 202.7	(12)%	44%
Product	223.0	249.6	171.6	(11)%	30 %
Service	69.7	82.5	31.1	(16)%	124 %
Gross margin %	22.7 %	25.4 %	40.5 %	(2.7)pts	(17.8)pts
Research and development	73.7	78.8	58.7	(6)%	26 %
Sales and marketing	40.0	42.7	28.9	(6)%	38 %
General and administrative	33.0	28.2	17.8	17 %	85 %
Amortization of intangible assets	7.1	24.7	1.6	(71)%	344 %
Acquisition and integration costs	7.1	13.5	—	(47)%	NMF*
Restructuring and related	17.2	10.8	(0.2)	59 %	NMF*
Total operating expenses	$ 178.1	$ 198.7	$ 106.8	(10)%	67 %
Operating margin %	(38.2)%	(34.4)%	(12.2)%	(3.8)pts	(26.0)pts
Net loss	$ (121.6)	$ (133.5)	$ (26.3)	9 %	(362)%
EPS	$ (0.69)	$ (0.76)	$ (0.17)	$ 0.07	$ (0.52)

**NMF = Not meaningful*

Non-GAAP

(In millions, except per share amounts and percentages)	Q1'19	Q4'18	Q1'18	Q/Q Change	Y/Y Change
Revenue	$ 295.6	$ 336.6	$ 202.7	(12)%	46%
Product	223.0	249.6	171.6	(11)%	30 %
Service	72.6	87.0	31.1	(17)%	133 %
Gross margin %	35.3 %	31.8 %	43.7 %	3.5pts	(8.4)pts
Research and development	70.1	75.1	54.3	(7)%	29 %
Sales and marketing	38.5	40.5	26.0	(5)%	48 %
General and administrative	30.8	26.7	15.1	15 %	104 %
Total operating expenses	$ 139.4	$ 142.3	$ 95.4	(2)%	46 %
Operating margin %	(11.9)%	(10.5)%	(3.4)%	(1.4)pts	(8.5)pts
Net loss	$ (41.2)	$ (44.2)	$ (7.2)	7 %	(472)%
EPS	$ (0.23)	$ (0.25)	$ (0.05)	$ 0.02	$ (0.18)

This CFO Commentary contains non-GAAP financial measures. The reconciliation of the GAAP to non-GAAP financial measures can be found at the end of this document.

Our results for both the first quarter of 2019 and the fourth quarter of 2018 include the acquired Coriant business, which closed on October 1, 2018.

Q1'19 Overview

Our first quarter was impacted by a major network project in SE Asia that did not progress as expected resulting in revenue slightly below our guided range. Our acquisition synergy initiatives, including fixed cost eliminations, supplier negotiations and new pricing policies, started to take hold in the first quarter of 2019 as gross margins came in well ahead of expectations. These gross margin results along with operating expenses, which were generally in line with expectations, led to operating margin and net loss results that were better than expectations.

Revenue:

In the first quarter of 2019, GAAP revenue was $293 million, which represents a 12% sequential decline due largely to seasonality. Non-GAAP revenue of $296 million adds back the purchase accounting impact of service deferred revenue adjustments to provide a clearer representation of the underlying revenue stream. GAAP revenue came in slightly below our guidance range of $298 million to $318 million and non-GAAP revenue also came in slightly below our guidance range of $300 million to $320 million as one significant network deployment project did not progress as expected during the quarter. North American Tier-1s represented the largest revenue contribution in the quarter and included one customer at 10%+ of total revenue. Our top five customers consisted of three domestic Tier-1s and two cable operators.

Importantly, our new technology is winning in the market as demonstrated by our second quarter of 2019 order booking forecast and the significant amount of new footprint business we anticipate to ship during the second quarter of 2019. We see this as an indication that the combined end-to-end portfolio of the new Infinera is very compelling to global service providers.

Geographies

North America (45% of total revenue):

- In the first quarter of 2019, our business in North America was distributed across all major verticals with three Tier-1s representing nearly 50% of the region's revenue, followed by a cable operator and a Tier-2 operator. The top 10 customers in this region accounted for over 75% of the region's total revenue. During the quarter , we experienced strong growth from two of the region's Tier-1s , which included first revenue on an important services migration project utilizing our Maestro software automation suite to help Verizon with their circuit to packet network migration. We saw ICP weakness due to a muted spend environment in the first quarter, but we anticipate improvement in the second quarter and beyond as we are now fully certified at a new global ICP customer who will begin deploying our Groove solution .

International (55% of total revenue):

- **EMEA (34% of total revenue):** Following the Coriant acquisition, the EMEA region represents a greater portion of global revenue than it had historically. Revenue declined fairly significantly sequentially as the first quarter is typically seasonally weak. Exacerbating the seasonal decline, we had one Tier-1 customer accelerate demand into the fourth quarter of 2018, leaving a hole in the first quarter of 2019. Additionally, two other carriers had completed large projects during the fourth quarter of 2018. These events were partially offset by strength from our largest cable customer in the region, which continues to deploy our XTM Metro solutions. The top 10 customers represented over 50% of the total revenue in the region during the quarter.
- **APAC (16% of total revenue):** During the quarter , we experienced a surge in revenue from a large service provider in Southeast Asia deploying equipment based on our ICE4 optical engine. This was offset by weakness elsewhere throughout the region, particularly in subsea, as a major customer slowed its overall capex spending. Importantly, we had a major network project in SE Asia that we included in our revenue plan for the quarter that didn't progress as expected during the quarter. Despite the uncertainty of this project's timing, we are optimistic about our growth prospects in the region. The top 10 customers represented approximately 75% of the total revenue in the region during the quarter.

- **Other Americas (LATAM) (5% of total revenue):** Revenue experienced a typical, across the board seasonal decline during the quarter , with overall revenue in the region led by Tier-1 carriers. We are particularly optimistic about our disaggregated solutions opportunities in the region. The top 10 customers accounted for nearly 80% of the total revenue in the region.

Customer Verticals

- **Tier-1s** represented approximately 45% of total revenue during the quarter. The Coriant acquisition brings long standing relationships with several of the largest Tier-1s in the world, which represent a strong revenue stream and a large opportunity for growth. As many of these customers represent mobile carriers, we believe the emergence of 5G technology will drive significant opportunities for the new Infinera over the next several years. Overall, revenue was negatively impacted by a typical seasonal decline with sequential revenue growth from North American Tier-1s partially offsetting revenue declines in EMEA and Asia Pacific. North American based Tier-1s represented over 50% of our global Tier-1 revenue, followed by EMEA at approximately 25%, APAC at 17% and LATAM the remaining 8%.

- **Other Service Providers** represented approximately 37% of our total revenue in the quarter. Customers in this vertical predominantly represent Tier-2 operators, bandwidth wholesalers, and governmental organizations. Revenue among these customers was widespread, though two customers in this vertical entered the overall top 10 customer list during the quarter. Geographically, revenue from these customers was split approximately 70% international and 30% domestic.

- **ICPs** represented approximately 7% of our total revenue during the quarter. Within this end customer vertical, Infinera and Coriant have both historically had reasonable levels of success, but with different customers. As such, the new Infinera now serves most of the top global ICPs. With a current product portfolio including the Cloud Xpress, the XTSeries and the Groove, significant opportunities to address ICP subsea demand, and a roadmap of future products combining the strengths of both platforms, we believe we are well positioned to grow this vertical and anticipate a new deployment with a major ICP to begin shipping during the second quarter of 2019. Similar to the experiences of other providers in our industry, we were negatively impacted in the first quarter of 2019 by lighter demand within this vertical.

- **Cable** represented approximately 11% of our total revenue in the quarter, with the vast majority of this revenue coming from the Infinera classic side. Overall cable revenue increased sequentially during the quarter as this vertical tends to be seasonally stronger during the first half of the year. Our strongest regions within this vertical are North America and EMEA, with presence at many of the largest customers in these regions and both regions demonstrating growth during the quarter. Our longstanding relationships with these customers should benefit us as they roll out their DAA architectures over the next several years. However, our near-term cable outlook has deteriorated from prior expectations.

Gross Margin (GAAP 22.7% ; Non-GAAP 35.3%)

- The largest driver of the difference between GAAP gross margin of 22.7% and non-GAAP gross margin of 35.3% was restructuring expenses, primarily related to the transition of our Berlin, Germany manufacturing facility to a manufacturing partner.

- Non-GAAP gross margin was higher than our guidance range of 29% to 33% primarily due to a favorable product and customer mix. While the inclusion of the Coriant business continues to impact our margins, we saw improvements on the Coriant side of the business for the second consecutive quarter as we drive more cost discipline in our decision-making and materials spend, and also benefit from headcount reductions from restructuring actions.

Operating Expenses (GAAP $178.1 million ; Non-GAAP $139.4 million)

- Our GAAP operating expenses included $17 million associated with restructuring actions primarily due to accelerated amortization on operating lease right-of-use assets due to the cease use of certain facilities and $7 million each from acquisition-related intangibles amortization and integration costs.

- Our non-GAAP operating expenses came in a bit higher than the midpoint of our guidance range of $135 million to $141 million. This was mainly due to incremental rent expense in connection with the adoption of the new lease accounting standard and higher than anticipated outside professional service fees to support year-end audit activities. In the first quarter of 2019, we began to see the benefits associated with

restructuring actions taken at the end of last year, as we continue to adjust our post - acquisition cost structure. We achieved this result despite having to absorb $9 million of costs related to the calendar year reset of compensation related benefits and taxes.

Operating Margin (GAAP (38.2)% ; Non-GAAP (11.9)%)

- Our operating margin on a GAAP basis declined sequentially primarily due to lower revenue and higher restructuring costs associated with the Berlin site transition.
- Our operating margin on a non-GAAP basis was better than the implied midpoint of our guidance of (13.5)%, as lower revenue was more than offset by better than anticipated gross margin.

Earnings per Share (GAAP $(0.69) ; Non-GAAP $(0.23))

- EPS on a GAAP basis improved sequentially as stronger gross margin offset weaker revenue and higher restructuring costs.
- EPS on a non-GAAP basis was better than the midpoint of our guidance of $(0.27) due to stronger than anticipated gross margin.

Balance Sheet

(In millions)	Q1'19	Q4'18	Q1'18
Cash, investments & restricted cash	$ 211.3	$ 268.8	$ 293.4
Accounts receivable	$ 267.1	$ 317.1	$ 161.5
Inventory	$ 332.5	$ 311.9	$ 215.9
Accounts payable	$ 163.8	$ 191.2	$ 77.8

- **Cash, investments and restricted cash,** decreased by $57.5 million in the first quarter of 2019 on a sequential basis due to negative operating results, severance payments and working capital changes. In the quarter we continued to make investments in restructuring-related items and in integration costs to drive current and future synergies.
- **Net accounts receivable** in the first quarter of 2019 declined $50.0 million , commensurate with lower revenue and due to collecting cash from longer payment term deals inherited from the Coriant business. Overall DSOs decreased from 87 to 83.
- **Net inventory** increased by $20.6 million in the first quarter of 2019 on a sequential basis as we built buffer inventory to reduce risk related to revenue plan execution and manufacturing transitions .
- **Accounts payable** decreased by $27.4 million in the first quarter, largely due to the significant cost of goods decrease associated with lower revenue and higher gross margin.

Forward-Looking Statements

This CFO Commentary contains a forward-looking statement based on current expectations, forecasts and assumptions that involve risks and uncertainties. Such forward-looking statement includes, without limitation, our expectations regarding our new technology winning in the market and improved second quarter of 2019 bookings; growth prospects; trends in the business; and returning to non-GAAP profitability in the fourth quarter of 2019. These statements are based on information available to us as of the date hereof and actual results could differ materially from those stated or implied due to risks and uncertainties. For a list of risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statement please refer to our first quarter of 2019 earnings release of the same date. More information on potential factors that may impact our business are set forth in its Annual Report on Form 10-K for the year ended on December 29, 2018 as filed with the SEC on March 14, 2019, as well as subsequent reports filed with or furnished to the SEC from time to time. These reports are available on our website at www.infinera.com and the SEC's website at www.sec.gov. We assume no obligation to, and do not currently intend to, update any such forward-looking statements.

Use of Non-GAAP Financial Information

This CFO Commentary contains references to the following non-GAAP financial measures: gross margin, operating expenses, operating margin, net loss and EPS. To supplement our financial results presented on a GAAP basis, we

use the non-GAAP measures indicated above, which exclude acquisition-related deferred revenue and inventory adjustments, restructuring and related costs (credits), non-cash stock-based compensation expenses, amortization of debt discount on our convertible senior notes, impairment charge of non-marketable equity investments, accretion of financing lease obligation, amortization of acquired intangible assets, acquisition and integration costs, and certain purchase accounting adjustments related to our acquisitions of Coriant and Transmode AB, along with related tax effects. We believe these adjustments are appropriate to enhance an overall understanding of our underlying financial performance and also our prospects for the future and are considered by management for the purpose of making operational decisions. In addition, these results are the primary indicators management uses as a basis for its planning and forecasting of future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net loss, basic and diluted net loss per share, gross margin or operating margin prepared in accordance with GAAP. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and are subject to limitations. For a description of these non-GAAP financial measures and a reconciliation to the most directly comparable GAAP financial measures, please see the section titled, “GAAP to Non-GAAP Reconciliations.”

Infinera Corporation
GAAP to Non-GAAP Reconciliations
(In thousands, except percentages and per share data)
(Unaudited)

	Three Months Ended					
	March 30, 2019		December 29, 2018		March 31, 2018	
Reconciliation of Revenue:						
U.S. GAAP as reported	$ 292,707		$ 332,058		$ 202,681	
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Non-GAAP as adjusted	$ 295,612		$ 336,640		$ 202,681	
Reconciliation of Gross Profit:						
U.S. GAAP as reported	$ 66,432	22.7 %	$ 84,504	25.4 %	$ 82,168	40.5 %
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	1,328		1,620		994	
Amortization of acquired intangible assets (3)	8,252		8,315		5,341	
Acquisition and integration costs (4)	2,064		132		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	21,466		2,580		17	
Non-GAAP as adjusted	$ 104,225	35.3 %	$ 107,070	31.8 %	$ 88,520	43.7 %
Reconciliation of Operating Expenses:						
U.S. GAAP as reported	$ 178,120		$ 198,728		$ 106,846	
Stock-based compensation (2)	7,385		7,395		9,989	
Amortization of acquired intangible assets (3)	7,057		24,735		1,607	
Acquisition and integration costs (4)	7,134		13,463		—	
Restructuring and related (6)	17,188		10,804		(163)	
Non-GAAP as adjusted	$ 139,356		$ 142,331		$ 95,413	
Reconciliation of Loss from Operations:						
U.S. GAAP as reported	$ (111,688)	(38.2)%	$ (114,224)	(34.4)%	$ (24,678)	(12.2)%
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	8,713		9,015		10,983	
Amortization of acquired intangible assets (3)	15,309		33,050		6,948	
Acquisition and integration costs (4)	9,198		13,595		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	38,654		13,384		(146)	
Non-GAAP as adjusted	$ (35,131)	(11.9)%	$ (35,261)	(10.5)%	$ (6,893)	(3.4)%
Reconciliation of Net Loss:						
U.S. GAAP as reported	$ (121,601)		$ (133,467)		$ (26,280)	
Acquisition-related deferred revenue adjustment (1)	2,905		4,582		—	
Stock-based compensation (2)	8,713		9,015		10,983	
Amortization of acquired intangible assets (3)	15,309		33,050		6,948	
Acquisition and integration costs (4)	9,198		13,595		—	
Acquisition-related inventory adjustments (5)	1,778		5,337		—	
Restructuring and related (6)	38,654		13,384		(146)	
Amortization of debt discount (7)	4,241		4,137		2,779	
Accretion of financing lease obligation (8)	—		6,538		—	
Impairment of non-marketable equity investment (9)	—		850		—	
Income tax effects (10)	(426)		(1,237)		(1,529)	
Non-GAAP as adjusted	$ (41,229)		$ (44,216)		$ (7,245)	

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
Net Loss per Common Share - Basic and Diluted:			
U.S. GAAP as reported	$ (0.69)	$ (0.76)	$ (0.17)
Non-GAAP as adjusted	$ (0.23)	$ (0.25)	$ (0.05)
Weighted Average Shares Used in Computing Net Loss per Common Share - Basic and Diluted:	176,406	174,908	150,333

(1) Business combination accounting principles require us to write down to fair value our maintenance support contracts assumed in the Coriant acquisition. The revenue for these support contracts is deferred and typically recognized over a one-year period, so our GAAP revenue for the one year period after the acquisition will not reflect the full amount of revenue that would have been reported if the acquired deferred revenue was not written down to fair value. The non-GAAP adjustment eliminates the effect of the deferred revenue write-down. Management believes these adjustments to the revenue from these support contracts are useful to investors as an additional means to reflect revenue trends of our business.

(2) Stock-based compensation expense is calculated in accordance with the fair value recognition provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation - Stock Compensation* effective January 1, 2006. The following table summarizes the effects of stock-based compensation related to employees and non-employees (in thousands):

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
Cost of revenue	$ 538	$ 543	$ (122)
Research and development	3,603	3,677	4,324
Sales and marketing	1,547	2,181	2,898
General and administration	2,235	1,537	2,767
	7,923	7,938	9,867
Cost of revenue - amortization from balance sheet*	790	1,077	1,116
Total stock-based compensation expense	$ 8,713	$ 9,015	$ 10,983

* Stock-based compensation expense deferred to inventory and deferred inventory costs in prior periods recognized in the current period.

(3) Amortization of acquired intangible assets consists of developed technology, trade names, customer relationships and backlog acquired in connection with the Coriant acquisition, which closed during the fourth quarter of 2018. Amortization of acquired intangible assets also consists of amortization of developed technology, trade names and customer relationships acquired in connection with the Transmode AB acquisition. U.S. GAAP accounting requires that acquired intangible assets are recorded at fair value and amortized over their useful lives. As this amortization is non-cash, we have excluded it from its non-GAAP operating expenses, gross margin and net income measures. Management believes the amortization of acquired intangible assets is not indicative of ongoing operating performance and its exclusion provides a better indication of our underlying business performance.

(4) Acquisition and integration costs consist of legal, financial, employee-related costs and other professional fees incurred in connection with our acquisition of Coriant. These amounts have been adjusted in arriving at our non-GAAP results because management believes that these expenses are non-recurring, not indicative of ongoing operating performance and their exclusion provides a better indication of our underlying business performance.

(5) Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of inventory reflects the acquired company's cost of manufacturing plus a portion of the expected profit margin. The non-GAAP adjustment to our cost of sales excludes the amortization of the acquisition-related step-up in carrying value for units sold in the quarter. Additionally, in connection with the Coriant acquisition,

cost of sales excludes a one-time adjustment in inventory as a result of renegotiated supplier agreements that contained unusually higher than market pricing. Management believes these adjustments are useful to investors as an additional means to reflect ongoing cost of sales and gross margin trends of our business.

(6) Restructuring and related costs are associated with our two restructuring initiatives implemented during the fourth quarter of 2018 and during the fourth quarter of 2017, as well as the planned closure of our Berlin, Germany manufacturing facility and Coriant's historical restructuring plan associated with their early retirement plan. In addition, management included operating lease right-of-use assets accelerated amortization and related costs due the cease use of certain facilities. Management has excluded the impact of these charges in arriving at our non-GAAP results as they are non-recurring in nature and its exclusion provides a better indication of our underlying business performance.

(7) Under GAAP, certain convertible debt instruments that may be settled in cash on conversion are required to be separately accounted for as liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. Accordingly, for GAAP purposes, we are required to amortize as debt discount an amount equal to the fair value of the conversion option that was recorded in equity as interest expense on the $402.5 million in aggregate principal amount of its 2.125% convertible debt issuance in September 2018 due September 2024 and the $150 million in aggregate principal amount of its 1.75% convertible debt issuance in May 2013 due June 2018, over the term of the respective notes. Interest expense has been excluded from our non-GAAP results because management believes that this non-cash expense is not indicative of ongoing operating performance and provides a better indication of our underlying business performance.

(8) Accretion of financing lease obligation included in interest expense relates to a failed sale-leaseback transaction executed by Coriant in the past and assumed by us in the acquisition. Management believes that this adjustment is not indicative of ongoing operating performance and its exclusion provides a better indication of our underlying business performance.

(9) Management has excluded the impairment charge related to non-marketable equity investments in arriving at our non-GAAP results because they are non-recurring, and management believes that these expenses are not indicative of ongoing operating performance.

(10) The difference between the GAAP and non-GAAP tax provision is due to the net tax effects of the purchase accounting adjustments, acquisition-related costs and amortization of acquired intangible assets.