

INFINERA CORP  
Form 425  
August 03, 2015

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| © 2015 Infinera  
Establishes an End-to-End Optical Leader  
Transmode Investor Briefing  
August 2015  
Filed by Infinera Corporation Pursuant to Rule 425  
Under the Securities Act of 1933  
Subject  
Company:  
Transmode  
AB  
(Commission File No. 001-33486)  
Infinera  
Transmode  
Combination

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Safe Harbor

This presentation contains "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of information, including statements about revenue growth, the potentially accretive nature of the transaction and similar statements about market liquidity following the transaction; any statements about historical results that may suggest trends for our business; the plans, strategies, and objectives of management for future operations; any statements of expectation or belief regarding future markets or market size, technology developments, or enforceability of our intellectual property rights; and any statements of assumption of any of the items mentioned.

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document and the supplement to the offer document filed with the Swedish Financial Supervisory Authority and in the Registrars Form S-4 filed with the SEC, those risks and uncertainties identified under the heading "Risk Factors" in the Infinera Quarterly Report for the quarter ended June 27, 2015 filed with the SEC, and those risks and uncertainties identified in any subsequent reports filed with the SEC. Our SEC filings are available on our website at [www.infinera.com](http://www.infinera.com) and the SEC's website at [www.sec.gov](http://www.sec.gov). We assume no obligation and do not currently intend to, update any such forward-looking statements.

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Overview of Infinera

Transaction Rationale

Advantages for Stakeholders

Deal Logic

Industry Evolution

Why a Fair Deal for Transmode

Investors

Deal Mechanics

Agenda



5

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Infinera is an Optical leader

Innovator & Long Haul DWDM Leader

Founded 2000, IPO as INFN 2007

Uses unique Photonic Integrated Circuits (PICs)

DWDM platforms, Intelligent Transport Networks

400+ Patents Filed/Granted

#1 Optical company rated by Infonetics 2014

Global

~1,600 employees

Headquarters Sunnyvale, CA, USA

Global presence  
Infinera Engineering Locations

### Infinera's Journey

2005: Shipped 10G PIC-based DTN, rapidly reaches \$100M

2008: #1 market share in NA LH\*

2007: 10G wave market leader (47%)\*, completed IPO

2010: Leapfrogs 40G, invests in 100G

2000: Infinera founded, promised to do the impossible: PICs

2014: #1 in 100G WDM, ex China\*

2012: Shipped 500G PIC-based DTN-X

2004: Introduced industry's first large scale PIC

2014: Introduced Cloud Xpress for Metro Cloud



\* Dell Oro

DWDM Long Haul Vendor Table 2015

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## Infinera Today

A leader in Intelligent Transport Network solutions

145 customers in 73 countries; 62 DTN-X customers

Diversified customer base across multiple verticals

-

17 Tier 1s globally

-

3 of top 4 Internet Content Providers

-

4 of top 5 NA Cable/MSOs

-

Multiple top Wholesale and Enterprise Carriers

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INFN Outpacing Other SP Networking Players

Source: Public financial records; in \$USD; Some companies have not reported as of June 2015

2.6X Rev

Growth

over CIEN

82%

31%

Infinera enters

100G Long Haul

Revenue Growth: Quarterly Trailing 13 month revenue

8

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-20%

0%

20%

40%

60%

80%

100%

Jun '12  
Sep '12  
Dec '12  
Mar '13  
Jun '13  
Sep '13  
Dec '13  
Mar '14  
Jun '14  
Sep '14  
Dec '14  
Mar '15  
Jun '15  
INFN  
TRMO  
CIEN  
JNPR  
CSCO  
ADV  
ERIC  
ALU

Infinera

Financial  
Performance

Source: Infinera Financial Reporting

\*Wall Street consensus as of July 27, 2015

\*\*Dell Oro Group 2014 Optical Transport Report

\*\*\* Figures are Non-GAAP (reconciliation to GAAP numbers may be found at [www.Infinera.com](http://www.Infinera.com))

Recent 20+% growth

2013: 24%; 2014: 23%; 2015e:25%\*

Q2 15 Performance\*\*\*

\$207.3 million revenue

47.4% gross margin

\$25.7 million net income

Q3 15 Company Outlook

\$210-\$220 million  
Strong Balance Sheet

Nearly \$310 million net cash at  
end of Q2 15

Cash Flow from Operations  
(last 4 quarters) = \$116 million

\$668

FY14

\$544

FY13

\$438

FY12

\$405

FY11

2014 vs 2013

23% YoY Growth

~2x Market growth \*\*

Revenue

\$832e\*

FY15

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Differentiated Financial Performance

Source: Public financial statements, ALU = Entire business

YoY Revenue Growth, %

(Last 12 months as of June 2015)

20

10

0

-10

50

40

30

Gross Margin, %

June 2015

Transmode

Ciena

ALU

Cyan

MRV

Adva  
Infinera  
30  
10  
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Transaction Rationale:  
Advantages for Stakeholders

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Infinera + Transmode

End-to-End  
portfolio, \$15.3B market\*

Accelerate  
100G market momentum

Technology leadership in Photonics, Packet-Optical,  
ASICs and Network Management

Complementary  
customers  
and  
geographies

Common  
philosophy  
of

profitable  
growth

Shared culture and  
talent driving product excellence

Expected non-GAAP EPS accretive in 2016

Culture

Technology

Customers

Financials

\*Source: Infonetics

Q4 2014 Market Forecast for 2019

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Compatible Philosophies

Customer First

Top-rated for Services and Support

Product Excellence

#1 100G WDM Worldwide, ex-China

#1 Packet-Optical EMEA

Unique differentiated technologies

Profitability Focus

Market leading Operating & Gross Margins

Culture + Talent + Business + Technology

Source: Infonetics 2014, Dell Oro 2014



A Transaction Good for All Stakeholders

Investors

Allows combined company to address \$15.3B DWDM TAM (2019)

Combines two of the most profitable companies in the industry

Expected accretive to non-GAAP EPS in 2016; neutral to slightly dilutive 2H 15

Customers

Combined company would be able to deliver an End-to-End product portfolio

Shared culture of customer first, strong technology and product excellence

Scale of combined company allows for further investment in technologies to  
accelerate & broaden differentiation

Employees

&

Community

Ability to develop compelling solutions with strong combined knowledge base

Deal synergies are revenue-based, not on cost cutting

Intent to invest in Transmode and Swedish engineering talent pool

Source of TAM: Infonetics 2014

14

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Deal Logic:

15

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Metro  
Edge  
Metro  
Access  
Metro Aggregation  
Metro  
Core  
Cloud  
LH Core  
Cloud Xpress  
Sliceable Photonics  
ePIC-500  
oPIC-100  
DTN-X  
XTC4/10  
XTC4  
2015  
Addresses \$15.3B (2019) Transport Market

Source: Infonetics Q4 2014 Market Forecast

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Delivering a Leading End-to-End Portfolio

Complementary Customers

\*Source: Infonetics 2014, Dell Oro 2014

Common

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Leverage Strengths, Cross-Sell, New Mkts

#1

Packet-Optical

EMEA\*

Strength in cable, wireless back/front haul,

Ethernet services

Revenue Growth

Opportunity

#1 100G WDM WW ex-China\*

Leader

in

ICP,

NA

Cable,  
Wholesale  
&  
Ent.  
First mover in Metro Cloud for ICPs

Infinera + Transmode enter Top 5 in WDM  
Source: Dell Oro Optical Report Jan 2015  
Cross-selling and revenue synergies  
create opportunity to go higher  
18 | © 2015 Infinera  
Global Metro + LH WDM (2014)

Product

Mix\*

Geographic

Mix\*\*

Complementary Market Offerings

Metro 8%

Metro 100%

APAC

4%

Americas

14%

APAC

4%

APAC

4%

\* Based on 2015 Wall Street revenue estimates. Infinera Metro incorporates Wall Street estimate of \$30-60 million for Cloud Xpress; \*\*Geographic mix as of FY14

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Long-Haul

92%

Metro

~20%

Americas

68%

EMEA

28%

EMEA

82%

Americas

76%

EMEA

20%

20  
| © 2015 Infinera  
Industry Evolution



WDM Supplier Evolution

End-End

Suppliers

Long-Haul

Specialists

Metro

Specialists

Circa 2000-2002

Today

Consolidation towards end-to-end WDM suppliers underway

21

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Moving from 10G to 100G = Greater Complexity

Alternative

Solution

Coherent IC

(Electronics)

FlexCoherent

Processor (FCP)

Coherent

ASIC

3

rd

Photonics

(Optical)

3

rd

Gen PIC:

500G WDM-on-a-chip

500G Capacity

Example

1 module = less space/power

5 modules = more power, space & cost

10G

100G: Increasing advantage for vertically integrated suppliers

22

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10G  
100G  
Infinera Estimates  
23  
| © 2015 Infinera  
Optics  
45%  
ASICs  
11%  
PCB/other  
44%  
Optics  
77%  
DSP/ASICs  
8%  
PCB/other  
15%  
Key to Long-Term Differentiation Cost Structure  
Infinera Optics/ASICs + Transmode Metro = Competitive advantage

24  
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Why  
a  
Fair  
Deal  
for  
Transmode  
Investors

Quarterly Sales Growth Comparison

USDm

SEKm

(3)

Infinera

231

250

193

256

289

311

0

300

600

900

1,200

1,500

1,800

Q1 2014

Q2 2014  
Q3 2014  
Q4 2014  
Q1 2015  
Q2 2015  
SEKm  
Transmode  
In SEK (As Reported)  
-4%  
-15%  
-29%  
15%  
25%  
24%  
Constant Currency  
-7%  
-20%  
-35%  
7%  
11%  
13%  
Growth (Y/Y)  
Growth (Y/Y)  
143  
165  
174  
186  
187  
207  
923  
1,090  
1,203  
1,378  
1,554  
1,746  
0  
200  
400  
600  
800  
1,000  
1,200  
1,400  
1,600  
1,800  
0  
40  
80  
120  
160

200

240

280

Q1 2014

Q2 2014

Q3 2014

Q4 2014

Q1 2015

Q2 2015

USD

SEK

In USD (As Reported)

15%

20%

22%

34%

31%

25%

Constant Currency

14%

19%

22%

36%

35%

28%

1.

Source: Transmode Quarterly Reports

2.

Source: Infinera

Quarterly Reports; constant currency growth uses the same foreign exchange rates that were in effect during the corresponding period in

the prior year

3.

Represents Infinera

revenue converted to SEKm

based on average exchange rate during the corresponding quarter.

Morgan Stanley Analysis

25

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1

2

2

1



Quarterly Sales Growth Comparison (Cont d)

Source: Company Quarterly Reports; TRMO and ADVA converted to USD at average SEK / USD and EUR / USD exchange corresponding quarter

- 15%
- 20%
- 22%
- 34%
- 31%
- 25%
- (4%)
- (15%)
- (33%)
- 1%
- (3%)
- (3%)
- 18%
- 10%
- 12%
- 1%

(1%)

11%

5%

17%

10%

5%

29%

(28%)

(23%)

(29%)

46%

1Q 2014

2Q 2014

3Q 2014

4Q 2014

1Q 2015

2Q 2015

(50%)

(30%)

(10%)

10%

30%

50%

INFN

TRMO

CIEN

ADVA

CYAN

Y-o-Y Growth (in USD), %

Sales Growth of Key Comparables in USD

N.A.

Morgan Stanley Analysis

89%

1%

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IFRS  
(as reported)  
Adjusted  
(1)  
EBITDA  
119.5  
EBITDA (IFRS)  
119.5  
Less: Amortized R&D  
(33.0)  
Less: Cap R&D Adjustment  
(70.3)  
Less: Depreciation / Other  
(15.9)  
EBITDA (Adjusted)  
49.2  
EBIT  
70.6  
Less: Depreciation

(15.9)

Margin (%)

7.6%

EBIT (Adjusted)

33.3

Margin (%)

3.6%

IFRS to GAAP Adjustments

2014 (SEKm)

Transmode reports based on IFRS, which allows for capitalization of development expenses (i.e. expenses not deducted for calculating EBITDA)

When adjusting for capitalized R&D, which is not allowed under US GAAP, Transmode's EBITDA and EBIT margins are lower  
Morgan Stanley Analysis

4.5x

3.1x

1.6x

1.4x

3.4x

2.9x

0.0

1.0

2.0

3.0

4.0

5.0

INFN

CYAN

CIEN

ADVA

TRMO

Original

Consideration

TRMO

Capped

Cash

EV/Revenue -

2014

EV/EBITDA -

2014

36.5x

N.M.

16.2x  
32.7x  
26.4x  
64.1x  
22.8x  
55.4x  
0

15  
30  
45  
60  
75

INFN  
CYAN  
CIEN  
ADVA

61.4x  
N.M.  
48.0x  
N.M.  
56.6x  
109.3x  
49.7x  
96.0x

0  
20  
40  
60  
80  
100  
120

INFN  
CYAN  
CIEN  
ADVA

P/E -  
2014

TRMO

Capped Cash

TRMO

Original

Consideration

IFRS

Adjusted

(1)

IFRS

Adjusted

(1)

TRMO

Capped Cash

TRMO  
Original  
Consideration  
IFRS  
Adjusted  
(1)  
IFRS  
Adjusted  
(1)  
1.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP. Original Consideration Alternative implied value of SEK

125.25 as of July 31, 2015, based on INFN  
share price of USD 23.94 and SEK/USD of 8.6294  
(Transmode

shareholders receive SEK  
107.05 in cash for ~26.2% of shares and 0.6376 INFN  
shares for ~73.8% of shares).

Capped Cash Alternative equal to SEK 110 per share.

Source: Data derived from company annual reports; ADVA  
adjusted for R&D capitalization, which is not allowed under  
US GAAP. Market data as of July 31, 2015.

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Valuation Comparison 2014

EV/Op CF -

2014

82.7x

N.M.

40.1x

22.0x

37.3x

144.9x

32.3x

125.4x

0

30

60

90

120

150

INFN

CYAN

CIEN

ADVA  
 EV/EBIT -  
 2014  
 53.5x  
 N.M.  
 23.6x  
 N.M.  
 44.6x  
 94.6x  
 38.6x  
 81.9x  
 0  
 20  
 40  
 60  
 80  
 100  
 INFN  
 CYAN  
 CIEN  
 ADVA  
 Morgan Stanley Analysis  
 IFRS  
 (as reported)  
 Adjusted  
 (1)  
 EBITDA  
 119.5  
 EBITDA (IFRS)  
 119.5  
 Less: Amortized R&D  
 (33.0)  
 Less: Cap R&D Adjustment  
 (70.3)  
 Less: Depreciation / Other  
 (15.9)  
 EBITDA (Adjusted)  
 49.2  
 EBIT  
 70.6  
 Less: Depreciation  
 (15.9)  
 Margin (%)  
 7.6%  
 EBIT (Adjusted)  
 33.3  
 Margin (%)  
 3.6%  
 IFRS to GAAP Adjustments  
 2014 (SEKm)



TRMO

Capped Cash

IFRS

Adjusted

(1)

TRMO

Original Consideration

IFRS

Adjusted

(1)

TRMO

Capped Cash

IFRS

Adjusted

(1)

TRMO

Original Consideration

IFRS

Adjusted

(1)

1.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP. Original Consideration Alternative implied value of SEK

125.25 as of July 31, 2015, based on INFN

share price of USD 23.94 and SEK/USD of 8.6294

(Transmode

shareholders receive SEK

107.05 in cash for ~26.2% of shares and 0.6376 INFN

shares for ~73.8% of shares).

Capped Cash Alternative equal to SEK 110 per share.

Source: Data derived from company annual reports; ADVA adjusted for R&D capitalization, which is not allowed under US GAAP. Market data as of July 31, 2015.

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Valuation Comparison 2014 (cont d)

33.9x  
N.M.  
18.9x  
31.9x  
29.4x  
39.2x  
25.8x  
34.4x  
0  
10  
20  
30  
40  
50  
INFN  
CYAN  
CIEN  
ADVA  
22.4x

N.M.

9.7x

16.9x

16.3x

25.1x

14.1x

21.7x

0

6

12

18

24

30

INFN

CYAN

CIEN

ADVA

Transmode reports based on IFRS, which allows for capitalization of development expenses (i.e. expenses not deducted for calculating EBITDA)

When adjusting for capitalized R&D, which is not allowed under US GAAP, Transmode's EBITDA and EBIT margins are lower

IFRS (as reported)

Adjusted

(3)

EBITDA

193.9

EBITDA (IFRS)

193.9

Less: Amortized R&D

(1)

(30.9)

Less: Cap R&D Adjustment

(68.2)

(1)

Less: Depreciation

(14.9)

EBITDA (Adjusted)

125.7

EBIT

148.1

Less: Depreciation

(14.9)

Margin (%)

13.0%

EBIT (Adjusted)

110.8

Margin (%)

9.7%

IFRS to GAAP Adjustments -  
2015 (SEKm)

1.  
Assumes capitalized R&D adjustment of SEK  
68.2 based on (a) the estimated amortization of capitalized R&D of  
SEK  
30.9 (assumes same proportion of depreciation and amortization as in 2014) and (b) the increase in  
capitalized development costs of SEK  
37.3 (assumed equal to 2014 amount).

2.  
ADVA  
adjusted for R&D capitalization, which is not allowed under US GAAP

3.  
After adjusting for the capitalization of R&D, which is not allowed under US GAAP  
Morgan Stanley Analysis

3.6x

2.1x

1.4x

1.1x

2.8x

2.4x

0.0

1.0

2.0

3.0

4.0

INFN

CYAN

CIEN

ADVA

TRMO

Original

Consideration

TRMO

Capped

Cash

EV/Revenue -

2015

EV/EBITDA -

2015

P/E -

2015

TRMO

Capped Cash

TRMO

Original  
Consideration  
IFRS  
Adjusted  
(3)  
IFRS  
Adjusted  
(3)  
(2)  
TRMO  
Capped Cash  
TRMO  
Original  
Consideration  
IFRS  
Adjusted  
(3)  
IFRS  
Adjusted  
(3)  
(2)

Source: Based on analyst estimates as of July 31, 2015. Market data as of July 31, 2015.

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Valuation Comparison 2015

EV/Op CF -

2015

28.1x

N.M.

24.0x

27.6x

20.1x

32.8x

17.4x

28.4x

0

10

20

30

40

INFN

CYAN

CIEN

ADVA

EV/EBIT -

2015

28.6x

N.M.

14.2x

24.9x

21.3x

28.5x

18.4x

24.6x

0

10

20

30

40

INFN

CYAN

CIEN

ADVA

Morgan Stanley Analysis

TRMO

Capped Cash

IFRS

Adjusted

(3)

TRMO

Original Consideration

IFRS

Adjusted

(3)

TRMO

Capped Cash

IFRS

Adjusted

(3)

TRMO

Original Consideration

IFRS

Adjusted

(3)

(2)

(2)

IFRS to GAAP Adjustments -

2015 (SEKm)

IFRS (as reported)

Adjusted

(3)

EBITDA

193.9

EBITDA (IFRS)

193.9

Less: Amortized R&D

(1)

(30.9)

Less: Cap R&D Adjustment

(68.2)

(1)

Less: Depreciation

(14.9)

EBITDA (Adjusted)

125.7

EBIT

148.1

Less: Depreciation

(14.9)

Margin (%)

13.0%

EBIT (Adjusted)

110.8

Margin (%)

9.7%

1.

Assumes capitalized R&D adjustment of SEK

68.2 based on (a) the estimated amortization of capitalized R&D of

SEK

30.9 (assumes same proportion of depreciation and amortization as in 2014) and (b) the increase in capitalized development costs of SEK

37.3 (assumed equal to 2014 amount).

2.

ADVA

adjusted for R&D capitalization, which is not allowed under US GAAP

3.

After adjusting for the capitalization of R&D, which is not allowed under US GAAP

Source: Based on analyst estimates as of July 31, 2015. Market data as of July 31, 2015.

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Valuation Comparison 2015 (cont d)



Cyan /  
Ciena

(2)

Cyan /  
Ciena

(2)

Cyan /  
Ciena

(2)

Comparison of Transaction Premiums

1.

As disclosed

2.

As calculated based on market data from Bloomberg

3.

At Announce based on TRMO

implied value of Original Consideration alternative as of April 8, 2015 compared to the applicable metric for the period ending

4.

Current based on TRMO

implied value of Original Consideration alternative as of July 31, 2015 compared to applicable metric for the period ending April 30, 2015

1-Month VWAP  
3-Month VWAP  
6-Month VWAP  
Spot  
Morgan Stanley Analysis  
Alcatel /  
Nokia  
(2)  
Transmode  
/ Infinera  
(2)  
Original Consideration  
Alcatel /  
Nokia  
(2)  
Alcatel /  
Nokia  
(2)  
Cyan /  
Ciena  
(2)  
Alcatel /  
Nokia  
(2)  
At Announce  
(1)(3)  
Current  
(4)  
Transmode  
/ Infinera  
(2)  
Original Consideration  
At Announce  
(1)(3)  
Current  
(4)  
Transmode  
/ Infinera  
(2)  
Original Consideration  
At Announce  
(1)(3)  
Current  
(4)  
Transmode  
/ Infinera  
(2)  
Original Consideration  
At Announce

(1)(3)

Current

(4)

31

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20%

41%

11%

16%

0%

10%

20%

30%

40%

50%

60%

70%

80%

32%

55%

28%

21%

0%

10%

20%

30%

40%

50%

60%

70%

80%

46%

72%

44%

43%

0%

10%

20%

30%

40%

50%

60%

70%

80%

13%

32%

(2%)

30%

0%

10%

20%  
30%  
40%  
50%  
60%  
70%  
80%

Offer Performance Post Announcement  
SEK

Value Per Share

Original Offer Value

(Ex-Dividend): SEK107.05

125.25

1.

Implied Value of Original Offer based on daily closing prices of Infinera  
and daily SEK/USD exchange rate from Riksbank

2.

Capped Cash Alternative assumes no pro rata reduction

Infinera Q2 Earnings

July 22

Morgan Stanley Analysis

Original Offer Value

Implied Market Value of Original Offer

(1)

Capped Cash Alternative

(2)

Capped Cash Alternative:

SEK 110.00

Unaffected TRMO

Price:

(Ex-Dividend) SEK94.55

32

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94

98

102

106

110

114

118

122

126

8-Apr-15

22-Apr-15

6-May-15

20-May-15

3-Jun-15

17-Jun-15

1-Jul-15

15-Jul-15

1-Aug-15

12-Aug-15

nd

Offer Performance vs Major Indexes

Since Offer Announcement

% of April 8, 2015 price

Indexed Value Per Share

1.

Implied Value of Original Offer based on daily closing prices of Infinera  
and daily SEK/USD exchange rate from Riksbank

Morgan Stanley Analysis

NASDAQ

Implied Market Value of Original Offer

(1)

32.5%

(3.5%)

(9.4%)

2.6%

NASDAQ OMX

Index

NASDAQ OMX

Tech Index

31-Jul-15

33

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80%

90%

100%

110%

120%

130%

140%

8-Apr-15

22-Apr-15

6-May-15

20-May-15

3-Jun-15

17-Jun-15

1-Jul-15

15-Jul-15



Offer Performance vs Major Indexes

2015 Year-To-Date

% of January 2, 2015 price

Indexed Value Per Share

Morgan Stanley Analysis

NASDAQ

Transmode

(1)

63.9%

16.6%

5.2%

8.5%

NASDAQ OMX

Index

NASDAQ OMX

Tech Index

INFN Q2 Results

Announcement

(7/23//2015)

Announcement

(4/8/2015)

1.

Implied Value of Original Offer based on daily closing prices of Infinera  
and daily SEK/USD exchange rate from Riksbank

34

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90%

100%

110%

120%

130%

140%

150%

160%

170%

2-Jan-15

24-Jan-15

15-Feb-15

9-Mar-15

31-Mar-15

22-Apr-15

14-May-15

5-Jun-15

27-Jun-15

31-Jul-15

Analysts Views on Infinera

Broker

Target Price

Rating

Jefferies

\$30.00

Buy

Barrington

\$30.00

Buy

MKM Partners

\$27.00

Buy

JP Morgan

\$26.00

Buy

Deutsche Bank

\$28.00

Buy

Stifel Nicolaus

\$27.00

Buy

Juda Group

\$24.00

Buy

William

Blair

No target

Outperform

Goldman Sachs

\$24.00

Hold

Wedbush

\$18.00

Hold

Needham

No

target

Hold

Consensus Target Price = \$27.00

Price (7/31/15) = \$23.94

35

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Significant Increase in Liquidity

1.

Assumes sell-down at 20% of average daily volume traded (based on assumption that future trading volume similar to YTD volume)

2.

Based on January 1, 2015 to April 8, 2015 average daily trading volume; market data from Bloomberg

Transmode YTD

Infinera YTD

Significant increase in Transmode's stock liquidity expected

Full liquidity

No single investor (x-POD) expected to hold more than 1 day of trading volume

ALL

investors (x-POD) expected to hold less than 8 days of trading volume

Option to select Capped Cash alternative if liquidity desired at closing

A 1% stake in Transmode

currently takes ~5 weeks to liquidate based on average volume, whereas post-transaction

the equivalent

stake would

take <1

day to

liquidate (1)

~70x

Greater

Liquidity

42K

Shares / Day

~SEK3.5

MM / Day

(~US\$408

K / Day)

~0.2% TSO

1.7MM

Shares / Day

~US\$28.5

MM / Day

~1.3% TSO

Average Trading Volume vs. Expected Post Deal

Morgan Stanley Analysis

36

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(2)

Deal Mechanics:  
37  
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1)  
Cash / Stock Mix (the Original Consideration Alternative )

Not  
subject  
to  
any  
pro  
ration  
(shareholders  
will  
receive  
SEK  
107.05  
in  
cash  
for  
~26.20%



of  
shares  
and  
~0.6376  
shares  
for  
~73.80%  
of  
shares)

Implied  
average  
value  
per  
Transmode  
share  
of  
SEK  
110.54  
as  
of  
June  
26  
and  
SEK  
125.25  
as  
of  
July  
31  
(1)

Implied  
values  
will  
change  
daily  
based  
on  
Infinera's  
price  
and  
SEK/USD  
exchange  
rates

OR  
2)  
All-Cash (the Capped Cash Alternative )

What Can Shareholders Elect to Receive?

1.  
 Based on INFN  
 closing price and SEK/USD exchange rate of 8.2540 as of June 26 and SEK/USD exchange rate of 8.6294 as of July 31. June  
 trading  
 day  
 before  
 announcement  
 of  
 Infinera's  
 enhanced  
 offer.  
 See  
 Offer  
 Document  
 dated  
 July  
 7,  
 2015  
 at  
[www.infinera.se](http://www.infinera.se)  
 for  
 additional  
 details.  
 Component  
 Average  
 INFN Share Price  
 Exchange  
 Value / TRMO  
 Share  
 Value / TRMO  
 USD  
 SEK  
 x  
 Ratio  
 =  
 Share (SEK)  
 x  
 Split  
 =  
 Share (SEK)  
 As of June 26  
 Stock  
 21.24  
 175.31  
 0.6376  
 111.78  
 73.80%  
 82.49

Cash

--

--

--

107.05

26.20%

28.05

110.54

As of July 31

Stock

23.94

206.59

0.6376

131.72

73.80%

97.20

Cash

--

--

--

107.05

26.20%

28.05

125.25

38

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Fixed amount of SEK 110 in cash, subject to pro ration

Shareholders will receive 100% cash if total cash elected in the Offer (from both elections) is less than ~SEK 2.1Bn

If total cash elected (from both elections) is more than ~SEK 2.1Bn, then shareholders will receive all-cash for a portion of the from 70% to 100%), and will receive Infinera shares for the remainder

All shares electing the Original Consideration Alternative (the cash / stock mix) will be allocated the full associated cash amounts (i.e., equivalent to SEK

28.05 per share)

For shares electing the Capped Cash Alternative:

Table below illustrates the consideration per Transmode share based on the percentage electing Capped Cash

(1)

:

How Does the Pro Ration Work?

Applicable for Cash Capped Alternative

1.

Assumes 100% of shares tendered. Based on INFN closing price and SEK/USD exchange rate of 8.2540 as of June 26 and SEK/USD 8.6294 exchange rate as of July 31. June 26 was the last trading day before announcement of Infinera s

enhanced offer. See Offer Document dated July 7, 2015 at  
www.infinera.se

for additional details.

% of Shares Receiving

Average Value /

% Electing

Cash

Stock

TRMO Share (SEK)

Capped Cash

(SEK 110.00)

(0.6376 Shares)

As of June 26

As of July 31

50%

100.0%

0.0%

110.00

110.00

Shares Electing

60%

99.7%

0.3%

110.01

110.07

Capped Cash

70%

89.1%

10.9%

110.19

112.37

Alternative

80%

81.1%

18.9%

110.34

114.10

90%

74.9%

25.1%

110.45

115.44

100%

70.0%

30.0%

110.53

116.51

% of Shares Receiving

Average Value /

Shares Electing

Cash  
Stock  
TRMO Share (SEK)  
Original Consideration  
(SEK 107.05)  
(0.6376 Shares)  
As of June 26  
As of July 31  
Alternative  
26.2%  
73.8%  
110.54  
125.25  
39

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If the additional cash underlying the shares electing the all-cash alternative results in total cash paid in the Offer of less than SEK 110, shareholders will receive 100% cash at SEK 110

If the additional cash underlying the shares electing the all-cash alternative would result in total cash paid in the Offer of more than SEK 110, shareholders will receive:

SEK 110 per share in cash for as many shares as possible subject to the cap of SEK 2.1Bn

Shares not receiving SEK 110 per share in cash will receive ~0.6376 Infinera shares per Transmode share

This communication is neither an offer to purchase nor a solicitation of an offer to sell any shares. This communication is for informational purposes only. The exchange offer for shares of Transmode AB will not be made to, nor will exchanges be accepted from, or on behalf of, any jurisdiction in which the making of the exchange offer or the acceptance thereof would not comply with the laws of that jurisdiction. The acceptance period for the exchange offer for shares of Transmode described in this communication has not commenced.

In connection with the proposed combination of Infinera and Transmode, Infinera has filed an offer

document  
and  
supplement  
to  
the  
offer

document with the Swedish Financial Supervisory Authority and a prospectus and a Registration Statement on Form S-4 with t  
Shareholders of Transmode should read the above referenced documents and materials carefully because they contain important  
about the transaction.

Shareholders of Transmode may obtain free copies of these documents and materials, any amendments or supplements thereto

documents  
containing  
important  
information  
about

Infinera  
and  
the  
transaction,  
once

such  
documents  
and  
materials  
are  
filed

or  
furnished,  
as

applicable, with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents and materials

Infinera will also be available free of charge on Infinera's website at [www.infinera.com](http://www.infinera.com)

under the heading "SEC Filings" in the "Company Investor

Relations  
portion  
of

Infinera's  
website.

More  
information  
about  
the

exchange  
offer,  
including

the  
formal  
announcement

of  
the  
offer,



the  
offer

document and supplement to the offer document filed with and approved by the Swedish Financial Supervisory Authority, can  
[www.infinera.se](http://www.infinera.se).

Disclaimer

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