



Calix Q1 2016 Financial Results

May 3, 2016

Safe Harbor

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. Examples of forward-looking statements include, but are not limited to, statements about our development of new products and product features; our anticipated growth and growth drivers; our future financial condition and results of operations; our future business, operational and financial performance; and the success and/or market adoption of our products and solutions. We have based these forward-looking statements on our current expectations, assumptions and projections. Our actual results or actions may differ materially from those projected in forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and factors that could cause results to differ materially as described in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Except as may be required by law, Calix, Inc. undertakes no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

Please refer to the reconciliation of GAAP to non-GAAP financial measures in the appendix and on the Investor Relations section of our website



Q1 2016 Financial Results vs. Guidance

(\$ in millions, except per share amounts)

	Actual	Guidance
Revenues	\$98.4	\$95.0-\$99.0
Non-GAAP gross margin	48.1%	47%-48%
Non-GAAP operating expenses	\$51.7*	\$52.0-\$53.0**
Non-GAAP EPS – excluding Occam litigation	(\$0.02)	(\$0.10) – (\$0.06)
Non-GAAP EPS – including Occam litigation	(\$0.09)	(\$0.15) – (\$0.11)
Cash flow from operations	\$5.3	Negative

* Included approximately \$3.4M of Occam litigation-related expenses

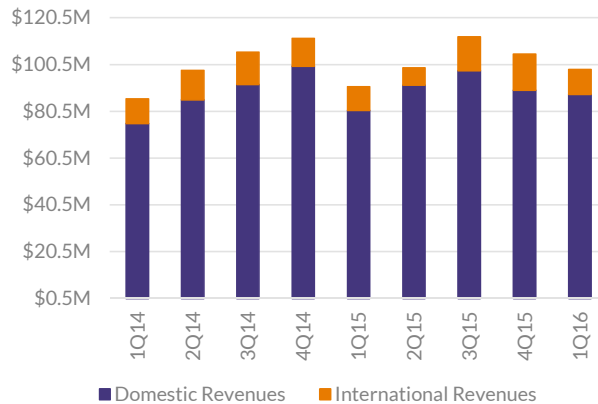
** Included approximately \$2.6M of Occam litigation-related expenses

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Income Statement Highlights

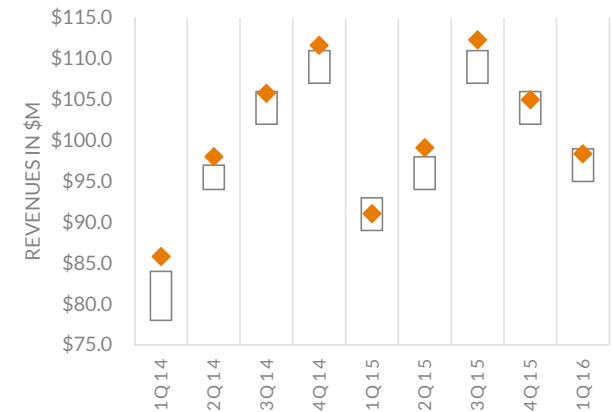
Revenues +8% y/y

- 2 > 10% customers
- Growth across customers, platforms and geographies



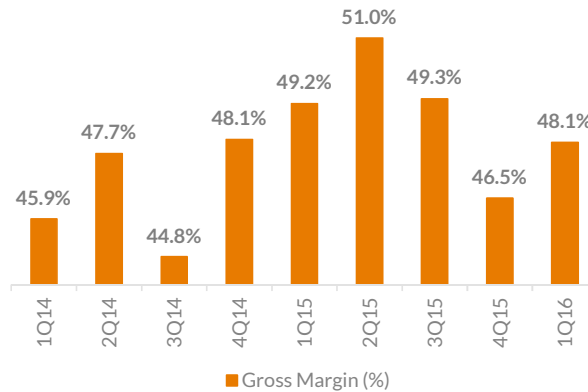
Revenues within guidance

- Growth across customers, platforms and geographies



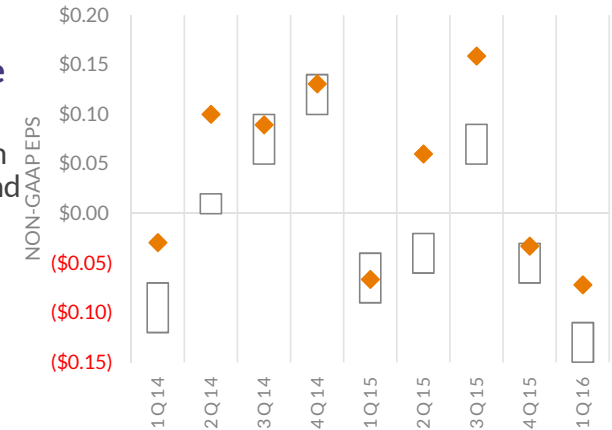
Gross margins of 48.1%

- Favorable product and customer mix, offset by full quarter contribution from turnkey network improvement program



EPS above guidance

- Better performance on gross margin and operating expenses contained



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Balance Sheet & Cash Flow Highlights

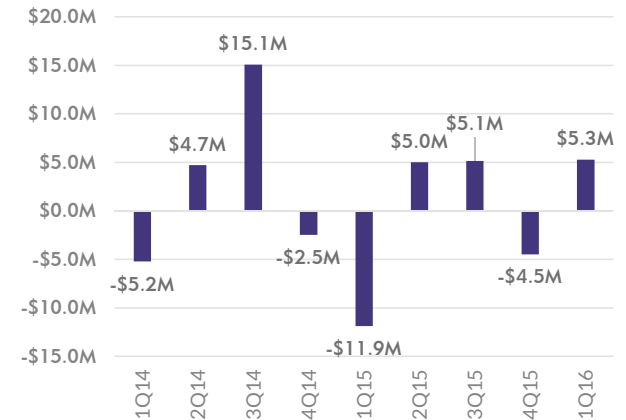
Cash of \$64.3M

- Operating cash flow generation of \$3.2M
- No debt and untapped \$50M line of credit expiring September 2018



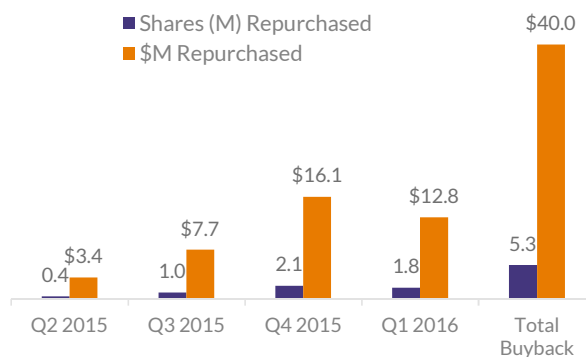
Operating cash flow rebounds

- Improved cash cycle
- Strong collection culture



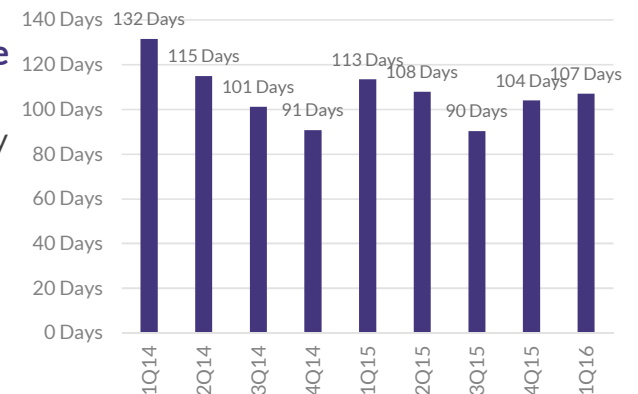
Buyback activity complete

- Program completed. Repurchased 5.3M shares at an average cost of \$7.50 per share



Cash conversion cycle improvement

- Inventory velocity improves by 10 days
- Linearity and key focus on working capital



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Q2 2016 Operating Performance Guidance

Revenues	\$104-\$108M
Gross margin	46.0-47.0%
Operating expenses– excluding litigation	\$49.6-\$50.6M*
Operating expenses	\$52.0-\$53.0M*
Non-GAAP EPS– excluding litigation	(\$0.04) – \$0.00*
Non-GAAP EPS	(\$0.09) – (\$0.05)*
Cash flow from operations	Negative

*Does not take into account \$4.5M (or \$0.09) litigation settlement proceeds likely to be realized in Q2 or Q3 2016

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Summary & 2016 Priorities

Predictable, profitable long-term growth

Reaccelerated top-line growth rate

Increased leverage from Operating Expense investments

Accelerated rate of change across industry

Demand drivers remain intact

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Q&A

Additional Information

- Additional information available at <http://investor-relations.calix.com/>
 - Stock Information
 - Financial Information
 - Events & Presentations
 - Corporate Governance
 - Interactive Financials
 - Investor Resources

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Appendix

Occam Litigation Expense, Q1 2015 – Q3 2016E

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016E*	Q2/Q3 2016E**
Occam Litigation Expense (\$M)	(\$1.7M)	(\$0.1M)	(\$0.6M)	(\$0.8M)	(\$3.4M)	(\$2.4M)	\$4.5M
Per share impact	(\$0.03)	(\$0.00)	(\$0.01)	(\$0.02)	(\$0.07)	(\$0.05)	\$0.09

*Q2 2016E based on estimated litigation expense provided in Guidance for 2Q16

** Based on litigation expense reimbursement with estimated timing of settlement acceptance to be determined

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Non-GAAP to GAAP Q1 2016 Reconciliation

(Unaudited in thousands, except earnings per share data)

	Non-GAAP	Stock-Based Compensation	Amortization of Intangible Assets	Acquisition-Related Costs	GAAP
Revenue	\$ 98,375	\$ —	\$ —	\$ —	\$ 98,375
Cost of revenue	51,103	127	1,663	—	52,893
Gross profit	47,272	(127)	(1,663)	—	45,482
Gross margin	48.1 %	(0.1)%	(1.7)%	— %	46.2 %
Operating expenses	51,650	2,594	1,701	275	56,220
Operating loss	(4,378)	(2,721)	(3,364)	(275)	(10,738)
Interest and other income (expense), net	130	—	—	—	130
Loss before provision for income taxes	(4,248)	(2,721)	(3,364)	(275)	(10,608)
Provision for income taxes	121	—	—	—	121
Net loss	\$ (4,369)	\$ (2,721)	\$ (3,364)	\$ (275)	\$ (10,729)
Weighted average number of shares used to					
compute net loss per common share:					
Basic and diluted	48,591	48,591	48,591	48,591	48,591
Net loss per common share:					
Basic and diluted	\$ (0.09)	\$ (0.06)	\$ (0.07)	\$ (0.01)	\$ (0.22)

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Non-GAAP to GAAP Q4 2015 Reconciliation

(Unaudited in thousands, except earnings per share data)

	Non-GAAP	Stock-Based Compensation	Amortization of Intangible Assets	Acquisition-Related Costs	GAAP
Revenue	\$ 104,999	\$ —	\$ —	\$ —	\$ 104,999
Cost of revenue	56,213	160	2,089	—	58,462
Gross profit	48,786	(160)	(2,089)	—	46,537
Gross margin	46.5 %	(0.2) %	(2.0) %	— %	44.3 %
Operating expenses	50,644	3,052	2,552	24	56,272
Operating loss	(1,858)	(3,212)	(4,641)	(24)	(9,735)
Interest and other income (expense), net	346	—	—	—	346
Loss before provision for income taxes	(1,512)	(3,212)	(4,641)	(24)	(9,389)
Provision for income taxes	157	—	—	—	157
Net loss	\$ (1,669)	\$ (3,212)	\$ (4,641)	\$ (24)	\$ (9,546)
Weighted average diluted shares used to compute net loss per common share	50,578	50,578	50,578	50,578	50,578
Net loss per diluted share	\$ (0.03)	\$ (0.06)	\$ (0.09)	\$ —	\$ (0.19)

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Non-GAAP to GAAP Q1 2015 Reconciliation

(Unaudited in thousands, except earnings per share data)

	Non-GAAP	Stock-Based Compensation	Amortization of Intangible Assets	Acquisition-Related Costs	GAAP
Revenue	\$ 91,038	\$ —	\$ —	\$ —	\$ 91,038
Cost of revenue	46,285	175	2,088	—	48,548
Gross profit	44,753	(175)	(2,088)	—	42,490
Gross margin	49.2 %	(0.2)%	(2.3)%	— %	46.7 %
Operating expenses	48,148	3,487	2,552	190	54,377
Operating loss	(3,395)	(3,662)	(4,640)	(190)	(11,887)
Interest and other income (expense), net	48	—	—	—	48
Loss before taxes	(3,347)	(3,662)	(4,640)	(190)	(11,839)
Provision for income taxes	91	—	—	—	91
Net loss	\$ (3,438)	\$ (3,662)	\$ (4,640)	\$ (190)	\$ (11,930)
Weighted average shares used to compute					
net loss per common share:					
Basic and diluted	51,732	51,732	51,732	51,732	51,732
Net loss per common share:					
Basic and diluted	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ —	\$ (0.23)

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