

FINISAR CORP
Form DEF 14A
July 26, 2018
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant Filed by a party other than the Registrant o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Finisar Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

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**1389 Moffett Park Drive
Sunnyvale, California 94089**

July 26, 2018

Dear Stockholder:

You are cordially invited to attend this year's annual meeting of stockholders of Finisar Corporation on Tuesday, September 4, 2018, at 9:00 a.m. local time. The meeting will be held at the offices of O Melveny & Myers LLP, located at 2765 Sand Hill Road, Menlo Park, CA 94025.

We are pleased to again take advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials primarily over the Internet. We have used this delivery process the last several years and found that it expedited stockholders' receipt of proxy materials and lowered the costs and reduced the environmental impact of distributing proxy materials for our annual meeting. On July 26, 2018, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our Proxy Statement and Annual Report on Form 10-K for the fiscal year ended April 29, 2018, over the Internet. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail. If you receive your annual meeting materials by mail, the Notice of Annual Meeting of Stockholders, Proxy Statement, Annual Report on Form 10-K and proxy card will be enclosed.

The matters to be acted upon are described in the Notice of Annual Meeting of Stockholders and Proxy Statement. Following the formal business of the meeting, we will report on our company's operations and respond to questions from stockholders.

Whether or not you plan to attend the meeting, your vote is very important and we encourage you to vote promptly. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card. If you attend the meeting you will, of course, have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from your brokerage firm, bank or other nominee to vote your shares.

We look forward to seeing you at the annual meeting.

Very truly yours

MICHAEL HURLSTON
Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD TUESDAY, SEPTEMBER 4, 2018**

The Annual Meeting of Stockholders of Finisar Corporation, a Delaware corporation, will be held on Tuesday, September 4, 2018, at 9:00 a.m. local time, at the offices of O Melveny & Myers LLP, located at 2765 Sand Hill Road, Menlo Park, CA 94025, for the following purposes:

1. To elect two Class I directors to hold office for a three-year term and until their respective successors are elected and qualified.
2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending April 28, 2019.
3. To vote on a non-binding advisory resolution to approve the compensation of our Named Executive Officers (as defined in the proxy statement).
4. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Stockholders of record at the close of business on July 13, 2018 are entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 1389 Moffett Park Drive, Sunnyvale, California 94089. This Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended April 29, 2018, are available at <http://investor.finisar.com/annual-proxy.cfm>.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to vote and submit your proxy as promptly as possible in order to assure the presence of a quorum. You may vote by telephone, Internet or mail. If you vote by telephone or Internet, you do not have to mail in your proxy card. Voting in advance will not prevent you from voting in person at the meeting.

CHRISTOPHER E. BROWN
Secretary

Sunnyvale, California
July 26, 2018

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**1389 Moffett Park Drive
Sunnyvale, California 94089**

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The board of directors of Finisar Corporation is soliciting your proxy for the 2018 Annual Meeting of Stockholders to be held on Tuesday, September 4, 2018, at 9:00 a.m. local time, or at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and related materials are first being made available to stockholders of the Company on or about July 26, 2018. References in this proxy statement to the Company, we, our, us and Finisar are to Finisar Corporation, and references to the annual meeting are to the 2018 Annual Meeting of Stockholders. When we refer to the Company's fiscal year, we mean the annual period ending on the Sunday closest to the last day of April in each year. This proxy statement covers our 2018 fiscal year, which was from May 1, 2017 through April 29, 2018 (fiscal 2018).

SOLICITATION AND VOTING

Record Date. Our board of directors has fixed the close of business on July 13, 2018 as the record date for determination of stockholders entitled to notice of and to vote at the meeting and any adjournment thereof. As of the record date, 117,156,473 shares of common stock were outstanding and entitled to vote.

Internet Availability of Annual Meeting Materials. We are pleased to again take advantage of the rules adopted by the U.S. Securities and Exchange Commission (SEC) allowing companies to furnish proxy materials over the Internet to their stockholders rather than mailing paper copies of those materials to each stockholder. On July 26, 2018, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials directing stockholders to a website where they can access our proxy statement for the annual meeting and our Annual Report for the fiscal year ended April 29, 2018 and view instructions on how to vote via the Internet or by phone. If you would prefer to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

Quorum. A majority of the shares of common stock issued and outstanding as of the record date must be represented at the meeting, either in person or by proxy, to constitute a quorum for the transaction of business at the annual meeting. Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker or bank) or if you vote in person at the meeting. Abstentions and broker non-votes (shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter) will each be counted as present for purposes of determining the presence of a quorum.

Vote Required to Adopt Proposals. Each share of our common stock outstanding on the record date is entitled to one vote on each of the two director nominees and one vote on each other matter. For the election of directors, the two director nominees receiving the highest number of **FOR** votes will be elected as Class I directors. With respect to each of the other proposals, approval of the proposal requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the annual meeting.

Effect of Abstentions and Broker Non-Votes. Abstentions and broker non-votes have no effect on the determination of whether a nominee or any of the proposals has received the vote of a majority of the shares of common stock present or represented by proxy and voting at the meeting. If you are a beneficial owner and hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors and the executive compensation advisory proposal. Under the rules governing banks and brokers who submit a proxy card with respect to shares held

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in street name, such banks and brokers have the discretion to vote on routine matters, but not on non-routine matters. Routine matters include the ratification of auditors. Non-routine matters include the election of directors and the executive compensation advisory proposal. Banks and brokers may not vote on these proposals if you do not provide specific voting instructions. Accordingly, we encourage you to vote promptly, even if you plan to attend the annual meeting. Proxies and ballots will be received and tabulated by the inspector of election for the annual meeting.

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Voting Instructions. If you complete and submit your proxy card or voting instructions, the persons named as proxies will follow your instructions. If you are a stockholder of record and you submit a proxy card or voting instructions but do not direct how to vote on each item, the persons named as proxies will vote **FOR** the election of management's nominees for director, **FOR** ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending April 28, 2019, and **FOR** the non-binding resolution to approve the compensation of our named executive officers.

Depending on how you hold your shares, you may vote in one of the following ways:

Stockholders of Record: You may vote by proxy or over the Internet or by telephone. Please follow the instructions provided in the Notice, or, if you requested printed copies of the proxy materials, on the proxy card you received, then sign and return it in the prepaid envelope. You may also vote in person at the annual meeting.

Beneficial Stockholders: Your bank, broker or other holder of record will provide you with a voting instruction card for you to use to instruct them on how to vote your shares. Check the instructions provided by your bank, broker or other holder of record to see which options are available to you. However, since you are not the stockholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your bank, broker or other agent.

Votes submitted by telephone or via the Internet must be received by 11:59 p.m., Eastern Time, on September 3, 2018. Submitting your proxy by telephone or via the Internet will not affect your right to vote in person should you decide to attend the annual meeting.

If you are a stockholder of record, you may revoke your proxy and change your vote at any time before the polls close by returning a later-dated proxy card, by voting again by Internet or telephone as more fully detailed in your Notice or proxy card, or by delivering written instructions to the Corporate Secretary before the annual meeting. Attendance at the annual meeting will not in and of itself cause your previously voted proxy to be revoked unless you specifically so request or vote again at the annual meeting. If your shares are held by a bank, broker or other agent, you may change your vote by submitting new voting instructions to your bank, broker or other agent, or, if you have obtained a legal proxy from your bank, broker or other agent giving you the right to vote your shares, by attending the annual meeting and voting in person.

Solicitation of Proxies. We will bear the entire cost of soliciting proxies. In addition to soliciting stockholders by mail, we will request banks, brokers and other intermediaries holding shares of our common stock beneficially owned by others to solicit proxies from the beneficial owners and will reimburse them for their reasonable, out-of-pocket costs. We may use the services of our directors, officers and other employees to solicit proxies, personally or by telephone, without additional compensation.

Voting Results. We will announce preliminary voting results at the annual meeting. We will report final results in a Form 8-K report filed with the SEC.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Certificate of Incorporation provides that the authorized number of members of the board of directors shall be fixed from time to time by the board of directors and that the terms of office of the members of the board of directors will be divided into three classes. At each annual meeting of stockholders, directors from one of the three classes are elected for a term of three years to succeed those directors whose terms expire at the annual meeting. The authorized number of directors is currently set at eight, consisting of two Class I directors, three Class II directors and three Class III directors.

The term of the Class I directors will expire on the date of the upcoming annual meeting. Accordingly, two persons are to be elected to serve as Class I directors at the meeting. Management's nominees for election by the stockholders to those two positions are Michael C. Child and Roger C. Ferguson, each of whom currently serves as a Class I member of the board. If elected, each nominee will serve as a director until our annual meeting of stockholders in 2021 and until their respective successors are elected and qualified. If either of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although we know of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees, if any, as we may designate. The proxies cannot vote for more than two persons. If a quorum is present and voting, the two nominees for Class I director receiving the highest number of votes will be elected as Class I directors.

The board of directors recommends a vote **FOR** the nominees named above.

Our Bylaws provide for a plurality voting standard for the election of directors. Under this voting standard, once a quorum has been established, the two nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will, subject to the Company's Plurality Plus Voting Policy (the **Voting Policy**), be elected as directors to serve until the 2021 annual meeting of stockholders and until their respective successors are duly elected and qualified. Votes withheld shall have no legal effect. Pursuant to the Voting Policy, in an uncontested election of directors (as defined in the Voting Policy), if a nominee for director receives a greater number of **WITHHOLD** votes than **FOR** votes, the director must tender his or her resignation to the Board of Directors promptly following the certification of the election results. The Nominating and Corporate Governance Committee will consider any resignation tendered under the Voting Policy and recommend to the Board of Directors whether to accept or reject such resignation. The Board of Directors will then act on such resignation, taking into account the recommendation of the Nominating and Corporate Governance Committee, within 90 days following the certification of the election results. The Nominating and Corporate Committee in making its recommendation, and the Board of Directors in making its decision, may consider any information it deems appropriate, including, without limitation, such factors outlined in the Voting Policy. The Board of Directors will disclose, as required by law, its decision to accept or reject such resignation and, if rejected, the reasons for doing so.

The following table sets forth information regarding our current directors, including the nominees for Class I directors to be elected at the annual meeting, as of July 1, 2018.

Name	Position with Finisar	Class	Age	Director Since
Michael C. Child	Director	I	63	2010
Roger C. Ferguson	Director	I	75	1999
Michael L. Dreyer	Director	III	54	2015
Michael Hurlston	Director and Chief Executive Officer	III	51	2018

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Thomas E. Pardun	Director	III	74	2009
Jerry S. Rawls	Director	II	73	1989
Robert N. Stephens	Chairman of the Board	II	72	2005
Helene Simonet	Director	II	66	2017

Nominees for Election for a Three Year Term Expiring at the 2021 Annual Meeting of Stockholders

Michael C. Child has served as a member of our board of directors since June 2010 and previously served on our board from November 1998 until October 2005. Mr. Child has been employed by TA Associates, Inc., a private equity firm, since 1982 where he currently serves as a Senior Advisor. Mr. Child served as a Managing

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Director of TA Associates from 1987 through 2010. Mr. Child also currently serves on the board of directors of IPG Photonics, which designs and manufactures high performance fiber lasers and amplifiers. Mr. Child served on the board of directors of Ultratech, Inc., which designs and manufactures photolithography and thermal processing equipment, from 1993 to 1997 and April 2012 until May 2017 when it was acquired by Veeco Instruments Inc. Mr. Child has also been a lecturer at the Stanford Graduate School of Business since September 2011. He also served on the board of directors of Eagle Test Systems, a manufacturer of high performance automated test equipment for the semiconductor industry, from 2003 until November 2008 when it was acquired by Teradyne, Inc. Mr. Child holds a B.S. in Electrical Engineering from the University of California at Davis and an M.B.A. from the Stanford Graduate School of Business. Mr. Child has more than 30 years experience investing in and acquiring technology and technology-related companies and has served on the boards of directors of numerous public and private companies, including companies in the fiber optics and semiconductor industries. This broad financial and industry experience enables Mr. Child to make a valuable contribution to the board. He also brings significant knowledge regarding the Company and its operations from his previous years of service on our board.

Roger C. Ferguson has served as a member of our board of directors since August 1999. From June 1999 to December 2001, Mr. Ferguson served as Chief Executive Officer of Semio Corp., an early stage software company. Mr. Ferguson served as a principal in VenCraft, LLC, a venture capital partnership, from July 1997 to August 2002. From August 1993 to July 1997, Mr. Ferguson was Chief Executive Officer of DataTools, Inc., a database software company. From 1987 to 1993, Mr. Ferguson served as Chief Operating Officer of Network General Inc., a network analysis company. Mr. Ferguson holds a B.A. in Psychology from Dartmouth College and an M.B.A. from the Amos Tuck School at Dartmouth. Mr. Ferguson brings senior leadership experience and strategic and financial expertise to the board from his prior work as a senior executive of a public company and several private companies and as chief financial officer of a public company. Mr. Ferguson has extensive experience in both the hardware and software segments of the computer and telecommunications industries.

Directors Continuing in Office until the 2020 Annual Meeting of Stockholders

Michael L. Dreyer has served as a member of our board of directors since December 2015. Mr. Dreyer is the Chief Operations Officer of Silicon Valley Bank (SVB) and is responsible for bank and non-bank operations worldwide. Mr. Dreyer oversees SVB's core operations, enterprise project management, client service and information technology teams. Mr. Dreyer is also currently a director of F5 Networks, Inc., a developer and provider of software defined application services. Before joining SVB, Mr. Dreyer was President and Chief Operating Officer of Monitise Americas, LLC, a subsidiary of Monitise plc, a company providing mobile banking and payment services, from August 2014 to September 2015, where he was responsible for the design, build, and operations of its technology globally, and he ran Monitise plc's Americas business. Prior to Monitise, Mr. Dreyer was the global head of technology and CIO at VISA Inc. from 2005 to 2014, responsible for the company's systems and technology platforms. Previously, Mr. Dreyer was chief information officer of Inovant, LLC, a company providing electronic payment processing services, where he oversaw the development and management of its global systems technology. He has also held executive positions at VISA USA as senior vice president of processing and emerging products, and senior vice president of commercial solutions. Additionally, Mr. Dreyer held senior positions at American Express Co, Prime Financial, Inc., Federal Deposit Insurance Corporation (FDIC), Downey Savings, Bank of America, and the Fairmont Hotel Management Company. Mr. Dreyer received an M.B.A. and a B.A. in psychology from Washington State University.

Thomas E. Pardun has served as a member of our board of directors since December 2009. Mr. Pardun was formerly the non-executive Chairman of the board of directors of Western Digital Corporation, a manufacturer of hard-disk drives for the personal computer and home entertainment markets. Mr. Pardun served in that capacity from January 2000 until November 2001 and again from April 2007 until his retirement in November 2015. Mr. Pardun was President of MediaOne International, Asia-Pacific (previously US West International, Asia-Pacific, a subsidiary of US

West, Inc.), an owner/operator of international properties in cable television, telephone services and wireless communications companies, from May 1996 until his retirement in July 2000. Prior to 1996, Mr. Pardun served as President and CEO of US West Multimedia Communications, a communications company. Before joining US West, Mr. Pardun was President of the Central Group for Sprint, as well as President of Sprint's West Division, and Senior Vice President of Business Development for United Telecom, a predecessor company to Sprint. Mr. Pardun also held a variety of management positions during a 19-year tenure with IBM, concluding as Director of product-line evaluation. He is also a director of MaxLinear,

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Inc., and previously served as a director of Calix, Inc. and CalAmp Corporation. Mr. Pardun holds a B.B.A. in Business Administration from the University of Iowa. Mr. Pardun brings to the board extensive management and operations experience in the computer and telecommunications industries, including marketing and product development expertise, as well as his service in senior management positions.

Michael Hurlston has served as our Chief Executive Officer and as a member of our board of directors since January 2018. Mr. Hurlston previously served as Senior Vice President and General Manager of the Mobile Connectivity Products/Wireless Communications and Connectivity Division and held senior leadership positions in sales, marketing and general management at Broadcom Limited from November 2001 until October 2017. Prior to joining Broadcom in 2001, Mr. Hurlston held senior marketing and engineering positions at Oren Semiconductor, Inc., Avasec, Integrated Circuit Systems, Micro Power Systems, Exar and IC Works from 1991 until 2001. Mr. Hurlston is also a member of the board of directors of Ubiquiti Networks, Inc. and a member of the board of advisors of Vilyn Inc. Mr. Hurlston received a B.S.E.E., an M.S.E.E. and an M.B.A. from the University of California, Davis.

Directors Continuing in Office until the 2019 Annual Meeting of Stockholders

Jerry S. Rawls has served as a member of our board of directors since March 1989. Mr. Rawls previously served as our Chief Executive Officer from September 2015 until January 2018 and from August 1999 until August 2008, as our Chairman of the Board from January 2006 until January 2018 and as our Executive Chairman from August 2008 through September 2015. Mr. Rawls also served as our President from April 2003 until August 2008 and previously held that title from April 1989 to September 2002. From September 1968 to February 1989, Mr. Rawls was employed by Raychem Corporation, a materials science and engineering company, where he held various management positions including Division General Manager of the Aerospace Products Division and Interconnection Systems Division. Mr. Rawls holds a B.S. in Mechanical Engineering from Texas Tech University and an M.S. in Industrial Administration from Purdue University. Mr. Rawls' tenure with Finisar since 1989, including over 20 years as President, Executive Chairman, Chairman of the Board and/or Chief Executive Officer, provides him personal knowledge of the Company's history since shortly after its founding. This experience, together with his management and industry experience, enables him to provide the board with a unique perspective on the Company's business and operations and strategic issues.

Robert N. Stephens has served as a member of our board of directors since August 2005 and as our Chairman of the Board since January 2018. Mr. Stephens previously served as our Lead Director from March 2010 until January 2018. Mr. Stephens served as the Chief Executive Officer from April 1999 and President from October 1998 of Adaptec, Inc., a storage solutions provider, until his retirement in May 2005. Mr. Stephens joined Adaptec in November 1995 as Chief Operating Officer. Before joining Adaptec, Mr. Stephens was the founder and chief executive officer of Power I/O, a company that developed serial interface solutions and silicon expertise for high-speed data networking, that was acquired by Adaptec in 1995. Prior to founding Power I/O, Mr. Stephens was President and CEO of Emulex Corporation, a designer, developer and supplier of Fibre Channel host bus adapters. Before joining Emulex, Mr. Stephens was Senior Vice President, General Manager, and founder of the Microcomputer Products Group at Western Digital Corporation. He began his career at IBM, where he served over 15 years in a variety of human resource management positions. Mr. Stephens holds a B.A. in Philosophy and Psychology and an M.S. in Industrial Psychology from San Jose State University. Mr. Stephens brings to the board executive and industry experience in a number of strategic and operational areas through his service as Chief Executive Officer of Adaptec, Power I/O and Emulex and in executive roles at Western Digital.

Helene Simonet has served as a member of our board of directors since March 2017. Ms. Simonet served as Executive Vice President and Chief Financial Officer of Coherent, Inc., a world leader in providing photonics based solutions to the commercial and scientific research markets, from April 2002 to February 2016. From December 1999 to April 2002, Ms. Simonet served as Vice President of Finance of Coherent's former Medical Group and Vice President of

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Finance of its Photonics Division. Prior to joining Coherent, Ms. Simonet spent over twenty years in senior finance positions at Raychem Corporation. She has been a Director of Rogers Corporation since October 2014. Ms. Simonet holds a B.A. and a M.S. in Applied Economics from the University of Leuven, Belgium.

There are no family relationships between any of our directors or executive officers.

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CORPORATE GOVERNANCE

Independence of Directors

The board of directors has determined that, other than Mr. Hurlston, our Chief Executive Officer, and Mr. Rawls, our former Chief Executive Officer, each of Messrs. Child, Ferguson, Pardun, Stephens and Dreyer and Ms. Simonet is an independent director for purposes of the NASDAQ Listing Rules and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as the term applies to membership on the board of directors and the various committees of the board of directors.

Board of Directors Leadership Structure

Robert N. Stephens serves as Chairman of our board of directors and Michael Hurlston serves as our Chief Executive Officer. Given the Chairman of our board of directors is not an executive officer of the Company, the position of Lead Director is no longer needed, and as such Mr. Stephens no longer serves as Lead Director. The board believes that this leadership structure provides the appropriate balance of management and non-management oversight.

Board of Directors Role in Risk Oversight

We face a number of risks, including general economic risks, operational risks, financial risks, competitive risks and reputational risks. Management is responsible for the day-to-day management of the risks that we face, while the board of directors, as a whole and through its committees, has responsibility for the oversight of risk management.

While the full board of directors is charged with ultimate oversight responsibility for risk management, committees of the board also have responsibilities with respect to various aspects of risk management oversight. In particular, the Audit Committee plays a significant role in monitoring and assessing our financial and operational risks. The Audit Committee reviews and discusses with management areas of financial risk exposure and steps management has taken to monitor and control such exposure. The Audit Committee also is responsible for establishing and administering our code of ethics and reviewing and approving transactions between Finisar and any related parties. The Compensation Committee monitors and assesses risks associated with our compensation policies, and consults with management and the board, as well as the Compensation Committee's independent compensation consultant, regarding the development of incentives that encourage a level of risk-taking consistent with our overall strategy. The Nominating and Governance Committee has oversight responsibility for corporate governance risks, including risks associated with director independence.

Our executive management meets regularly to discuss our strategy and the risks that we face. Senior officers attend board meetings where they are available to address questions or concerns raised by the board on risk management-related matters. In 2010, we instituted a comprehensive enterprise risk management (ERM) program to assist management in identifying, assessing, monitoring and managing a broad range of risks. The ERM process is overseen by our Chief Financial Officer who periodically reports to the board on risk assessment and management's plans to manage or mitigate key risks. Our Internal Audit Department also plays an important role in risk management. Our Vice President of Internal Audit reports directly to the Audit Committee, has direct and unrestricted access to the Audit Committee and regularly meets with the Audit Committee in executive session.

Executive Sessions

Non-management directors generally meet in executive session without management present at each regularly scheduled meeting of the board. Mr. Stephens, in his capacity as Chairman of the Board, presides at these executive sessions.

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The board of directors has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The board of directors held 11 meetings during the fiscal year ended April 29, 2018. During the last fiscal year, no director attended fewer than 75% of the total number of meetings of the board and all of the committees of the board on which such director served during that period. The following table sets forth the standing committees of the board and the members of each committee as of the date this proxy statement was first made available to our stockholders.

Committee Composition	Audit	Compensation	Nominating and Governance
Michael C. Child	4	5 (Chair)	4
Michael L. Dreyer	4	6	4
Roger C. Ferguson	4(Chair)	—	4
Thomas E. Pardun	4	6	4
Helene Simonet*	3	5	3
Robert N. Stephens	—	6	4(Chair)
Number of meetings during fiscal 2018	4	6	4

Three audit committee meetings, five compensation committee meetings and three nominating and governance *committee meetings were held during fiscal 2018 since the director became a member of such committee in June 2017.

Audit Committee

The members of the Audit Committee during fiscal 2018 were Ms. Simonet, Messrs. Child, Dreyer, Ferguson and Pardun. Ms. Simonet and Messrs. Ferguson and Pardun have been designated as audit committee financial experts, as defined in applicable SEC rules. The functions of the Audit Committee include oversight, review and evaluation of our financial statements, accounting and financial reporting processes, internal control functions and the audits of our financial statements. The Audit Committee is responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm, and establishing and observing complaint procedures regarding accounting, internal auditing controls and auditing matters. Additional information concerning the Audit Committee is set forth in the Report of the Audit Committee immediately following Proposal No. 2.

Compensation Committee

The members of the Compensation Committee during fiscal 2018 were Ms. Simonet, Messrs. Child, Dreyer, Pardun and Stephens. The Compensation Committee approves the compensation and benefits of our executive officers, reviews and approves equity awards to our employees and consults with management and the board regarding compensation programs for our executive officers. Additional information regarding the Compensation Committee is set forth in Executive Compensation and Related Matters—Compensation Discussion and Analysis below.

Nominating and Governance Committee

The members of the Nominating and Governance Committee during fiscal 2018 were Ms. Simonet, Messrs. Child, Ferguson, Pardun, Stephens and Dreyer. The Nominating and Governance Committee identifies prospective candidates for appointment and nomination for election to the board of directors and makes recommendations to the board concerning such candidates, develops corporate governance principles for recommendation to the board of directors, makes recommendations to the board of directors regarding board and committee compensation and

oversees the evaluation of our directors. The director evaluation process is a self-evaluation under which the Nominating and Governance Committee reviews and evaluates directors' assessment of the functioning and performance of the board, each committee and the performance of the members of the board and each committee.

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Director Nominations

The Nominating and Governance Committee is responsible for, among other things, the selection and recommendation to the board of directors of nominees for election as directors. When considering the nomination of directors for election at an annual meeting, including incumbent and potential nominees, the Nominating and Governance Committee reviews the needs of the board of directors for various skills, background, experience and expected contributions and the qualification standards established from time to time by the Nominating and Governance Committee. The Nominating and Governance Committee also considers the average tenure of incumbent directors and whether refreshment of the board is desirable. The Nominating and Governance Committee also seeks appropriate input from the Chief Executive Officer and other executive officers in assessing the needs of the board of directors for relevant background, experience and skills of its members.

The Nominating and Governance Committee's goal is to assemble a board of directors that brings to Finisar a diversity of experience at policy-making levels in business and technology, and in areas that are relevant to Finisar's global activities. Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of our stockholders. They must have an inquisitive and objective outlook and mature judgment. They must also have experience in positions with a high degree of responsibility and be leaders in the companies or institutions with which they are or have been affiliated. Director candidates must have sufficient time available, in the judgment of the Nominating and Governance Committee, to perform all board and committee responsibilities that will be expected of them. Members of the board of directors are expected to rigorously prepare for, attend and participate in all meetings of the board of directors and applicable committees. While we do not have a specific policy regarding diversity, when considering the nomination of directors, the Nominating and Governance Committee does consider the diversity of its directors and nominees in terms of knowledge, experience, background, skills, expertise and other demographic factors. Other than the foregoing, there are no specific minimum criteria for director nominees, although the Nominating and Governance Committee believes that it is preferable that a majority of the board of directors meet the definition of "independent director" set forth in NASDAQ and SEC rules. The Nominating and Governance Committee also believes it appropriate for one or more key members of the Company's management, including the Chief Executive Officer, to serve on the board of directors.

The Nominating and Governance Committee will consider candidates for directors proposed by directors or management, and will evaluate any such candidates against the criteria and pursuant to the policies and procedures set forth above. If the Nominating and Governance Committee believes that the board of directors requires additional candidates for nomination, the Nominating and Governance Committee may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All incumbent directors and nominees will be required to submit a completed directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Governance Committee.

The Nominating and Governance Committee will also consider candidates for directors recommended by a stockholder, provided that any such recommendation is sent in writing to the board of directors, c/o Corporate Secretary, 1389 Moffett Park Drive, Sunnyvale, California 94089-1113; Fax: (408) 745-6097, at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders and contains the following information:

the candidate's name, age, contact information and present principal occupation or employment; and a description of the candidate's qualifications, skills, background and business experience during at least the last five years, including his or her principal occupation and employment and the name and principal business of any company or other organization where the candidate has been employed or has served as a director.

The Nominating and Governance Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

In addition, stockholders may make direct nominations of directors for election at an annual meeting, provided the advance notice requirements set forth in our bylaws have been met. Under our bylaws, written notice of such nomination, including certain information and representations specified in the bylaws, must be received at our principal executive offices not earlier than the close of business on the 120th day nor later than

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the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; except that in the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by Finisar.

The Board considers succession planning and senior management development to be one of its most important responsibilities. The Board is responsible for reviewing the Company's succession planning and senior management development, considering, among other factors the Board deems appropriate, the Company's strategic direction, organizational and operational needs, competitive challenges, leadership/management potential and development, and emergency situations. To assist the Board with its review, the Board has asked the Chief Executive Officer to provide the Board with a performance assessment of senior management and their succession potential to the position of Chief Executive Officer, including in the event of an unexpected emergency, along with a review of any development plans recommended for such individuals. Members of management with high potential to succeed in the Company may be provided with additional responsibilities to expose them to diverse areas within the Company, with the goal of developing well-rounded and experienced senior leaders. The Board and the Chief Executive Officer also have the authority to consider persons outside of the Company and to engage third-party consultants or search firms to assist in the succession planning process.

Communications by Stockholders with Directors

Stockholders may communicate with the board of directors, or any individual director, by transmitting correspondence by mail, facsimile or email, addressed as follows: Board of Directors (or individual director), c/o Corporate Secretary, 1389 Moffett Park Drive, Sunnyvale, California 94089-1113; Fax: (408) 745-6097. The Corporate Secretary will forward such communications to the board of directors or to the identified director(s), although spam, junk mail, mass mailings, solicitations, advertisements and communications that are abusive, in bad taste or that present safety or security concerns may be handled differently, as determined by the Corporate Secretary.

Director Attendance at Annual Meetings

We attempt to schedule our annual meeting of stockholders at a time and date to accommodate attendance by directors, taking into account the directors' schedules. Directors are encouraged to attend our annual meeting of stockholders, but the board has not adopted a formal policy with respect to such attendance. All of our directors attended our last annual meeting of stockholders.

Committee Charters and Other Corporate Governance Materials

We have a Code of Ethics, or the Code, and Corporate Governance Guidelines that apply to all of our employees, officers and directors. The Code and Corporate Governance Guidelines are available at <http://investor.finisar.com/governance.cfm>. If we make any substantive amendments to the Code or grant any waiver from a provision of the Code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website, as well as via any other means then required by NASDAQ listing standards or applicable law.

Our board of directors has adopted a written charter for each of the Audit Committee, Compensation Committee and Nominating and Governance Committee. Each charter is available on our website at <http://investor.finisar.com/documents.cfm>.

Compensation Committee Interlocks and Insider Participation

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None of the directors who served on the Compensation Committee during fiscal 2018 is or has been an officer or employee of Finisar. During fiscal 2018, no member of the Compensation Committee had any relationship with Finisar requiring disclosure under Item 404 of Regulation S-K. During fiscal 2018, none of Finisar's executive officers served on the compensation committee (or its equivalent) or board of directors of another entity any of whose executive officers served on Finisar's Compensation Committee or board of directors.

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DIRECTOR COMPENSATION

Under our director compensation policy, non-employee directors are entitled to receive an annual retainer of \$50,000 for serving on the board of directors. Non-employee directors also receive annual retainers for service on board committees as indicated below (except that directors who served on the board prior to December 8, 2015 receive committee retainers only if they were members of the applicable committee as of that date).

The annual retainers for the board committees are listed in the table below. A non-employee director who serves as Chair of the Board (or Lead Independent Director, as applicable) is also entitled to receive an additional annual retainer for serving in that capacity. Effective June 13, 2018, this additional annual retainer was increased from \$20,000 to \$50,000 per year.

Committee	Chair (\$)	Other Members (\$)
Audit	28,000	12,500
Compensation	16,000	7,500
Nominating and Governance	11,000	5,000

All retainer fees are paid on a quarterly basis. We also reimburse our non-employee directors for their reasonable expenses incurred in attending meetings of the board and its committees.

The policy also provides that non-employee directors are entitled to receive a restricted stock unit (RSU) award with a value of \$200,000 each year at our annual meeting of stockholders. These annual grants vest approximately one year after the grant date. New non-employee directors are entitled to receive a RSU award with a value of \$275,000 upon their initial election to the board in addition to either the annual RSU grant made to non-employee directors described above, or, if the new non-employee director joins the board other than on the date of an annual meeting of stockholders, a RSU grant with a value determined by pro-rating the value of the annual grants made at the last annual meeting based on the period that has elapsed since that annual meeting. For example, if a new non-employee director first joins the board three months after the last annual meeting of stockholders, the non-employee director will receive a number of RSUs with a value of \$150,000 (a pro-rata portion of the \$200,000 regular annual grant amount for the nine months of service until the next annual meeting) based on the closing price of our stock on the effective grant date. These initial RSU awards vest over a period of three years from the date of grant, and the pro-rated RSU awards vest on the same schedule as the annual grants on which they are based. The number of shares subject to each RSU award is determined based on the per-share value of our common stock on the effective date of the grant.

Our non-employee directors are also subject to our director stock ownership guidelines described below on page 26 of this proxy statement.

The following table presents the compensation paid to our non-employee directors during or for the fiscal year ended April 29, 2018. Mr. Hurlston, our Chief Executive Officer, and Mr. Rawls, our former Chief Executive Officer, did not receive any additional compensation for their service on the board during fiscal 2018.

Director Compensation Table - Fiscal 2018

Name	Fees Earned or Paid in Cash	Stock Awards ⁽¹⁾⁽²⁾	Option Awards	All Other Compensation	Total Compensation
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Michael C. Child	\$ 78,500	\$ 199,984	—	—	\$ 278,484
Michael L. Dreyer	75,000	199,984	—	—	274,984
Roger C. Ferguson	83,000	199,984	—	—	282,984
Thomas E. Pardun	75,000	199,984	—	—	274,984
Helene Simonet	75,000	199,984	—	—	274,984
Robert N. Stephens	88,500	199,984	—	—	288,484

This column reflects the grant date fair value of the equity awards granted to non-employee directors during fiscal 2018 computed in accordance with FASB ASC Topic 718 Compensation—Stock Compensation. For information on (1) the valuation assumptions used in these computations, refer to Note 11— Stockholders’ Equity in the Notes to Consolidated Financial Statements included in our annual report on Form 10-K filed with the SEC on June 15, 2018.

(2) On September 12, 2017, each of our non-employee directors received an annual RSU award , as described above, of 9,182 restricted stock units with a grant date fair value of \$199,984.

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Our non-employee directors held the following stock options and unvested RSUs as of April 29, 2018.

Name	Number of Shares Underlying Stock Options Outstanding	Unvested Restricted Stock Units Outstanding
Michael C. Child	—	9,182
Michael L. Dreyer	—	15,552
Roger C. Ferguson	2,500	9,182
Thomas E. Pardun	8,750	9,182
Helene Simonet	—	15,646
Robert N. Stephens	2,500	9,182

OUR EXECUTIVE OFFICERS

Information concerning our current executive officers as of July 1, 2018 is as follows:

Name	Position(s)	Age
Michael Hurlston	Chief Executive Officer	51
Kurt Adzema	Executive Vice President, Finance and Chief Financial Officer	49
Christopher E. Brown	Executive Vice President, Chief Counsel and Secretary	50
Julie S. Eng	Executive Vice President, Datacom R&D	51
Todd Swanson	Chief Operating Officer	46
Joseph A. Young	Executive Vice President, Global Operations	61

For information on the business background of Mr. Hurlston please see Proposal No.1 - Election of Directors above.

Kurt Adzema has served as the Company's Executive Vice President, Finance and Chief Financial Officer since January 2011. Mr. Adzema joined the Company in January 2005 and served as the Company's Vice President of Strategy and Corporate Development until March 2010, when he was appointed Senior Vice President, Finance and Chief Financial Officer. Prior to joining the Company, he held various positions at SVB Alliant, a subsidiary of Silicon Valley Bank which advised technology companies on merger and acquisition transactions, at Montgomery Securities/Banc of America Securities, an investment banking firm, and in the financial restructuring group of Smith Barney. Mr. Adzema holds a B.A. in Mathematics from the University of Michigan and an M.B.A. from the Wharton School at the University of Pennsylvania.

Christopher E. Brown has served as our Executive Vice President, Chief Counsel and Secretary since January 2011 and previously served as our Vice President, General Counsel and Secretary following the completion of the Company's merger with Optium in August 2008. Mr. Brown served as Optium's General Counsel and Vice President of Corporate Development from August 2006 through the completion of the merger. Prior to that, Mr. Brown was a partner at the law firms of Goodwin Procter LLP and McDermott, Will & Emery. Mr. Brown holds a B.A. in Economics and a B.A. in Political Science from the University of Massachusetts at Amherst and a J.D. from Boston College Law School.

Julie S. Eng has served as our Executive Vice President, Datacom R&D since October 2015. Dr. Eng has held various

senior management positions within our engineering organization since joining Finisar in 2003. From 1995 to 2003, Dr. Eng served in various positions at AT&T/Lucent Technologies/Agere Systems, including Director of Product Development primarily leading Agere's transmitter, receiver, and transceiver product development for telecom and datacom markets. Dr. Eng holds a B.A. degree, summa cum laude, in physics from Bryn Mawr College and a B.S. degree in Electrical Engineering with honors from the California Institute of Technology (Caltech). She earned M. S. and Ph.D. degrees in Electrical Engineering from Stanford University.

Todd Swanson has served as our Chief Operating Officer since April 2018. Prior to that, Mr. Swanson served as our Executive Vice President, Sales, Marketing, Research and Development from June 2016 through April 2018 and our Executive Vice President, Sales and Marketing from January 2011 through June 2016. Mr. Swanson joined us in 2002 and served as Product Line Manager, Director of Marketing and Vice President, Sales and Marketing for our Optics Division prior to his appointment as Senior Vice President, Sales and Marketing in August 2008. Mr. Swanson served as Product Line Manager for Princeton Lightwave, a laser

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company, from June 2001 until he joined Finisar. Mr. Swanson served as Director of Marketing (on a part-time basis while he was studying for his M.B.A.) for Aegis Semiconductor, a manufacturer of optical semiconductor devices, from December 2000 through June 2001. From July 1995 to August 1999, Mr. Swanson was employed by Hewlett-Packard Company as project leader and project manager in the Automotive Lighting Group of the Optoelectronics Division. Mr. Swanson holds a B.S. in Mechanical Engineering from the University of Wisconsin and an M.B.A. from the Massachusetts Institute of Technology.

Joseph A. Young has served as our Executive Vice President, Global Operations since January 2011. Mr. Young served as our Senior Vice President and General Manager, Optics Division from June 2005 to August 2008 when he was appointed Senior Vice President, Operations and Engineering. Mr. Young joined us in October 2004 as our Senior Vice President, Operations. Prior to joining the Company, Mr. Young served as Director of Enterprise Products, Optical Platform Division of Intel Corporation from May 2001 to October 2004. Mr. Young served as Vice President of Operations of LightLogic, Inc. from September 2000 to May 2001, when it was acquired by Intel, and as Vice President of Operations of Lexar Media, Inc. from December 1999 to September 2000. Mr. Young was employed from March 1983 to December 1999 by Tyco/ Raychem, where he served in various positions, including his last position as Director of Worldwide Operations for the OEM Electronics Division of Raychem Corporation. Mr. Young holds a B.S. in Industrial Engineering from Rensselaer Polytechnic Institute, an M.S. in Operations Research from the University of New Haven and an M.B.A. from the Wharton School at the University of Pennsylvania.

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The Audit Committee has selected BDO USA, LLP to serve as the independent registered public accounting firm to audit the consolidated financial statements of Finisar for the fiscal year ending April 28, 2019. A representative of BDO USA, LLP is expected to be present at the annual meeting, with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

BDO USA, LLP's audit report on Finisar's consolidated financial statements as of and for the fiscal years ended April 29, 2018 and April 30, 2017 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principle.

The following table sets forth the aggregate fees billed to Finisar for the fiscal years ended April 29, 2018 and April 30, 2017 by BDO USA, LLP:

	Year Ended April 29, 2018	Year Ended April 30, 2017
Audit fees ⁽¹⁾	\$ 2,107,752	\$ 2,112,400
Audit-related fees ⁽²⁾	27,375	28,021
Tax fees ⁽³⁾	385,924	239,907
Total Fees	\$ 2,521,051	\$ 2,380,328

Audit fees consist of fees billed for professional services rendered for the audit of our annual consolidated financial statements and the effectiveness of our internal control over financial reporting, the review of our interim consolidated financial statements included in quarterly reports, services that are normally provided by BDO USA, LLP and BDO's international affiliates in connection with statutory and regulatory filings or engagements, consultations in connection with issuances of auditor consents and comfort letters in connection with SEC registration statements and related SEC registered and non-registered securities offerings.

Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit fees. This category includes fees related to financial due diligence, agreed-upon-procedures engagements and audit of benefit plans.

Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

The Audit Committee has determined that all services performed by BDO USA, LLP are compatible with maintaining the independence of BDO USA, LLP. The Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax and other services provided by the independent registered public accounting firm. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. The Audit Committee has delegated to the chair of the Audit Committee the authority to approve permitted services, provided that the chair reports any decisions to the Audit Committee at its next scheduled meeting. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval process.

Vote Required and Recommendation of the Board of Directors

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the annual meeting is required for approval of this proposal.

The board of directors unanimously recommends that you vote FOR the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending April 28, 2019.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee currently consists of five directors, each of whom, in the judgment of the board of directors, is an independent director as defined in the NASDAQ Listing Rules. The Audit Committee acts pursuant to a written charter that has been adopted by the board of directors. A copy of the charter is available on Finisar's website at <http://investor.finisar.com/documents.cfm>.

The Audit Committee oversees Finisar's financial reporting process on behalf of the board of directors. The Audit Committee is responsible for retaining Finisar's independent registered public accounting firm, evaluating its independence, qualifications and performance and approving in advance the engagement of the independent registered public accounting firm for all audit and non-audit services. Management has the primary responsibility for the financial statements and the financial reporting process, including internal control systems, and procedures designed to ensure compliance with applicable laws and regulations. Finisar's independent registered public accounting firm for fiscal 2018, BDO USA, LLP, was responsible for expressing an opinion as to the conformity of our audited financial statements with generally accepted accounting principles.

The Audit Committee has reviewed and discussed with management Finisar's audited financial statements. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (PCAOB). In addition, the Audit Committee has met with the independent registered public accounting firm, with and without management present, to discuss the overall scope of the independent registered public accounting firm's audit, the results of its examinations, its evaluations of Finisar's internal controls and the overall quality of Finisar's financial reporting.

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to Finisar's board of directors that Finisar's audited financial statements be included in Finisar's Annual Report on Form 10-K for the fiscal year ended April 29, 2018.

AUDIT COMMITTEE

Roger C. Ferguson (Chair)
Michael C. Child
Michael L. Dreyer
Thomas E. Pardun
Helene Simonet

The foregoing Audit Committee Report shall not be deemed to be incorporated by reference into any filing of Finisar under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Finisar specifically incorporates such information by reference.

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PROPOSAL NO. 3

**NON-BINDING ADVISORY VOTE TO APPROVE THE
COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, requires that our stockholders have the opportunity to cast a non-binding advisory vote on executive compensation, commonly referred to as a "Say-on-Pay" vote. Our current policy is that such advisory votes shall be held annually at the annual meeting of stockholders, and accordingly, we will also have a vote in connection with our 2019 annual meeting. Because the vote is advisory, it is not binding on the Company, our board of directors or our Compensation Committee in any way. However, our board of directors and our Compensation Committee value the opinions of our stockholders and take into account the outcome of the vote when considering future executive compensation policies and decisions.

As described in our Compensation Discussion and Analysis included elsewhere in this proxy statement, we seek to closely align the interests of our executive officers with the interests of our stockholders and to offer compensation that will enable us to attract and retain superior executive talent. Our compensation programs are designed to reward our executive officers for the achievement of our short-term and long-term strategic and operational goals and the achievement of increased total stockholder return, while avoiding the encouragement of unnecessary or excessive risk-taking. Please read the Compensation Discussion and Analysis section of this proxy statement for a more detailed discussion of our compensation philosophy and our executive compensation programs.

The advisory vote on executive compensation solicited by this proposal is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers, who are identified in the Summary Compensation Table that appears on page 27 of this proxy statement, as such compensation is discussed in the Compensation Discussion and Analysis and the tables and accompanying narratives that follow that discussion.

Stockholders will be asked at the annual meeting to approve the following resolution pursuant to this Proposal No. 3:

RESOLVED, that the stockholders of Finisar Corporation approve, on an advisory basis, the compensation of the Company's named executive officers for the fiscal year ended April 29, 2018, as disclosed in the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.

Vote Required and Recommendation of the Board of Directors

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required for approval of this resolution.

The board of directors unanimously recommends that you vote **FOR** approval of the foregoing resolution.

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EXECUTIVE COMPENSATION AND RELATED MATTERS

Compensation Discussion and Analysis

Overview

The following discussion explains our philosophy and objectives and our compensation-setting process with respect to our executive officers and provides information regarding the compensation awarded to our Chief Executive Officer, our former Chief Executive Officer, our Chief Financial Officer, and certain of our other executive officers identified in the Summary Compensation Table that follows this Compensation Discussion and Analysis. We refer to these individuals as our named executive officers.

Executive Summary

In January 2018, Mr. Hurlston was appointed as our Chief Executive Officer as Mr. Rawls resigned from that position. In connection with Mr. Hurlston's appointment, we entered into an offer letter that provided for him to receive an annual base salary of \$700,000, an annual target bonus opportunity of 115% of his base salary, and grants of stock options and restricted stock units. The Compensation Committee reviewed a competitive market analysis for this position prepared by its compensation consultant and set Mr. Hurlston's target compensation at between the 50th and 60th percentiles relative to the market. For additional information, please see Employment Offer Letter for Mr. Hurlston below.

We believe that the compensation of our executive officers should provide meaningful incentives to create value for our stockholders and achieve strategic corporate objectives. Accordingly, a substantial portion of each named executive officer's compensation opportunity is at-risk, meaning that it is performance-based and/or linked to the value of the Company's stock price. Specifically, as shown below, approximately 94% of the target total direct compensation for Mr. Hurlston for fiscal 2018, and approximately 74% of the combined target total direct compensation for each of the other named executive officers, was at-risk.

As used in this discussion, target total direct compensation means the aggregate amount of the executive's base salary, target annual incentive bonus, and long-term equity incentive awards based on the grant-date fair value of such awards as determined under the accounting principles used in the Company's financial reporting. The target total direct compensation information for the named executive officers other than the Chief Executive Officer is presented on an aggregate basis, although the percentages for each individual executive, in general, are not materially different from the aggregate percentages reflected above.

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In addition, as outlined below, our executive compensation program includes a number of features that we believe help to align our executives' interests with those of our stockholders, and does not include features that we believe do not represent best practices in executive compensation:

What We Do:

- **Align our Pay with Performance:** Under our annual bonus plan for fiscal 2018, our executives' officers' bonuses would be based on our non-GAAP pre-bonus operating income for the fiscal year. The Compensation Committee then had discretion to adjust the size of the bonus pool and individual bonus awards taking into account such corporate and individual performance factors as it considered appropriate. Because the Company did not achieve its operating income target for fiscal 2018 and taking into account the performance of the Company as a whole, the Compensation Committee determined that, consistent with our pay-for performance philosophy, no bonuses would be awarded to the named executive officers for fiscal 2018.
- **Cap Annual Bonuses:** The annual bonus for each executive is capped at 200% of the executive's target annual bonus opportunity.
- **Use Equity Awards to Link Long-Term Interests of Executives Officers and Stockholders:** As shown above, equity awards constitute a substantial portion of each executive's target total direct compensation opportunity. Executives officers were granted equity awards early in fiscal 2018 in the form of restricted stock units. In connection with his hiring as our Chief Executive Officer in January 2018, Mr. Hurlston was granted a restricted stock unit award and a stock option award. These awards provide a retention incentive as they vest over a multi-year period and, because the ultimate value of the award depends on our stock price, further link the interests of our executives with those of our stockholders.
- **Implementation of Performance-Based Equity Awards for Fiscal 2019:** As described below under Fiscal 2019 Compensation Actions, the Compensation Committee also determined that the vesting of Mr. Hurlston's

What We Don't Do:

- **No Material Perquisites:** We do not provide any material perquisites or other personal benefits to any of our executive officers.
- **No Tax Gross-ups:** We do not provide tax gross-up or other tax reimbursement payments to our executive officers.
- **No Hedging/Pledging:** We have adopted anti-hedging and anti-pledging policies that apply to all of our employees and members of our board of directors.
- **No Repricing of Stock Options or Stock Appreciation Rights:** Our stock incentive plan prohibits the repricing of stock options or stock appreciation rights without the approval of the Company's stockholders.

entire equity award for fiscal 2019, and a significant portion of each other executive officer's equity award for the fiscal year, would be tied to our achievement of specified stock price levels in order to further enhance the alignment of our executives' interests with those of our stockholders.

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What
We
Don't
Do:

What We Do:

- **Determine Grant Levels Based on Performance:** In determining the size of the equity awards granted to the executive officers in fiscal 2018, the Compensation Committee considered the recommendation of the Chief Executive Officer (other than with respect to his own equity award), and took into account, among other factors, the performance of the Company and the individual contributions of each executive during fiscal 2017. Based on its assessment of fiscal 2017 performance and consistent with our pay-for-performance philosophy, the Compensation Committee determined that executives' equity award levels for fiscal 2018 should be similar to their fiscal 2017 awards, except that the awards for Messrs. Young and Swanson would be reduced from their fiscal 2017 levels to be more closely aligned with the grants to our other executives.
- **Retain Independent Compensation Consultant:** The Compensation Committee retains compensation consultant to provide independent advice and market analysis.
- **Maintain Stock Ownership Guidelines:** We have adopted stock ownership guidelines that apply to all members of our board (including our Chief Executive Officer).

Compensation Philosophy and Objectives

Our fundamental compensation philosophy is to align the compensation of our senior management with our annual and long-term business objectives, performance against those objectives and creation of stockholder value, as well as to offer compensation that will enable us to attract, retain and appropriately reward executive officers whose contributions are necessary for our long-term success. We seek to reward our executive officers' contributions to achieving our financial and operational goals and appropriate stock price performance. We operate in a very competitive environment for executive talent, and we believe that our compensation packages must be competitive when compared to our peers.

The Compensation Committee of our board of directors oversees the design and administration of our executive compensation program. The principal elements of the program are base salary, annual cash bonuses and equity-based incentives. In general, the Compensation Committee's policy is that the total compensation paid to our executive officers should be fair and competitive, taking into account, among other factors, compensation paid by peer companies to officers with comparable responsibilities and our success in achieving our financial and operational goals and appropriate stock price performance. However, it is not the Compensation Committee's policy to adhere to a rigid formula or benchmark executive compensation at specified levels relative to peer companies.

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Compensation-Setting Process

Generally, the Compensation Committee reviews the compensation of our executive officers in the early part of each fiscal year and takes action at that time to award cash bonuses for the preceding fiscal year, to set base salaries and target annual bonus opportunities for the current fiscal year and to grant long-term incentives in the form of equity-based awards. In determining the compensation opportunities for each executive officer, the Compensation Committee takes into account the following:

- the recommendations of our Chief Executive Officer (with respect to executives other than himself), the Compensation Committee's assessment of the individual performance of the executive officer during the previous fiscal year, the executive's experience and responsibilities, and the executive's expected future contributions to the Company,
- our financial results for the previous fiscal year and the outlook for the current fiscal year, and changes in competitive pay levels, based on compensation surveys and other market information regarding
- compensation paid by comparable companies, including our industry peers, and, in years when a compensation consultant is engaged to assist the Compensation Committee, analyses prepared by such consultant.

Specific additional factors considered by the Compensation Committee with respect to its fiscal 2018 compensation decisions are also noted below.

In reviewing the performance of our Chief Executive Officer, the Compensation Committee reviews assessments prepared by the Chief Executive Officer that address various performance criteria specified by the Compensation Committee. For the other executive officers, the Chief Executive Officer provides the Compensation Committee with a review of each individual's performance and contributions over the past year and makes recommendations regarding their compensation that the Compensation Committee considers. The Compensation Committee makes the final determination as to the compensation provided to our executive officers.

The Compensation Committee has the authority to engage its own consultants and advisors to assist it in carrying out its responsibilities. The Compensation Committee engaged Compensia, Inc. as its compensation consultant in connection with its annual reviews of executive compensation for fiscal 2018. Other than its services in advising the Compensation Committee and certain advice provided to the Nomination and Governance Committee with respect to non-employee director compensation, Compensia does not provide any services to the Company or any of its subsidiaries. In accordance with SEC rules, the Compensation Committee assessed the independence of Compensia during fiscal 2018 and concluded that no conflicts of interest exist that would affect Compensia's independence in providing services and advice to the Compensation Committee. During fiscal 2018, representatives of Compensia attended meetings of the Compensation Committee, met and communicated with members of the Compensation Committee outside of its formal meetings and also met with members of the Company's management to gain management's perspective on executive compensation issues.

Prior to the beginning of fiscal 2018, the Compensation Committee conducted its annual review of our executive compensation program. With the assistance of Compensia, the Compensation Committee selected a peer group of companies to help the Compensation Committee assess our executive compensation program for fiscal 2018. The Compensation Committee determined that the peer companies generally should have annual revenue between approximately 50% and 200% of the Company's annual revenue and market capitalization between 50% and 400% of the Company's market capitalization.

As a result of this process, the Compensation Committee identified the following group of peer companies, including our industry peers and similarly-sized companies in the broader technology sector (the fiscal 2018 Peer Companies). The fiscal 2018 Peer Companies were largely the same as the peer companies used to assess our executive compensation program in fiscal 2017, except that Acacia, Arista Networks and Microsemi were added to the group as

they met key selection criteria (largely, industry classification and revenue and market capitalization sizing criteria), and Fairchild Semiconductor and Polycom were removed from the group as they were acquired during fiscal 2017.

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Based on publicly available data at the time the group was selected, the fiscal 2018 Peer Companies generally similar in size to the Company, with Finisar ranking at approximately the 70th percentile of the peer group in terms of revenue and approximately the 69th percentile in terms of market capitalization. The fiscal 2018 Peer Companies were as follows:

Acacia Communications, Inc.	Diodes Incorporated	Microsemi Corporation
Arista Networks, Inc.	II-VI Incorporated	Netgear, Inc.
Brocade Communications Systems, Inc.	Infinera Corporation	Plantronics, Inc.
Ciena Corporation	Intersil Corporation	ViaSat, Inc.
Coherent, Inc.	IPG Photonics Corporation	Viavi Solutions Inc.
Cypress Semiconductor Corporation	Lumentum Holdings Inc.	

Compensia prepared a report, including analyses of our executive compensation program, based principally on information drawn from the practices of the fiscal 2018 Peer Companies and from the Radford Global Technology Survey. In considering the Radford survey data, the Compensation Committee did not focus on any particular companies in the survey (other than the fiscal 2018 Peer Companies identified above). The Compensation Committee used the data provided in the Compensia report as a reference point in making its executive compensation decisions, but as noted above, the Compensation Committee does not specifically benchmark compensation at any particular level vis-à-vis the market data and retains discretion to set compensation at higher or lower levels as it deems appropriate in the circumstances. Except as otherwise noted in this Compensation Discussion and Analysis, decisions by the Compensation Committee are subjective and the result of the Compensation Committee's business judgment, which is informed by the experiences of the members of the Compensation Committee as well as analysis and input from, and comparable peer data provided by, the Compensation Committee's compensation consultant.

In designing our executive compensation program, the Compensation Committee also considers whether the incentive opportunities provided to executives could result in unnecessary or excessive risk-taking. The Compensation Committee has evaluated our compensation policies and programs and believes that our compensation policies and practices provide appropriate incentives and controls and are not reasonably likely to have a material adverse effect on the Company.

Stockholder Say-on-Pay Votes

At our annual meeting of stockholders, we provide our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers for the previous fiscal year, as disclosed in the proxy statement for the meeting (commonly referred to as a say-on-pay vote). At our 2017 meeting, approximately 79% of the votes cast were voted in favor of the Company's executive compensation program. Although we believe this result affirms stockholders' support of the Company's approach to executive compensation, we continue to solicit feedback from our stockholders and look for ways to improve our program.

As described below under Fiscal 2019 Compensation Actions, we have included performance-based vesting requirements in our long-term incentive compensation program for the first time in fiscal 2019, with the vesting of our Chief Executive Officer's entire fiscal 2019 equity award being tied to our achievement of specified stock price target levels and a significant portion of each other named executive officer's equity award also vesting based on these stock price target levels. We believe these awards further enhance the alignment between our executives' interests and those of our stockholders.

The Compensation Committee values the opinions of our stockholders and will continue to take into account the outcome of the vote when considering future executive compensation policies and decisions.

Components of Compensation

In order to align executive compensation with our compensation philosophy, our executive officer compensation package contains three primary elements: base salary, annual cash bonuses and long-term equity incentives. In addition, we provide to our executive officers a variety of benefits that are available generally to other salaried employees.

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Employment Offer Letter for Mr. Hurlston

Effective January 11, 2018, Mr. Hurlston was appointed as the Company’s Chief Executive Officer. In connection with his appointment, Mr. Hurlston entered into an offer letter with the Company that provided for the following:

- an annual base salary of \$700,000;
- a target annual bonus opportunity of 115% of his base salary;
- the grant of an option to purchase 740,000 shares of the Company’s common stock at an exercise price of \$22.26 per share (with 20% of the option to vest after one year and the remaining 80% to vest in quarterly installments over a period of approximately three and one-half years thereafter); and
- the grant of a restricted stock units award with a value on the grant date of \$3 million (such award to vest in four annual installments following the grant date).

Mr. Hurlston’s employment offer letter also includes certain severance protections as described in more detail below under CEO Employment Agreement.

In determining Mr. Hurlston’s compensation, the Compensation Committee reviewed a competitive market analysis prepared by Compensia on the compensation provided to their chief executive officers by the fiscal 2018 Peer Companies identified above (the Peer Company CEOs), as well as compensation provided to newly-hired chief executive officers by other high technology companies (the New-Hire Comparator CEOs). The terms of the offer letter, which were negotiated with Mr. Hurlston, reflect target total cash compensation between the 50th and 60th percentiles for both the Peer Company CEOs and the New-Hire Comparator CEOs and new-hire equity compensation between the 50th and 60th percentiles for the New-Hire Comparator CEOs. The Compensation Committee determined that a substantial portion of Mr. Hurlston’s equity compensation upon joining the Company would be in the form of stock options in order to provide additional incentives to deliver value for our stockholders as these options will have value only to the extent our stock price increases after the grant date of the option. The Compensation Committee believed that the compensation opportunities under Mr. Hurlston’s offer letter provided appropriate incentives for him to accept the position as the Company’s Chief Executive Officer.

Fiscal 2018 Executive Compensation

Base Salaries

Base salaries for our executive officers are initially set based on negotiation with the individual executive officer at the time of his or her recruitment or promotion and with reference to the base salaries for comparable positions at the companies for individuals of similar education and background to those of the executive officer being recruited or promoted. We also give consideration to the factors noted above under Compensation-Setting Process. Salaries are reviewed annually by the Compensation Committee, typically at the beginning of the fiscal year, and adjustments are made in the Compensation Committee’s judgment based the factors noted above.

On the basis of its review for fiscal 2018, the Compensation Committee set new base salaries for our named executive officers then employed with us, which became effective in July 2017, with increases of between approximately 3% and 4% over the levels that had been in effect at the end of fiscal 2017. The fiscal 2018 base salaries for the then-employed named executive officers were as follows:

	Fiscal 2017 Base Salary (\$)	Fiscal 2018 Base Salary (\$)
Name		

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Jerry S. Rawls	650,000	676,000
Joseph A. Young	441,355	454,596
Todd Swanson	437,144	454,630
Kurt Adzema	428,610	441,468
Julie S. Eng	408,000	420,240

As noted above, Mr. Hurlston's base salary was set at \$700,000 upon his commencing employment with the Company in January 2018.

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Annual Cash Bonuses

Under our compensation policy, a substantial component of each executive officer's potential annual compensation takes the form of a performance-based cash bonus. The cash bonuses paid to our executive officers are determined by the Compensation Committee based on recommendations from the Chief Executive Officer, the performance of such executive, the target bonus for each executive as described below, the overall amount of the accrued bonus pool, the Company's financial performance and the specific contributions of the individual executive as described below.

In August 2017, the Compensation Committee adopted an executive bonus plan for fiscal 2018. Under the plan, the target bonus for Mr. Rawls was 110% of his annual base salary, the target bonuses for Messrs. Young, Swanson and Adzema were 75% of their annual base salaries, and the target bonus for Ms. Eng was 60% of her base salary. Under the plan, an anticipated bonus pool would be established for all eight of the executive officers then employed with us (including each of the named executive officers other than Mr. Hurlston) as a percentage of our non-GAAP pre-bonus operating income for the fiscal year (1.5% of our operating income up to \$267.3 million and 2% for operating income above that level), with the Compensation Committee having discretion to adjust the executive bonus pool based on such factors as it deems appropriate.

For purposes of the executive bonus plan, non-GAAP pre-bonus operating income is calculated as the Company's operating income as determined under generally accepted accounting principles, as adjusted to exclude certain items such as stock-based compensation expense, amortization of acquisition-related intangible assets and other special charges and gains of a non-cash nature or that occur relatively infrequently and/or that management considers to be outside of our ongoing core operating results, and determined before giving effect to the cost of bonuses under the plan. For more information, please see the Finisar Non-GAAP Financial Measures section of our press releases reporting our financial results for each quarter during fiscal 2018, attached to the Company's current report on Form 8-K furnished with the SEC following each quarter.

Once the executive bonus pool is calculated, the Compensation Committee determines the amounts to be awarded to each executive from the bonus pool, taking into account such corporate and individual performance factors as it considers appropriate in its discretion as well as the recommendations of our Chief Executive Officer as to the performance of executives other than himself. The maximum bonus payable to each executive under the fiscal 2018 bonus plan is 200% of the executive's target bonus. In adopting this structure, the Compensation Committee believed that it was important to retain flexibility to determine the bonuses that would be awarded to each executive and the performance factors that in each case would be used to make this determination.

In June 2018, the Compensation Committee considered the performance of the Company as a whole during fiscal 2018 and exercised its discretion under the bonus plan to determine that no bonuses would be paid to the executive officers and that the anticipated executive bonus pool amount would be included in the bonus pool for the Company's non-executive employees.

Equity-based Incentives

Longer term incentives are provided through equity-based awards granted under Finisar's 2005 Stock Incentive Plan (the 2005 Plan). The Compensation Committee believes that equity ownership provides an important incentive for employees to build stockholder value and provides each executive officer with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the company. In general, the Compensation Committee believes that RSUs balance competing compensation and retention objectives while providing strong alignment between executive and stockholder interests. Consequently, the annual equity awards granted to our executives in recent years have been comprised solely of RSUs, which are intended to reward our executives for sustaining and increasing our stock price. As noted above, the Compensation Committee determined that a substantial

portion of the equity compensation granted to Mr. Hurlston upon his joining the Company would be in the form of stock options in order to provide additional incentives to deliver value for our stockholders as these options will have value only to the extent our stock price increases after the grant date of the option. Our equity awards generally also have multi-year vesting schedules to provide an additional retention incentive for our executives and other employees.

The grant of equity-based awards is generally considered by the Compensation Committee on an annual basis in the early part of each fiscal year, at the same time as other components of executive compensation are reviewed and annual equity-based awards are granted to our non-officer employees. The size of the equity-based awards granted to our executive officers are set by the Compensation Committee at levels that are intended to

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create a meaningful opportunity for stock ownership based upon the factors noted above under Compensation-Setting Process. To help ensure that our equity award program is linked to our performance, the Compensation Committee evaluates the performance of the Company during the prior fiscal year in determining the grant levels for these awards. The Compensation Committee also takes into account the number of unvested equity awards held by the executive officer in order to maintain an appropriate level of retention value for that individual.

We have established a policy whereby equity awards to our employees, including executive officers, are generally granted by the Compensation Committee at regular quarterly meetings with an effective date that is the later of the third trading day following the public announcement of the Company's financial results for the preceding quarter or the date of the meeting at which the grant is approved. In addition to the annual grant program, the Compensation Committee may approve equity awards at other times as it deems appropriate (for example, in connection with the hiring or promotion of executives or other employees).

In connection with its review of executive officer compensation in June 2017, the Compensation Committee granted RSU awards for fiscal 2018 to each of our named executive officers then employed with us. The RSUs vest in annual installments over a four-year period, subject to the executive's continued service, in order to provide an additional retention incentive over the vesting period. In setting the grant levels, the Compensation Committee reviewed the performance of the Company and the individual named executive officers during fiscal 2017. The Compensation Committee believed that the company performed at a high level in fiscal 2017, but also considered the outlook for fiscal 2018. Accordingly, the Compensation Committee determined that the named executive officers' equity award levels for fiscal 2018 should be similar to their fiscal 2017 awards, except as follows. The Compensation Committee noted that the fiscal 2017 equity awards for Messrs. Young and Swanson had been significantly increased over their fiscal 2016 levels on an one-time basis due to the importance of their roles to the ongoing success of the business. For fiscal 2018, the Compensation Committee determined that the awards for Messrs. Young and Swanson would be reduced from their fiscal 2017 levels to be more closely aligned with the awards granted to our other executive officers.

Accordingly, the Compensation Committee approved the specified dollar value for the equity award granted to each executive reflected in the table below, which was then converted into a number of RSUs based on the closing price of our common stock on the effective date of grant. The dollar value of the award for each of the named executive officers granted in June 2017 and the corresponding number of shares of our common stock underlying each award were as follows:

Name	Dollar Value (\$)	RSU Shares (#)
Jerry S. Rawls	3,482,000	128,062
Joseph A. Young	1,000,000	36,779
Todd Swanson	1,000,000	36,779
Kurt Adzema	885,000	32,549
Julie S. Eng	750,000	27,584

Other Benefits

Our executives are generally eligible to receive the same health and welfare benefits offered to all employees in the geographic area in which they are based. They are also eligible to participate in our defined contribution 401(k) plan on the same basis as our other employees. We currently provide no material perquisites to our executive officers. During fiscal 2018, personal benefits accounted for less than 1% of the total compensation of our Chief Executive Officer and our other named executive officers.

Severance and Change in Control Arrangements

Our executive officers and certain other key employees designated by the Compensation Committee are eligible to participate in the Finisar Executive Retention and Severance Plan (the Severance Plan). As in effect during fiscal 2018, the Severance Plan provided for participants to receive severance benefits if their employment was actually or constructively terminated by the Company upon or following a change in control of the Company. As described below, under Potential Payments Upon Termination or Change in Control, the Severance Plan was amended in June 2018 to provide that participants would also be entitled to receive severance payments and benefits if their employment is terminated by the Company without cause prior to a change in control of the Company.

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Mr. Hurlston is also eligible for severance benefits under his offer letter with the Company if his employment is terminated by the Company prior to a change in control of the Company.

Our executive officers are not entitled to any tax gross-up or other reimbursement under the Severance Plan or any other agreements with the Company for any parachute payment excise taxes that may be imposed on their benefits.

The Compensation Committee believes that these severance arrangements help us to attract and retain qualified executives and are consistent with competitive practices generally. In particular, the Compensation Committee has determined to provide these arrangements in order to mitigate some of the risk that exists for executives working in an environment where there is a meaningful possibility that the Company could be acquired or the subject of another transaction that would result in a change in its control. The change in control arrangements are also intended to mitigate potential disincentives to the consideration and execution of an acquisition or similar transaction, particularly where the services of these executive officers may not be required by the acquirer.

In January 2018, the Compensation Committee approved certain severance benefits for Mr. Rawls upon his resignation as the Company's Chief Executive Officer. The terms of his separation agreement, which includes a release of claims in favor of the Company, are described below under Separation Agreement with Mr. Rawls.

Fiscal 2019 Compensation Actions

Fiscal 2019 Equity Awards: Performance-Based and Time-Based RSUs

Effective June 19, 2018, the Compensation Committee approved the following RSU grants for each of the named executive officers:

Name	Time-Based RSUs (#)	Performance-Based RSUs (#)
Michael E. Hurlston	—	150,000
Joseph A. Young	46,528	68,750
Todd Swanson	46,528	68,750
Kurt Adzema	42,806	63,250
Julie S. Eng	35,362	52,250

We included performance-based vesting requirements in our long-term incentive compensation program for the first time in fiscal 2019, including making the equity award granted to our Chief Executive Officer entirely performance-based. The aggregate grant date value of equity awards granted to our executives was calibrated to the 50th percentile of the competitive market based on an analysis of equity compensation practices for our peer companies.

For each executive, the performance-based RSUs (PRSUs) reported in the table above are eligible to vest over 16 quarterly vesting dates commencing on August 5, 2018 and ending May 5, 2022. The number of PRSUs shown above is the maximum number of PRSUs that can vest and be paid under the award. One-sixteenth of the total number of PRSUs subject to the grant are allocated to each vesting date, and the number of those PRSUs that vest on each date (if any) will be determined based on the average of the closing prices for the Company's common stock during the last ten trading days of the Company's most recently completed fiscal quarter before the vesting date (the Average Stock Price) as follows:

Average Stock Price as of Last Day of Prior Fiscal Quarter	Vesting Percentage for PRSUs Allocated to Applicable Vesting Date
Below \$22.50	0%
At least \$22.50 and Less Than \$27.00	33 1/3%
At least \$27.00 and Less Than \$31.50	66 2/3%
At least \$31.00	100%

The \$22.50, \$27.00 and \$31.50 stock price targets for the PRSU awards represent increases of 25%, 50% and 75%, respectively, over the closing price of our common stock on the date the awards were granted (which was \$18.00). In addition to the quarterly vesting described above, the PRSU awards include an annual true-up

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feature so that on the May 5 vesting date for each of 2019, 2020, and 2021, an additional number of PRSUs will vest equal to the excess (if any) of (i) the aggregate number of PRSUs that would have been vested on that May 5 vesting date and the immediately preceding August 5, November 5 and February 5 vesting dates if the Average Stock Price determined as of each such vesting date had been the same as the Average Stock Price for the May 5 vesting date, over (ii) the aggregate number of PRSUs that actually vested on each of those four vesting dates as determined under the table above. There will also be a final true-up calculation on the May 5, 2022 vesting date so that an additional number of PRSUs will vest on that date equal to the excess (if any) of (i) the aggregate number of PRSUs that would have been vested over all 16 vesting dates for the award if the Average Stock Price determined as of each such vesting date had been the same as the Average Stock Price for the May 5, 2022 vesting date, over (ii) the aggregate number of PRSUs that actually vested on each of those 16 vesting dates as determined under the table above and the annual true-up vesting provisions described above.

In each case, vesting of the PRSUs (including pursuant to the annual true-up and final true-up features) is generally subject to the executive's continued employment with the Company through the applicable vesting date. However, if the executive's employment is terminated by the Company without cause prior to May 5, 2022 and prior to any change in control of the Company, the Average Stock Price will be calculated for the period of 10 trading days prior to the executive's termination date, and the award will vest upon the executive's termination as to the number of PRSUs that would have vested on each of the next four scheduled vesting dates after the executive's termination date (or, if less, the number of remaining vesting dates under the award and in each case taking into account any true-up provision that would have applied during that period) based on the greater of that Average Stock Price or \$22.50.

If a change of control of the Company occurs before May 5, 2022 and while the executive is still employed with the Company, the Average Stock Price will be calculated for the period of 10 trading days prior to the change in control, and the award will vest on the change in control as to the number of PRSUs that would have vested on each of the remaining scheduled vesting dates under the award (taking into account any true-up provision that would have applied during that period) based on the greater of that Average Stock Price or \$22.50.

For each executive, the time-based RSUs reported in the table above vest, subject to the executive's continued service, with respect to 25% of the shares subject to the award on each of the first four anniversaries of June 20, 2018.

Fiscal 2019 Executive Bonus Program

On June 13, 2018, the Compensation Committee adopted the executive officer bonus program for fiscal 2019. Under the program, the target bonus for Mr. Hurlston is 115% of his annual base salary, and the target bonuses for the other named executive officers range from 60% to 75% of their annual base salaries. Bonuses for executives under the program will be calculated based on the Company's financial performance during the fiscal year.

The Compensation Committee also has discretion to adjust an executive's bonus between 0% and 150% of the calculated bonus based on the executive's individual performance during the fiscal year. Bonuses awarded for fiscal 2019 under the program will be paid 50% in cash and 50% in the form of an RSU award, with the number of RSUs subject to the award determined by dividing the dollar amount of the stock portion of the bonus by the Company's stock price on a date following the time the Compensation Committee determines the bonus amount. These RSU awards will have a one-year vesting period thereafter.

Amendment and Restatement of Executive Severance Plan

On June 13, 2018, the Compensation Committee also approved an amended and restated version of the Severance Plan. Each of the named executive officers participates in the Severance Plan. See the Potential Payments Upon Termination or Change in Control section below for a description of the benefits provided under the amended and

restated version of the Severance Plan.

Tax Considerations

Federal income tax law generally prohibits a publicly-held company from deducting compensation paid to a current or former named executive officer that exceeds \$1 million during the tax year. As one of the factors in its consideration of compensation matters, the Compensation Committee notes this deductibility limitation. However,

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the Compensation Committee has the flexibility to take any compensation-related actions that it determines are in the best interests of the Company and its stockholders, including awarding compensation that may not be deductible for tax purposes. There can be no assurance that any compensation will in fact be deductible.

Other Compensation-Related Policies

We have several policies in effect which apply to shares of our common stock held by our directors and executive officers, including shares issued to them pursuant to equity-based awards.

Stock Ownership Guidelines

Our board of directors believes that directors should be stockholders in order to better align their interests with the long-term interests of the Company's stockholders. Accordingly, the Board has adopted a policy under which each of our directors (including our Chief Executive Officer) is required to attain ownership of not less than 10,000 shares of the Company's common stock by the later of three years from the adoption of the policy in 2012 or three years from his or her first election as a director and to retain such minimum stock ownership so long as he or she continues to serve as a director. Directors are required to refrain from selling shares (other than for the purpose of paying federal or state income taxes related to the acquisition of such shares) until such minimum stock ownership is attained.

Anti-Hedging and Anti-Pledging Policies

Our insider trading policy prohibits our directors, executive officers and other employees from, among other things: engaging in short sales of our stock; engaging in transactions in derivative securities involving our stock; hedging their ownership position in our stock; and holding our stock in a margin account or pledging our stock as collateral for a loan, except with the prior approval of our Compliance Officer (or, in the case of an executive officer, the prior approval of the Nominating and Governance Committee).

Report of the Compensation Committee

The information contained in this report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, except to the extent that Finisar specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended.

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this proxy statement. Based upon this review and discussion, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

Michael C. Child (Chair)

Michael L. Dreyer

Thomas E. Pardun

Helene Simonet

Robert N. Stephens

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The following table presents certain summary information concerning compensation paid by us for services rendered in all capacities by our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers, as well as our former Chief Executive Officer, for fiscal 2018 (collectively, the named executive officers):

Summary Compensation Table for Fiscal 2018

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Non-Equity Incentive		All Other Compensation (\$) ⁽³⁾	Total (\$)
					Option Awards (\$) ⁽²⁾	Plan Compensation (\$)		
Michael E. Hurlston Chief Executive Officer ⁽⁴⁾	2018	193,846	—	3,000,002	7,317,194	—	1,615	10,512,657
Jerry S. Rawls Former Chief Executive Officer ⁽⁵⁾	2018	513,000	—	10,965,137	—	—	385,198	11,863,335
	2017	641,546	1,030,000	3,482,019	—	—	8,167	5,161,732
	2016	613,592	340,230	3,200,008	—	—	8,079	4,161,909
Joseph A. Young Executive Vice President, Global Operations	2018	451,031	—	1,000,021	—	—	8,215	1,459,267
	2017	437,894	662,033	1,500,009	—	—	8,061	2,607,997
	2016	425,027	149,975	750,018	—	—	8,062	1,333,082
Todd Swanson Chief Operating Officer	2018	449,922	—	1,000,021	—	—	8,282	1,458,225
	2017	430,482	655,716	1,500,009	—	—	8,207	2,594,414
	2016	409,062	144,340	750,018	—	—	8,079	1,311,499
Kurt Adzema Executive Vice President, Chief Financial	2018	438,006	—	885,007	—	—	8,234	1,331,247
	2017	423,115	642,915	885,014	—	—	8,162	1,959,206
	2016	402,950	142,870	750,018	—	—	8,153	1,303,991

Officer

Julie S. Eng	2018	409,442	—	750,009	—	—	8,831	1,168,282
Executive Vice President, GM, 3D Sensing ⁽⁶⁾	2017	405,846	300,000	750,014	—	—	8,033	1,463,893

(1) Represents amounts paid pursuant to the executive annual bonus plan for the applicable fiscal year.

The Stock Awards and Option Awards columns present the aggregate grant date fair value of restricted stock unit awards and stock options, respectively, granted to each named executive officer during the applicable fiscal year computed in accordance with FASB ASC Topic 718 Compensation—Stock Compensation. For information on the

(2) valuation assumptions used in these computations, refer to Note 11— Stockholders' Equity in the Notes to Consolidated Financial Statements included in our annual report on Form 10-K filed with the SEC on June 15, 2018 (or, for awards granted prior to fiscal 2018, the corresponding footnote in our annual report for the applicable fiscal year).

(3) For fiscal 2018, includes the matching contribution that we made to each executive's account under Finisar's 401(k) plan.

(4) Mr. Hurlston was appointed our Chief Executive Officer and commenced employment with us effective January 11, 2018.

Mr. Rawls resigned as our Chief Executive Officer effective January 11, 2018. In connection with his resignation, we entered into a separation agreement with Mr. Rawls that provided for him to receive cash severance in the amount of \$300,000, which is included in the All Other Compensation column in the table above. In addition, the separation agreement provided for Mr. Rawls' outstanding and unvested equity awards to accelerate and become (5) fully vested on his resignation. The fair value of these accelerated awards as determined for accounting purposes is included in the Stock Awards column in the table above. For more information on the terms and conditions of Mr. Rawls' separation agreement, please see Separation Agreement for Mr. Rawls below. The All Other Compensation column for Mr. Rawls also includes a payment of \$81,598 for his accrued and unused paid time off through his resignation date.

(6) Ms. Eng was not a named executive officer for fiscal 2016.

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CEO Employment Agreement

In connection with his appointment as our Chief Executive Officer in January 2018, Mr. Hurlston entered into an employment offer letter with the Company that provides the following:

an annual base salary of \$700,000;
 a target annual bonus opportunity of 115% of his base salary;
 eligibility to participate in the Company's employee benefit plans on generally the same terms as the Company's other senior executive officers;
 the grant of an option to purchase 740,000 shares of the Company's common stock (with 20% of the option to vest after one year and the remaining 80% to vest in quarterly installments over a period of approximately three and one-half years thereafter); and
 the grant of an award of restricted stock units with a value on the grant date of \$3 million (such award to be converted into units based on the closing price of the Company's common stock on the grant date and to vest in four annual installments following the grant date).

In addition, the employment offer letter provides that if Mr. Hurlston's employment is terminated by the Company without cause or by him for good reason (as such terms are defined in the offer letter), he will be entitled to 12 months base salary as severance, reimbursement by the Company of his COBRA premiums for up to 12 months, and, if such a termination occurs within one year after his start date with the Company, accelerated vesting of 20% of his option grant and 25% of his restricted stock unit award, each as described above. However, if such an involuntary termination of his employment occurs within 90 days before, or within 18 months after, a change in control of the Company, he would instead be entitled to the severance benefits provided under the Company's Executive Retention and Severance Plan (generally, two years base salary as severance, Company reimbursement of COBRA premiums for up to 24 months, full acceleration of all outstanding equity awards granted by the Company, and a one-year period in which to exercise vested options following the termination date). Mr. Hurlston's employment with the Company is at-will, and his offer letter does not include any specified term.

Grants of Plan-Based Awards

Grants of Plan-Based Awards in Fiscal 2018

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽¹⁾
Michael E. Hurlston	1/11/2018	134,771	—	—	3,000,002
	1/11/2018	—	740,000	22.26	7,317,194
Jerry S. Rawls	6/20/2017	128,062	—	—	3,482,005
	1/31/2018 ⁽²⁾	389,270	—	—	7,483,132
Joseph A. Young	6/20/2017	36,779	—	—	1,000,021

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Todd Swanson	6/20/2017	36,779	—	—	1,000,021
Kurt Adzema	6/20/2017	32,549	—	—	885,007
Julie S. Eng	6/20/2017	27,584	—	—	750,009

(1) Represents the fair value of these awards on the grant date as determined under FASB ASC Topic 718, which is used to calculate the value of equity awards for purposes of our audited consolidated financial statements. For the assumptions and methodologies used to value the awards reported in this column of the table above, see footnote 2 to the Summary Compensation Table.

(2) This row reflects the acceleration of Mr. Rawls' outstanding and unvested RSU awards in connection with the termination of his employment with the Company. The incremental fair value, determined in accordance with FASB ASC Topic 718, of the modification of Mr. Rawls' RSU awards was \$7,483,132 and is reflected in this table and the Summary Compensation Table above.

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Description of Plan-Based Awards

Each of the equity-based awards granted during fiscal 2018 and reported in the Grants of Plan-Based Awards table was granted under, and is subject to, the terms of the 2005 Plan. The 2005 Plan is administered by the Compensation Committee. The Compensation Committee has authority to make all required determinations under the plan. This authority includes making required proportionate adjustments to outstanding awards upon the occurrence of certain corporate events such as reorganizations, mergers and stock splits, and making provision to ensure that any tax withholding obligations incurred in respect of awards are satisfied. Awards granted under the plan are generally only transferable to a beneficiary of a named executive officer upon his or her death or, in certain cases, to family members for tax or estate planning purposes.

Under the terms of the 2005 Plan, a change in control of the Company does not automatically trigger vesting of the awards then outstanding under the plan. If there is a change in control, each participant's outstanding awards granted under the plan will generally be assumed by the successor company, unless the Compensation Committee provides that the award will not be assumed and will become fully vested and, in the case of options, exercisable. Any options that become vested in connection with a change in control will generally terminate to the extent they are not exercised prior to the change in control. Under the 2005 Plan as in effect during fiscal 2018, awards granted under the plan would also generally accelerate if the participant's employment is involuntarily terminated (including a resignation for good reason) within 12 months following a change in control in which such participant's awards are assumed or otherwise continued in effect. In June 2018, the Compensation Committee determined that new awards granted to employees generally under the 2005 Plan would not provide for accelerated vesting upon an involuntary termination of the participant's employment following a change in control.

Other than the stock option granted to Mr. Hurlston, each of the grants reported in the table above represents an award of restricted stock units. Each restricted stock unit represents a contractual right to receive one share of our common stock upon vesting. The RSU awards granted to our named executive officers during fiscal 2018 are scheduled to vest in four annual installments, subject to the named executive officer's continued employment with us through the vesting date. The named executive officer does not have the right to vote or dispose of the restricted stock units or any dividend rights with respect to the restricted stock units.

The stock option granted to Mr. Hurlston in January 2018 is scheduled to vest as to 20% of the option on the first anniversary of the grant date and as to the remaining 80% of the option in fourteen quarterly installments thereafter through June 2022.

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Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying outstanding equity awards held by each of our named executive officers as of the end of our fiscal year on April 29, 2018.

Outstanding Equity Awards at Fiscal Year-End 2018

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Options (#)	Number of Securities Underlying Options (#)	Exercise Price per Share (\$/share)	Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)*
Michael E. Hurlston	—	740,000	22.26	1/11/2028	134,771 ⁽¹⁾	2,121,296
Jerry S. Rawls	90,624	—	3.36	12/12/2018		
	38,250	—	8.29	12/8/2019		
Joseph A. Young					19,153 ⁽²⁾	301,468
					18,958 ⁽³⁾	298,399
					60,516 ⁽⁴⁾	952,522
					36,779 ⁽⁵⁾	578,901
Todd Swanson	31,086	—	8.29	12/8/2019	19,153 ⁽²⁾	301,468
					18,958 ⁽³⁾	298,399
					60,516 ⁽⁴⁾	952,522
					36,779 ⁽⁵⁾	578,901
Kurt Adzema					9,577 ⁽²⁾	150,742
					18,958 ⁽³⁾	298,399

	35,705 ⁽⁴⁾	561,997
	32,549 ⁽⁵⁾	512,321
Julie S. Eng	3,919 ⁽²⁾	61,685
	13,048 ⁽³⁾	205,376
	30,258 ⁽⁴⁾	476,261
	27,584 ⁽⁵⁾	434,172
	5,910 ⁽⁶⁾	93,023

The dollar amounts shown in this column are determined by multiplying the applicable number of shares or units by *\$15.74, the closing price of Finisar common stock on the NASDAQ Global Select Market on April 27, 2018 (the last trading day of fiscal 2018).

The RSU award was granted on January 11, 2018. The RSU vests as to 20% of the shares on January 11, 2019 and (1) vests with respect to the remaining 80% of the shares in 14 quarterly installments thereafter, to be fully vested on June 11, 2022, assuming continued employment with Finisar.

(2) The RSU award was granted on June 17, 2014. The RSU vested as to 25% of the shares on June 23, 2015 and vests with respect to an additional 25% of the shares on each of the next three yearly anniversaries thereafter, to be fully vested on June 23, 2018, assuming continued employment with Finisar.

(3) The RSU award was granted on June 23, 2015. The RSU vested as to 25% of the shares on June 21, 2016 and vests with respect to an additional 25% of the shares on each of the next three yearly anniversaries thereafter, to be fully vested on June 21, 2019, assuming continued employment with Finisar.

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- (4) The RSU award was granted on June 21, 2016. The RSU vested as to 25% of the shares on June 19, 2017 and vests with respect to an additional 25% of the shares on each of the next three yearly anniversaries thereafter, to be fully vested on June 19, 2020, assuming continued employment with Finisar.
- (5) The RSU award was granted on June 20, 2017. The RSU vested as to 25% of the shares on June 25, 2018 and vests with respect to an additional 25% of the shares on each of the next three yearly anniversaries thereafter, to be fully vested on June 25, 2021, assuming continued employment with Finisar.
- (6) The RSU award was granted on December 15, 2015. The RSU vested as to 25% of the shares on December 15, 2016 and vests with respect to an additional 25% of the shares on each of the next three yearly anniversaries thereafter, to be fully vested on December 15, 2019, assuming continued employment with Finisar.

Option Exercises and Stock Vested

The following table provides information on stock option exercises by our named executive officers and vesting of RSUs held by them during the fiscal year ended April 29, 2018.

Option Exercises and Stock Vested in Fiscal 2018

Name	Option Awards		Restricted Stock Unit Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
Michael E. Hurlston	—	—	—	—
Jerry S. Rawls	118,209	947,604	546,378	11,349,426
Joseph A. Young	—	—	57,688	1,604,151
Todd Swanson	5,041	88,966	57,688	1,604,151
Kurt Adzema	—	—	39,841	1,105,993
Julie S. Eng	—	—	28,030	759,032

(1) Based on the difference between the closing sale price of the Company's common stock on the date of exercise and the exercise price.

(2) Based on the closing sale price of the Company's common stock on the vesting date.

Potential Payments Upon Termination or Change in Control

Employment Agreement with Mr. Hurlston

Mr. Hurlston's offer letter with the Company provides for severance benefits if his employment is actually or constructively terminated by the Company (other than in a qualifying termination in connection with a change in control of the Company as contemplated by the Severance Plan described below). These severance provisions are described above under CEO Employment Agreement. In the event his employment with the Company had terminated in these circumstances on April 29, 2018 (other than in connection with a change in control of the Company), he would have been entitled to the following payments and benefits pursuant to his offer letter:

Name	Total (\$)
------	------------

	Cash Severance (\$)	Continuation of Health Benefits (\$)	Equity Acceleration (\$)⁽¹⁾	
Michael E. Hurlston	700,000	26,531	530,324	1,256,855

This amount represents (i) the portion of Mr. Hurlston’s then-outstanding and unvested RSUs that would have accelerated pursuant to his offer letter if his employment had terminated on April 29, 2018 in the circumstances (1) described above multiplied by (ii) \$15.74, the closing sale price of Finisar common stock on that date. As of April 29, 2018, the per-share exercise price of the option granted to Mr. Hurlston pursuant to his offer letter was greater than Finisar’s stock price on that date, and accordingly, no value has been included in the table for this option.

Executive Retention and Severance Plan

Our executive officers, including each of our named executive officers, are eligible to participate in the Finisar Executive Retention and Severance Plan (the Severance Plan). As described in the Compensation Discussion and Analysis above, the Severance Plan was amended and restated in June 2018 to provide, among other changes, for severance benefits to be payable to participating executives if their employment is terminated by the Company without cause prior to a change in control of the Company.

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As amended, the Severance Plan provides that if an executive's employment is terminated by the Company without cause at any time prior to a change in control (as such terms are defined in the Severance Plan) or more than 18 months after a change in control, the executive would be entitled to receive as severance: (a) a payment equal to 12 months of the executive's base salary; (b) reimbursement of the executive's premiums for continued health and life insurance coverage for up to 12 months; and (c) 12 months of acceleration of the executive's time-based equity awards from the Company (with vesting on a pro-rata basis for any partial vesting periods). Any performance-based equity awards held by the executive will be subject to the provisions of the applicable award agreement. The executive's vested options would generally remain exercisable for one year following the termination date (subject to the maximum term of the option). If the executive has been employed with the Company for more than two years, the executive would also receive an additional cash amount equal to the average of the executive's annual bonuses for the preceding two years.

In addition, the Severance Plan provides that if, on or within 18 months after a change in control, an executive's employment is terminated by the Company without cause or by the executive for good reason (as defined in the Severance Plan), the executive would be entitled to receive as severance: (a) a payment equal to 24 months of the executive's base salary; (b) a payment equal to the executive's target annual bonus amount most recently determined by the Committee; (c) reimbursement of the executive's premiums for continued health and life insurance coverage for up to 24 months; and (d) full acceleration of the executive's time-based equity awards from the Company. Any performance-based equity awards held by the executive will be subject to the provisions of the applicable award agreement. The executive's vested options would generally remain exercisable for one year following the termination date (subject to the maximum term of the option).

In each case, the executive's right to receive severance benefits under the Severance Plan is subject to the executive's providing a release of claims in favor of the Company. If the executive would be entitled to benefits under both the Severance Plan and any other arrangement with the Company, the executive's benefits under the Severance Plan are subject to reduction for the benefits provided under the other arrangement.

If a change in control of the Company occurs and the executive's employment is not terminated on the change in control in the circumstances described above, the executive would receive one year's accelerated vesting of outstanding stock options (but not restricted stock unit awards) if the options are assumed by the acquiring or successor company.

Prior to the amendment of the Severance Plan in June 2018, the plan provided that in the event of a qualifying termination, each of the participating executives would be entitled to receive (i) a lump sum payment equal to two years' base salary (excluding bonus) and (ii) reimbursement of premiums for continuation of health and life insurance coverage in effect at the time of termination for up to two years. A qualifying termination is defined as an involuntary termination other than for cause or a voluntary termination for good reason upon or within 18 months following a change in control, as such terms are defined in the plan. In addition, the Severance Plan provides that the vesting of stock options held by eligible officers will be accelerated as follows: (i) one year of accelerated vesting upon a change in control, if the options are assumed by a successor corporation, (ii) 100% accelerated vesting upon a change in control if the options are not assumed by a successor corporation (which is consistent with the 2005 Plan change in control provision described above), and (iii) 100% accelerated vesting upon a qualifying termination. The plan also provides that the vesting of RSUs held by eligible officers will be accelerated in full upon a qualifying termination. If a participant's benefits under the plan would trigger parachute payment excise taxes, the benefits will either be paid in full and subject to such taxes or reduced to the extent necessary to avoid triggering such taxes, whichever results in a greater after-tax benefits to the participant. Participants are not entitled to any gross-up payment under the plan for such excise taxes. In each case, the benefits provided under the plan described above are contingent on the executive's providing a release of claims in favor of the Company.

We are not obligated to make any cash payments to our executives officers if their employment is terminated by us for cause or by the executive other than for good reason. No severance or benefits are provided for any of the executive officers in the event of death or disability.

As noted above, a change in control of the Company does not automatically trigger vesting of awards granted under the 2005 Plan. However, awards then outstanding under the 2005 Plan will generally accelerate if they are not assumed or continued by the acquiring entity.

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In the event the employment of any of our named executive officers who participate in the Severance Plan had been terminated without cause or for good reason, within 18 months following a change in control of the Company, each as of April 29, 2018, the named executive officers then employed by us would have been entitled to payments and benefits under the Severance Plan as then in effect in the amounts set forth opposite their name in the following table:

Name	Cash Severance (\$)	Continuation of Health Benefits (\$)	Equity Acceleration (\$) ⁽¹⁾	Total (\$)
Michael E. Hurlston	1,400,000	53,062	2,121,296	3,574,358
Joseph A. Young	909,192	37,540	2,131,290	3,078,022
Todd Swanson	909,260	57,645	2,131,290	3,098,195
Kurt Adzema	882,936	53,729	1,523,459	2,460,124
Julie S. Eng	840,480	425	1,270,517	2,111,422

These amounts represent (i) the executive's outstanding and unvested RSUs as of April 29, 2018 multiplied by (ii) \$15.74, the closing sale price per share of the Company's common stock on April 29, 2018. The named executive officers did not hold any outstanding and unvested options as of April 29, 2018, except for the options granted to Mr. Hurlston in connection with his joining the Company in January 2018. As of April 29, 2018, the per-share exercise price of Mr. Hurlston's option was greater than Finisar's stock price on that date, and accordingly, no value (1) has been included in the table for this option. If a change in control transaction occurred on April 29, 2018 in which a named executive officer's outstanding awards were not assumed by the successor entity in the transaction, and all the outstanding awards accordingly became vested pursuant to the 2005 Plan provision noted above, the value of the awards that would have accelerated in that transaction is the same as the equity acceleration value presented in this column for the named executive officer.

Separation Agreement with Mr. Rawls

As noted above, Mr. Rawls resigned as the Chief Executive Officer of the Company effective January 11, 2018. In connection with his resignation, the Company entered into a separation agreement with Mr. Rawls that provided for him to receive, subject to the terms and conditions of the agreement, a cash severance payment of \$300,000 in a lump sum and acceleration in full of each of his outstanding and unvested RSU awards granted by the Company. Commencing in June 2018 and subject to his continued service on the Board, Mr. Rawls will be compensated under the Company's compensation policy for non-employee members of the Board. Mr. Rawls' separation agreement also includes a general release of claims by Mr. Rawls in favor of the Company.

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CEO PAY-RATIO DISCLOSURE

Pursuant to the Securities Exchange Act of 1934, we are required to disclose in this proxy statement the ratio of the total annual compensation of our CEO to the total compensation for the median employee of all of our employees (excluding our CEO). Based on SEC rules for this disclosure and applying the methodology described below, we have determined that our CEO's total compensation for fiscal 2018 was \$11,018,811, and the total compensation for the median employee of all of our employees (excluding our CEO) for fiscal 2018 was \$13,131. Because Mr. Hurlston served as our CEO for only a portion of fiscal 2018, we determined his total fiscal 2018 compensation for purposes of this disclosure by annualizing his base salary in accordance with SEC rules, and accordingly, his total compensation reflected here is larger than his total compensation reported in the Summary Compensation Table above.

Based on these amounts, we estimate the ratio of our CEO's total compensation for fiscal 2018 to the total compensation for the median employee of all of our employees (excluding our CEO) for fiscal 2018 to be 839 to 1.

In evaluating our CEO pay-ratio for fiscal 2018, we believe stockholders should take into account that approximately 80% of our employees as of April 29, 2018 were employed by us in production facilities in China and Malaysia (including the median employee whose compensation was used to calculate the CEO pay-ratio as described above). If we included only our employees based in the U.S. in this analysis, we estimate the total compensation for the median employee of all our U.S. employees for fiscal 2018 would be \$108,483, and the ratio of our CEO's total compensation for fiscal 2018 to the total compensation for the median employee of all our U.S. employees (excluding our CEO) for fiscal 2018 would be 102 to 1.

We selected April 29, 2018, which is a date within the last three months of fiscal 2018, as the date we would use to identify our median employee. To find the median employee of all our employees (excluding our CEO), we used the employee's base compensation from our payroll records. In making this determination, we did not annualize the base compensation for those employees who did not work for the Company for the entire fiscal year. We also did not make any cost-of-living adjustments in identifying the median employee. We believe base compensation for all employees is an appropriate measure because we do not distribute annual equity awards to all employees and most of our employees do not receive other forms of incentive compensation.

This pay ratio is an estimate calculated in a manner consistent with SEC rules based on the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to our Code of Ethics, our executive officers, directors and employees are to avoid conflicts of interest, except with the approval of the board of directors. A related party transaction would be a conflict of interest. The board has delegated to the Audit Committee the authority to review and approve related party transactions. In approving or rejecting a proposed transaction, the Audit Committee will consider the relevant facts and circumstances and, if applicable, the impact of the proposed transaction on the director's independence. The Audit Committee will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as the Audit Committee determines in the good faith exercise of its discretion.

We have entered into indemnification agreements with our officers and directors containing provisions that require us, among other things, to indemnify our officers and directors against certain liabilities that may arise by reason of their status or service as officers or directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

Except as described in the previous paragraphs and except for the compensation arrangements and other arrangements described in Director Compensation and Executive Compensation and Related Matters elsewhere in this proxy statement, there were no transactions during our fiscal year ended April 29, 2018, and there is not currently proposed any transaction or series of similar transactions to which we were or will be a party, in which the amount involved exceeded or will exceed \$120,000 in which any director, any executive officer, any holder of 5% or more of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

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The following table sets forth information known to us regarding the beneficial ownership of our common stock as of July 13, 2018 by:

- each stockholder who is known by us to beneficially own more than 5% of our common stock;
- each of our current directors;
- each of our executive officers named in the Summary Compensation Table for fiscal 2018 in Executive Compensation and Related Matters above; and
- all of our current executive officers and current directors as a group.

Name of Beneficial Owner ⁽¹⁾	Shares of Common Stock Beneficially Owned ⁽¹⁾	
	Number	Percentage
5% Stockholders		
Capital Research Global Investors ⁽²⁾ 333 South Hope Street Los Angeles, CA 90071	12,578,845	10.74 %
The Vanguard Group ⁽³⁾ 100 Vanguard Blvd. Malvern, PA 19355	9,628,685	8.22 %
BlackRock, Inc. ⁽⁴⁾ 55 East 52 nd Street New York, NY 10022	15,314,032	13.07 %
Wellington Management Group LLP Wellington Group Holdings LLP Wellington Investment Advisors Holdings LLP Wellington Management Company LLP ⁽⁵⁾ c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210	6,400,509	5.46 %
Directors		
Michael Hurlston	—	—
Jerry S. Rawls ⁽⁶⁾	623,674	*
Michael C. Child ⁽⁷⁾	70,186	*
Michael L. Dreyer ⁽⁸⁾	38,903	*
Roger C. Ferguson ⁽⁹⁾	28,784	*
Thomas E. Pardun ⁽¹⁰⁾	71,030	*
Helene Simonet ⁽¹¹⁾	16,258	*
Robert N. Stephens ⁽¹²⁾	38,075	*

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Named Executive Officers		
Kurt Adzema	24,747	*
Julie S. Eng	1,715	*
Todd Swanson ⁽¹³⁾	137,257	*
Joseph A. Young	98,713	*
All current executive officers and current directors as a group (15 persons) ⁽¹⁴⁾	1,300,914	1.11 %

*Less than 1%.

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- The address of each of the named individuals is: c/o Finisar Corporation, 1389 Moffett Park Drive, Sunnyvale, CA 94089. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. All shares of common stock subject to options exercisable within 60 days following July 13, 2018 and restricted stock units (RSUs) that vest within that period are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the number of shares beneficially owned and the percentage of ownership of that person. They are not, however, deemed to be
- (1) outstanding and beneficially owned for the purpose of computing the percentage ownership of any other person. Accordingly, percent ownership is based on 117,156,473 shares of common stock outstanding as of July 13, 2018 plus any shares issuable pursuant to options held by the person or group in question which may be exercised within 60 days following July 13, 2018 and RSUs that vest within that period. Except as indicated in the other footnotes to the table and subject to applicable community property laws, based on information provided by the persons named in the table, these persons have sole voting and investment power with respect to all shares of the common stock shown as beneficially owned by them.
 - (2) As reported on a Schedule 13G/A filed on February 14, 2018, as of December 29, 2017, Capital Research Global Investors has sole voting and dispositive power with respect to 12,578,845 shares.
As reported on a Schedule 13G/A filed on February 9, 2018, as of December 31, 2017, The Vanguard Group has
 - (3) sole voting power with respect to 172,058 shares, shared voting power with respect to 14,045, sole dispositive power with respect to 9,453,140 shares and shared dispositive power with respect to 175,545 shares.
 - (4) As reported on a Schedule 13G/A filed on April 6, 2018, as of March 31, 2018, BlackRock, Inc. has sole voting power with respect to 15,016,577 shares and sole dispositive power with respect to 15,314,032 shares.
As reported on a Schedule 13G filed on February 8, 2018, as of December 29, 2017, Wellington Management Group LLP, Wellington Group Holdings LLP and Wellington Investment Advisors Holdings LLP have shared
 - (5) voting power with respect to 5,738,312 shares and shared dispositive power with respect to 6,400,509 shares; Wellington Management Company LLP has shared voting power with respect to 5,616,348 shares and shared dispositive power with respect to 6,179,788 shares.
 - (6) Includes 60,416 shares issuable upon exercise of options exercisable within 60 days following July 13, 2018.
 - (7) Includes (a) 5,061 shares held by the Child Family Trust and (b) 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (8) Includes 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (9) Includes 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (10) Includes (a) 8,750 shares issuable upon exercise of options exercisable within 60 days following July 13, 2018 and (b) 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (11) Includes 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (12) Includes 9,182 RSUs that vest within 60 days following July 13, 2018.
 - (13) Includes 31,086 shares issuable upon exercise of options exercisable within 60 days following July 13, 2018.
 - (14) Includes (a) 100,252 shares issuable upon exercise of options exercisable within 60 days following July 13, 2018 and (b) 55,092 RSUs that vest within 60 days following July 13, 2018.

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Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us, and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and more than 10% stockholders during the fiscal year ended April 29, 2018 were satisfied.

EQUITY COMPENSATION PLAN INFORMATION

We currently maintain two equity compensation plans: the 2005 Stock Incentive Plan and the 2009 Employee Stock Purchase Plan, each of which has been approved by our stockholders. The following table sets forth information regarding outstanding options and shares reserved for future issuance under the foregoing plans as of April 29, 2018:

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a)) (c) ⁽¹⁾
Equity compensation plans approved by stockholders	7,051,749 ⁽¹⁾	\$ 17.08 ⁽²⁾	8,715,747 ⁽³⁾
Equity compensation plan not approved by stockholders ⁽⁴⁾	—	\$ —	—

(1) Of these shares, 1,096,994 were subject to options then outstanding under the 2005 Stock Incentive Plan, and 5,954,755 were subject to stock unit awards then outstanding under the 2005 Stock Incentive Plan.

(2) This weighted-average exercise price does not reflect the outstanding awards of restricted stock units.

(3) Of the aggregate number of shares that remained available for future issuance, 6,298,340 were available under the 2005 Stock Incentive Plan and 2,417,407 were available under the 2009 Employee Stock Purchase Plan. Subject to certain express limits of the 2005 Stock Incentive Plan, shares available under that plan generally may be used for any type of award authorized under that plan including options, stock appreciation rights, stock, restricted stock, restricted stock units and other stock based awards.

(4) This table does not include options assumed by us in connection with acquisitions of other companies. As of April 29, 2018, 97 shares of our common stock were issuable upon exercise of these assumed options, at a weighted average exercise price of \$10.56 per share. No additional awards may be granted under the plans pursuant to which these assumed options were granted.

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STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

Stockholder proposals may be included in our proxy materials for an annual meeting so long as they are provided to us on a timely basis and satisfy the other conditions set forth in applicable SEC rules. For a stockholder proposal to be included in our proxy materials for the 2019 annual meeting, the proposal (in addition to compliance with applicable SEC rules) must be received at our principal executive offices, addressed to the Corporate Secretary, not later than March 26, 2019. Submitting a stockholder proposal does not guarantee that we will include it on our proxy statement. Our Nominating and Governance Committee reviews all stockholder proposals and makes recommendations to the board for actions on such proposals. For information on qualifications of director nominees considered by our Nominating and Governance Committee, see the Corporate Governance section of this proxy statement.

In addition, our bylaws establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our bylaws provide that in order for business to be properly brought before a meeting by a stockholder, such stockholder must have given timely notice thereof in writing to our Corporate Secretary and provided certain information specified in our bylaws. To be timely, a stockholder proposal must be received at our principal executive offices not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; except that in the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by Finisar. We will not entertain any proposals at the meeting that do not meet the requirements set forth in our bylaws. Our bylaws are posted on our website at <http://investor.finisar.com/governance.cfm>. To request a copy of our bylaws, stockholders should contact our Corporate Secretary. All stockholder proposals should be submitted to the Corporate Secretary of Finisar Corporation at 1389 Moffett Park Drive, Sunnyvale, California 94089.

TRANSACTION OF OTHER BUSINESS

At the date of this proxy statement, the board of directors knows of no other business that will be conducted at the annual meeting of stockholders of Finisar other than as described in this proxy statement. If any other matter or matters are properly brought before the meeting, or any adjournment or postponement of the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

CHRISTOPHER E. BROWN

Secretary

July 26, 2018

FINISAR CORPORATION
1389 MOFFETT PARK DRIVE
SUNNYVALE, CA 94089-1133

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 09/03/2018 for shares held directly and by 11:59 P.M. ET on 08/29/2018 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 09/03/2018 for shares held directly and by 11:59 P.M. ET on 08/29/2018 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS
PROXY
CARD
IS
VALID
ONLY
WHEN
SIGNED
AND
DATED.

For	Withhold	All	To withhold authority to
All	All	Except	vote for any individual
			nominee(s), mark "For All
			Except" and write the
			number(s) of the
			nominee(s) on the line

below.

The Board of
Directors
recommends
you vote
FOR the
following:

1. Election
of
Directors

Nominees

01 ~~Michael~~ C. Ferguson
Child

The Board of Directors recommends you
vote FOR proposals 2. and 3.:

For Against Abstain

2. To ratify the appointment of BDO USA, LLP as Finisar's
independent registered public accounting firm for the fiscal year
ending April 28, 2019.

3. To vote on a non-binding advisory resolution to approve the
compensation of Finisar's named executive officers.

NOTE: Subject to Rule 14a-4(c) under the Securities Exchange
Act of 1934, if any other matters properly come before the annual
meeting, the persons named in this proxy have discretionary
authority to vote the shares represented by this proxy on such
matters, and intend to vote such shares as the board of directors
recommends. Subject to Rule 14a-4(c) under the Securities
Exchange Act of 1934, discretionary authority with respect to
such other matters is granted by the execution of this proxy or the
proper submission of the proxy electronically over the internet or
by telephone.

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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

SignatureDate
[PLEASE
SIGN
WITHIN
BOX]

Signature (Joint
Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Annual Report is/are available at www.proxyvote.com

FINISAR CORPORATION
Annual Meeting of Stockholders
September 4, 2018 9:00 AM Local Time
This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Michael Hurlston and Kurt Adzema, or either of them, as proxies and attorneys-in-fact, each with full power of substitution, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Finisar Corporation that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 9:00 a.m., local time, on September 4, 2018, at the offices of O'Melveny & Myers LLP, located at 2765 Sand Hill Road, Menlo Park, CA 94025, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted FOR the nominees listed in proposal 1., FOR proposals 2. and 3., and at

the discretion of the proxies with regard to any other matter that may properly come before the meeting or any continuation, adjournment or postponement thereof.

Continued and to be signed on reverse side

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