
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

**Date of Report (Date of earliest event reported):
February 10, 2011**

INFINERA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33486
(Commission
File Number)

77-0560433
(IRS Employer
Identification No.)

**169 Java Drive
Sunnyvale, CA 94089**
(Address of principal executive offices, including zip code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) **Named Executive Officer Compensation.** On February 10, 2011, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Infinera Corporation (the “Company”) approved the fiscal 2011 compensation for the Company’s named executive officers.

Base Salaries. The Committee approved the following base salary changes for the named executive officers, effective January 1, 2011:

<u>Named Executive Officer</u>	<u>Position</u>	<u>Old Base Salary</u>	<u>New Base Salary</u>
Thomas J. Fallon	President and Chief Executive Officer	\$300,000	\$300,000
Ita M. Brennan	Chief Financial Officer	\$270,000	\$300,000
Michael O. McCarthy III	Chief Legal and Administrative Officer	\$270,000	\$300,000
Ronald D. Martin	Vice President, Worldwide Sales	\$350,000	\$350,000
David F. Welch, Ph.D.	EVP, Chief Strategy Officer	\$300,000	\$300,000

Target Bonus Percentages. The Committee approved the following target bonus percentages, as a percentage of base salary, for the named executive officers for 100% achievement under the Bonus Plan, effective December 26, 2010, the first day of fiscal 2011:

<u>Named Executive Officer</u>	<u>Position</u>	<u>Old Target Bonus (as a percentage)</u>	<u>New Target Bonus (as a percentage)</u>
Thomas J. Fallon	President and Chief Executive Officer	125%	125%
Ita M. Brennan	Chief Financial Officer	50%	65%
Michael O. McCarthy III	Chief Legal and Administrative Officer	65%	65%
Ronald D. Martin	Vice President, Worldwide Sales	100%	100%
David F. Welch, Ph.D.	EVP, Chief Strategy Officer	65%	80%

Named Executive Officer Equity Awards. On February 10, 2011, the Committee approved equity awards to the Company’s named executive officers in the form of stock options and restricted stock units (the “Equity Awards”). The Equity Awards were granted pursuant to the Company’s 2007 Equity Incentive Plan and are comprised of the following numbers of shares underlying stock options and restricted stock units:

<u>Named Executive Officer</u>	<u>Position</u>	<u>Stock Options</u>	<u>Restricted Stock Units</u>
Thomas J. Fallon	President and Chief Executive Officer	243,000	142,000
Ita M. Brennan	Chief Financial Officer	65,000	33,000
Michael O. McCarthy III	Chief Legal and Administrative Officer	65,000	33,000
Ronald D. Martin	Vice President, Worldwide Sales	49,000	25,000
David F. Welch, Ph.D.	EVP, Chief Strategy Officer	81,000	41,000

The stock options have an exercise price of \$8.58 per share and vest monthly over three years commencing on February 10, 2011, subject to each named executive officer’s continued service to the Company. The restricted stock units vest as to one-third of the underlying shares annually on each of February 5, 2012, 2013 and 2014, subject to each named executive officer’s continued service to the Company.

Named Executive Officer Performance-Based Equity Awards. On February 10, 2011, the Committee approved performance-based equity awards to the Company's named executive officers in the form of stock options with performance-based vesting conditions related to the Company's next generation products (the "Performance-based Awards"). The Performance-based Awards were granted pursuant to the Company's 2007 Equity Incentive Plan and are comprised of the following numbers of shares underlying stock options:

<u>Named Executive Officer</u>	<u>Position</u>	<u>Performance-Based Stock Options</u>
Thomas J. Fallon	President and Chief Executive Officer	243,000
Ita M. Brennan	Chief Financial Officer	65,000
Michael O. McCarthy III	Chief Legal and Administrative Officer	65,000
Ronald D. Martin	Vice President, Worldwide Sales	49,000
David F. Welch, Ph.D.	EVP, Chief Strategy Officer	81,000

The Performance-based Awards have an exercise price of \$8.58 per share and will only vest based on specific performance metrics related to the Company's next generation products, and subject to each named executive officer's continued service to the Company. If the performance metrics are not met within the time limits specified in the award agreements, the Performance-based Awards will be canceled.

Bonus Plan. On February 10, 2011, the Committee approved the adoption of the Company's Bonus Plan, which was ratified by the Board on February 10, 2011. Pursuant to the Bonus Plan, the Committee has the discretion to, among other things, determine eligibility for participation, establish bonus pool funding criteria, determine target awards, and establish individual performance criteria. In connection with the approval of the Bonus Plan, the Committee also approved the bonus pool funding and award payout criteria for all employees of the Company, including each of the named executive officers, for fiscal year 2011 (the "2011 Bonus Terms"). The funding of a bonus pool for named executive officers under the 2011 Bonus Terms is based solely on achievement by the Company against financial performance metrics, including revenue and operating income goals, for fiscal year 2011 (the "Financial Goals").

Pursuant to the 2011 Bonus Terms, each named executive officer may be eligible for a midyear bonus payout (the "Midyear Award") based on the achievement of the Financial Goals for the first two quarters of fiscal year 2011 and the projected achievement of the Financial Goals for the balance of 2011. The Midyear Award, if any, will be determined as the product of: (a) the named executive officer's Target Bonus (as set forth above), (b) the named executive officer's base salary as of the last day of the second quarter of fiscal year 2011, and (c) the percentage of achievement of the Financial Goals against targets established by the Committee. The Midyear Award for each named executive officer will only be paid if the Company is on track to achieve the minimum thresholds for the Financial Goals. The Midyear Awards are capped at 100% of such named executive officer's Target Bonus (as prorated for the first two fiscal quarters of fiscal year 2011).

In addition, pursuant to the 2011 Bonus Terms, each named executive officer may be eligible for a final bonus payout (the "Final Award") based on the achievement of the Financial Goals for fiscal year 2011. The Final Award, if any, will be determined as (i) the product of: (a) the named executive officer's Target Bonus, (b) the named executive officer's base salary as of the last day of fiscal year 2011, (c) the named executive officer's individual performance rating (the "Rating Percent"), and (d) the percentage of achievement of the Financial Goals against targets established by the Committee, minus (ii) any Midyear Award. The Rating Percent will be set at 100%; provided, however, that the Committee, in its sole discretion and upon solicitation of the recommendation of the Company's Chief Executive Officer, may increase or decrease the Rating Percent for any named executive officer by up to 25%. The Final Award for each named executive officer is capped at 200% of such named executive officer's Target Bonus less any Midyear Award paid to such named executive officer.

The Committee retains the discretion to modify the 2011 Bonus Terms. The foregoing description is qualified in its entirety by reference to the Bonus Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Bonus Plan

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: February 14, 2011

By: /s/ Michael O. McCarthy III
Michael O. McCarthy III
Chief Legal and Administrative Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Bonus Plan

INFINERA CORPORATION

BONUS PLAN

Adopted: February 10, 2011

1. Purposes of the Plan. The Plan is intended to increase stockholder value and the success of the Company by motivating Employees to (a) perform to the best of their abilities, and (b) achieve the Company's objectives.

2. Definitions.

(a) "Affiliate" means any corporation or other entity (including, but not limited to, subsidiaries, partnerships and joint ventures) controlled by the Company.

(b) "Actual Award" means as to any Performance Period, the actual award (if any) payable to a Participant for the Performance Period, subject to the Committee's authority under Section 3 to modify the award.

(c) "Board" means the Board of Directors of the Company.

(d) "Bonus Pool" means the pool of funds available for distribution to Participants. Subject to the terms of the Plan, the Committee establishes the Bonus Pool for each Performance Period.

(e) "Cause" means (i) Employee's willful failure to substantially perform his or her duties and responsibilities to the Company or deliberate violation of a Company policy; (ii) Employee's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (iii) unauthorized use or disclosure by Employee of any proprietary information or trade secrets of the Company or any other party to whom Employee owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) Employee's willful breach of any of his or her obligations under any written agreement or covenant with the Company. The determination as to whether Employee is being terminated for Cause will be made in good faith by the Company and will be final and binding on Employee.

(f) "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated thereunder, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means the committee appointed by the Board (pursuant to Section 5) to administer the Plan. Unless and until the Board otherwise determines, the Board's Compensation Committee will administer the Plan.

(h) "Company" means Infinera Corporation, or any successor thereto.

(i) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

(j) “Employee” means any employee of the Company or of an Affiliate, including executives, officers, or other key employees, whether such individual is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

(k) “Fiscal Year” means the fiscal year of the Company.

(l) “Participant” means as to any Performance Period, an Employee who has been selected by the Committee for participation in the Plan for that Performance Period.

(m) “Performance Period” means the period of time for the measurement of the performance criteria that must be met to receive an Actual Award, as determined by the Committee in its sole discretion. A Performance Period may be divided into one or more shorter periods if, for example, but not by way of limitation, the Committee desires to measure some performance criteria over 12 months and other criteria over 3 months.

(n) “Plan” means this Bonus Plan, as set forth in this instrument and as hereafter amended from time to time.

(o) “Target Award” means the target award, at 100% performance achievement, payable under the Plan to a Participant for the Performance Period, as determined by the Committee in accordance with Section 3(b).

(p) “Termination of Service” means a cessation of the employee-employer relationship between an Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate.

3. Selection of Participants and Determination of Awards .

(a) Selection of Participants. The Committee, in its sole discretion, will select the Employees who will be Participants for any Performance Period. Participation in the Plan is in the sole discretion of the Committee, on a Performance Period by Performance Period basis. Accordingly, an Employee who is a Participant for a given Performance Period in no way is guaranteed or assured of being selected for participation in any subsequent Performance Period or Periods.

(b) Determination of Target Awards. The Committee, in its sole discretion, will establish a Target Award for each Participant, which generally will be a percentage of a Participant’s average annual base salary for the Performance Period.

(c) Bonus Pool. Each Performance Period, the Committee, in its sole discretion, will establish a Bonus Pool, which may be established before, during or after the applicable Performance Period. Actual Awards will be paid from the Bonus Pool.

(d) Discretion to Modify Awards and Bonus Pool. Notwithstanding any contrary provision of the Plan, the Committee may, in its sole discretion and at any time, (i) increase, reduce or eliminate a Participant's Actual Award, (ii) increase, reduce or eliminate the amount allocated to the Bonus Pool, and/or (iii) modify a Target Award or the performance goals necessary to achieve an Actual Award. The Actual Award may be below, at or above the Target Award, in the Committee's discretion. The Committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and will not be required to establish any allocation or weighting with respect to the factors it considers.

(e) Discretion to Determine Criteria. Notwithstanding any contrary provision of the Plan, the Committee will, in its sole discretion, determine the performance goals applicable to any Target Award which requirement may include, without limitation, (i) attainment of research and development milestones, (ii) bookings, (iii) business divestitures and acquisitions, (iv) cash flow, (v) cash position, (vi) contract awards or backlog, (vii) customer renewals, (viii) customer retention rates from an acquired company, business unit or division, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per Share, (xi) expenses, (xii) gross margin, (xiii) growth in stockholder value relative to the moving average of the S&P 500 Index or another index, (xiv) internal rate of return, (xv) market share, (xvi) net income, (xvii) net profit, (xviii) net sales, (xix) new product development, (xx) new product invention or innovation, (xxi) number of customers, (xxii) operating cash flow, (xxiii) operating expenses, (xxiv) operating income, (xxv) operating margin, (xxvi) overhead or other expense reduction, (xxvii) product defect measures, (xxviii) product release timelines, (xxix) productivity, (xxx) profit, (xxxi) return on assets, (xxxii) return on capital, (xxxiii) return on equity, (xxxiv) return on investment, (xxxv) return on sales, (xxxvi) revenue, (xxxvii) revenue growth, (xxxviii) sales results, (xxxix) sales growth, (xl) stock price, (xli) time to market, (xlii) total stockholder return, (xliii) working capital and individual objectives such as peer reviews or other subjective or objective criteria. As determined by the Committee, the performance goals may be based on GAAP or non-GAAP results and any actual results may be adjusted by the Committee for one-time items or unbudgeted or unexpected items when determining whether the performance goals have been met. The goals may be on the basis of any factors the Committee determines relevant, and may be on an individual, divisional, business unit or Company-wide basis. The performance goals may differ from Participant to Participant and from award to award. Failure to meet the goals will result in a failure to earn the Target Award, except as provided in Section 3(d).

4. Payment of Awards.

(a) Right to Receive Payment. Each Actual Award will be paid solely from the general assets of the Company. Nothing in this Plan will be construed to create a trust or to establish or evidence any Participant's claim of any right other than as an unsecured general creditor with respect to any payment to which he or she may be entitled. Unless otherwise determined by the Committee, a Participant must be employed by the Company or any Affiliate through the date the Committee determines the Actual Award for the applicable Performance Period, which generally will occur following the completion of the Performance Period, to receive a payment under the Plan.

(b) Timing of Payment. Payment of each Actual Award shall be made as soon as practicable after the determination by the Committee of the Actual Award for a particular

Performance Period, but in no event later than the later of (i) the fifteenth (15th) day of the third (3rd) month of the Fiscal Year immediately following the Fiscal Year in which the Participant's Actual Award has been earned and is no longer subject to a substantial risk of forfeiture, or (ii) March 15 of the calendar year following the calendar year in which the Actual Award has been earned and is no longer subject to a substantial risk of forfeiture.

It is the intent that this Plan comply with the requirements of Code Section 409A so that none of the payments to be provided hereunder will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted to so comply.

(c) Form of Payment. Each Actual Award will be paid in cash (or its equivalent) in a single lump sum.

(d) Payment in the Event of Death or Disability. If a Participant dies or becomes Disabled prior to the payment of an Actual Award earned by him or her prior to death or Disability for a prior Performance Period, the Actual Award will be paid to his or her estate or to the Participant, as the case may be, subject to the Committee's discretion to reduce or eliminate any Actual Award otherwise payable.

5. Plan Administration.

(a) Committee is the Administrator. The Plan will be administered by the Committee. The Committee will consist of not less than two (2) members of the Board. The members of the Committee will be appointed from time to time by, and serve at the pleasure of, the Board.

(b) Committee Authority. It will be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee will have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (i) determine which Employees will be granted awards, (ii) prescribe the terms and conditions of awards, (iii) interpret the Plan and the awards, (iv) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside of the United States, (v) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (vi) interpret, amend or revoke any such rules.

(c) Decisions Binding. All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan will be final, conclusive, and binding on all persons, and will be given the maximum deference permitted by law.

(d) Delegation by Committee. The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company.

(e) Indemnification. Each person who is or will have been a member of the Committee will be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in

connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any award, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she will give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

6. General Provisions .

(a) Tax Withholding . The Company will withhold all applicable taxes from any Actual Award, including any federal, state and local taxes (including, but not limited to, the Participant's FICA, FUTA and SDI obligations).

(b) No Effect on Employment or Service . Nothing in the Plan will interfere with or limit in any way the right of the Company or an Affiliate to terminate any Participant's employment or service at any time, with or without cause. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) will not be deemed a Termination of Service. Employment with the Company and its Affiliates is on an at-will basis only. The Company and its Affiliates expressly reserve the right, which may be exercised at any time and without regard to when during a Performance Period such exercise occurs, to terminate any individual's employment with or without cause, and to treat him or her without regard to the effect that such treatment might have upon him or her as a Participant.

(c) Participation . No Employee will have the right to be selected to receive an award under this Plan, or, having been so selected, to be selected to receive a future award.

(d) Successors . All obligations of the Company under the Plan, with respect to awards granted hereunder, will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

(e) Beneficiary Designations . If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid award will be paid in the event of the Participant's death. Each such designation will revoke all prior designations by the Participant and will be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death will be paid to the Participant's estate.

(f) Nontransferability of Awards . No award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 6(e). All rights with

respect to an award granted to a Participant will be available during his or her lifetime only to the Participant.

7. Amendment, Termination, and Duration.

(a) Amendment, Suspension, or Termination. The Board, in its sole discretion, may amend or terminate the Plan, or any part thereof, at any time and for any reason. The amendment, suspension or termination of the Plan will not, without the consent of the Participant, alter or impair any rights or obligations under any Actual Award theretofore earned by such Participant. No award may be granted during any period of suspension or after termination of the Plan.

(b) Duration of Plan. The Plan will commence on the date specified herein, and subject to Section 7(a) (regarding the Board's right to amend or terminate the Plan), will remain in effect thereafter.

8. Legal Construction.

(a) Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also will include the feminine; the plural will include the singular and the singular will include the plural.

(b) Severability. In the event any provision of the Plan will be held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

(c) Requirements of Law. The granting of awards under the Plan will be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(d) Governing Law. The Plan and all awards will be construed in accordance with and governed by the laws of the State of California, but without regard to its conflict of law provisions.

(e) Bonus Plan. The Plan is intended to be a "bonus program" as defined under U.S. Department of Labor regulation 2510.3-2(c) and will be construed and administered in accordance with such intention.

(f) Captions. Captions are provided herein for convenience only, and will not serve as a basis for interpretation or construction of the Plan.