

Calix, Inc.
Historical Financial Statements
GAAP and Non-GAAP
(\$ in thousands)

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/30/2013	Qtr Ending 3/30/2013	Qtr Ending 6/29/2013	Qtr Ending 6/29/2013	Qtr Ending 9/28/2013	Qtr Ending 9/28/2013	Qtr Ending 12/31/2013	Qtr Ending 12/31/2013	Year Ending 12/31/2013	Year Ending 12/31/2013						
Revenue	\$ 90,548	\$ 90,548	\$ 94,439	\$ 94,439	\$ 103,628	\$ 103,628	\$ 94,003	\$ 94,003	\$ 382,618	\$ 382,618						
Cost of revenue:																
Products and services (1)	47,345	46,994	49,846	49,469	54,132	53,770	51,868	51,490	203,191	201,723						
Amortization of intangible assets (2)	2,088	-	2,088	-	2,089	-	2,088	-	8,353	-						
Total cost of revenue	49,433	46,994	51,934	49,469	56,221	53,770	53,956	51,490	211,544	201,723						
Gross profit	41,115	43,554	42,505	44,970	47,407	49,858	40,047	42,513	171,074	180,895						
Gross margin %	45.4%	48.1%	45.0%	47.6%	45.7%	48.1%	42.6%	45.2%	44.7%	47.3%						
Research and development (3)	20,171	18,985	20,035	18,735	19,777	18,598	19,316	18,085	79,299	74,403						
Sales and marketing (4)	15,801	14,522	17,079	15,615	16,612	15,217	18,583	17,144	68,075	62,498						
General and Administrative (5)	8,131	6,228	7,684	5,550	8,478	6,443	7,652	5,744	31,945	23,965						
Amortization of intangible assets (6)	2,552	-	2,552	-	2,552	-	2,552	-	10,208	-						
Total operating expenses	46,655	39,735	47,350	39,900	47,419	40,258	48,103	40,973	189,527	160,866						
Income (loss) from operations	(5,540)	3,819	(4,845)	5,070	(12)	9,600	(8,056)	1,540	(18,453)	20,029						
Interest income	1	1	1	1	2	2	3	3	7	7						
Interest expense	(28)	(28)	(42)	(42)	(24)	(24)	(73)	(73)	(167)	(167)						
Utilization of inventory credit (7)	-	-	-	-	-	-	1,651	-	1,651	-						
Other income (expense)	(279)	(279)	(43)	(43)	4	4	1	1	(317)	(317)						
Total interest and other income (expense), net	(306)	(306)	(84)	(84)	(18)	(18)	1,582	(69)	1,174	(477)						
Provision for (benefit from) income taxes	357	357	224	224	(574)	(574)	(21)	(21)	(14)	(14)						
Net income (loss)	\$ (6,203)	\$ 3,156	\$ (5,153)	\$ 4,762	\$ 544	\$ 10,156	\$ (6,453)	\$ 1,492	\$ (17,265)	\$ 19,566						
<u>Non-GAAP bridge to GAAP</u>																
(1) Cost of revenue (stock-based compensation)		\$ 351		\$ 377		\$ 362		\$ 378		\$ 1,468						
(2) Cost of revenue (amortization of intangible assets)		2,088		2,088		2,089		2,088		8,353						
(3) Research and development (stock-based compensation)		1,186		1,300		1,179		1,231		4,896						
(4) Sales and marketing (stock-based compensation)		1,279		1,464		1,395		1,439		5,577						
(5) General and administrative (stock-based compensation)		1,903		2,134		2,035		1,908		7,980						
(6) Operating expense (amortization of intangible assets)		2,552		2,552		2,552		2,552		10,208						
(7) Utilization of inventory credit		-		-		-		(1,651)		(1,651)						
Total Non-Cash Expenses		\$ 9,359		\$ 9,915		\$ 9,612		\$ 7,945		\$ 36,831						
GAAP net income (loss)		\$ (6,203)		\$ (5,153)		\$ 544		\$ (6,453)		\$ (17,265)						

Calix's non-GAAP measures are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP measures used by other companies. In addition, the above non-GAAP Consolidated Statements of Operations are not based on a comprehensive set of accounting rules or principles.

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Balance Sheets 2013
(\$ in thousands)

	3/30/2013	6/29/2013	9/28/2013	12/31/2013
Assets				
Current assets:				
Cash and cash equivalents	\$ 48,059	\$ 69,379	\$ 79,124	\$ 82,747
Restricted cash	-	-	972	295
Accounts receivable, net	70,717	62,726	54,421	43,520
Inventory	39,232	37,402	39,376	51,071
Deferred cost of goods sold	26,417	29,068	26,826	21,076
Prepaid expenses and other current assets	6,063	8,126	6,656	5,757
Total current assets	190,488	206,701	207,375	204,466
Property and equipment, net	19,013	18,547	18,379	17,473
Goodwill	116,175	116,175	116,175	116,175
Intangible assets, net	57,661	53,021	48,380	43,740
Other assets	1,694	1,591	1,827	1,745
Total assets	\$ 385,031	\$ 396,035	\$ 392,136	\$ 383,599
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 13,673	\$ 16,714	\$ 18,073	\$ 23,163
Accrued liabilities	36,673	36,664	35,034	32,075
Deferred revenue	48,629	53,763	45,202	34,862
Total current liabilities	98,975	107,141	98,309	90,100
Long-term portion of deferred revenue	16,917	17,335	18,197	18,431
Other long-term liabilities	1,525	1,394	1,321	1,145
Stockholders' equity:				
Common stock	1,222	1,238	1,244	1,256
Additional paid-in capital	764,992	772,650	776,209	782,253
Accumulated other comprehensive income	114	144	179	190
Accumulated deficit	(498,714)	(503,867)	(503,323)	(509,776)
Total stockholders' equity	267,614	270,165	274,309	273,923
Total liabilities and stockholders' equity	\$ 385,031	\$ 396,035	\$ 392,136	\$ 383,599

Calix, Inc.

Historical Financial Statements

Condensed Consolidated Statements of Cash Flows 2013

(\$ in thousands)

	Qtr Ending 3/30/2013	Qtr Ending 6/29/2013	Qtr Ending 9/28/2013	Qtr Ending 12/31/2013	Year Ending 12/31/2013
Operating activities					
Net income (loss)	\$ (6,203)	\$ (5,153)	\$ 544	\$ (6,453)	\$ (17,265)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,854	2,509	2,404	2,414	10,181
Loss on retirement of property and equipment	542	18	4	5	569
Amortization of intangible assets	4,640	4,640	4,641	4,640	18,561
Stock-based compensation	4,719	5,275	4,971	4,956	19,921
Utilization of inventory credit	-	-	-	(1,651)	(1,651)
Changes in operating assets and liabilities:					
Restricted cash	-	-	(972)	677	(295)
Accounts receivable, net	(11,198)	7,991	8,305	10,901	15,999
Inventory	4,050	1,830	(1,974)	(10,044)	(6,138)
Deferred cost of revenue	(5,340)	(2,651)	2,242	5,750	1
Prepaid expenses and other assets	74	(2,083)	1,543	1,001	535
Accounts payable	(3,131)	3,041	1,359	5,090	6,359
Accrued liabilities	482	(18)	(1,688)	(2,993)	(4,217)
Deferred revenue	10,449	5,552	(7,699)	(10,106)	(1,804)
Other long-term liabilities	442	(131)	(73)	(176)	62
Net cash provided by operating activities	\$ 2,380	\$ 20,820	\$ 13,607	\$ 4,011	\$ 40,818
Investing activities					
Purchase of property and equipment	(1,326)	(1,939)	(2,210)	(1,512)	(6,987)
Net cash used in investing activities	(1,326)	(1,939)	(2,210)	(1,512)	(6,987)
Financing activities					
Proceeds from exercise of stock options and other	42	246	383	76	747
Proceeds from employee stock purchase plan	-	2,464	-	2,364	4,828
Taxes withheld upon vesting of restricted stock units and restricted stock awards	-	(312)	(1,790)	(1,339)	(3,441)
Payments for debt issuance costs	-	-	(301)	(15)	(316)
Net cash provided by (used in) financing activities	42	2,398	(1,708)	1,086	1,818
Effect of exchange rate changes on cash and cash equivalents	(32)	41	56	38	103
Net increase in cash and cash equivalents	1,064	21,320	9,745	3,623	35,752
Cash and cash equivalents at beginning of period	46,995	48,059	69,379	79,124	46,995
Cash and cash equivalents at end of period	\$ 48,059	\$ 69,379	\$ 79,124	\$ 82,747	\$ 82,747