

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

	<b>Three Months Ended</b>	
	<b>March 28, 2009</b>	<b>March 29, 2008</b>
Cash Flows from Operating Activities:		
Net income (loss)	\$ (24,328)	\$ 27,594
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,878	2,616
Accretion of investment discount	14	(461)
Stock-based compensation expense	6,736	4,933
Put Rights	1,967	-
Unrealized holding gains for trading securities	(972)	-
Tax benefit from stock option transactions	-	235
Excess tax benefit from stock option transactions	-	(71)
Gain on disposal of assets	(15)	(332)
Other gain	-	(33)
Changes in assets and liabilities:		
Accounts receivable	24,659	(3,989)
Inventory	(4,880)	(1,023)
Prepaid expenses and other current assets	(491)	410
Deferred inventory costs	668	22,805
Other non-current assets	59	(1,220)
Accounts payable	(5,276)	5,792
Accrued liabilities and other expenses	(2,899)	(9,529)
Deferred revenue	(1,813)	(38,943)
Accrued warranty	(238)	1,035
Net cash provided by (used in) operating activities	<u>(2,931)</u>	<u>9,819</u>
Cash Flows from Investing Activities:		
Purchases of available-for-sale investments and restricted cash	(31,629)	(78,300)
Proceeds from sales of investments	-	58,636
Proceeds from maturities of investments	22,804	36,600
Proceeds from disposal of assets	49	332
Purchase of property and equipment	(5,960)	(2,481)
Net cash provided by (used in) investing activities	<u>(14,736)</u>	<u>14,787</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of common stock	4,335	6,044
Excess tax benefit from stock option transactions	-	71
Repurchase of common stock	(8)	(3)
Net cash provided by financing activities	<u>4,327</u>	<u>6,112</u>
Effect of exchange rate changes on cash	<u>(59)</u>	<u>3</u>
Net change in cash and cash equivalents	(13,399)	30,721
Cash and cash equivalents at beginning of period	166,770	91,209
Cash and cash equivalents at end of period	<u>\$ 153,371</u>	<u>\$ 121,930</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ -	\$ 3
Cash paid for income taxes	\$ 942	\$ 63