

Calix, Inc.  
Historical Financials  
Non-GAAP Income Statements 2008  
(\$ in thousands)

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/31/2008	Qtr Ending 3/31/2008	Qtr Ending 6/30/2008	Qtr Ending 6/30/2008	Qtr Ending 9/29/2008	Qtr Ending 9/29/2008	Qtr Ending 12/31/2008	Qtr Ending 12/31/2008	Ytd Ending 12/31/2008	Ytd Ending 12/31/2008						
Revenue	\$ 59,661	\$ 59,661	\$ 60,820	\$ 60,820	\$ 59,317	\$ 59,317	\$ 70,665	\$ 70,665	\$ 250,463	\$ 250,463						
Cost of revenue:																
Products and services <sup>(1)</sup>	41,358	41,227	39,331	39,121	39,158	38,967	46,078	45,881	165,925	165,196						
Amortization of existing technologies <sup>(2)</sup>	1,360	-	1,360	-	1,360	-	1,360	-	5,440	-						
Total cost of revenue	42,718	41,227	40,691	39,121	40,518	38,967	47,438	45,881	171,365	165,196						
Gross profit	16,943	18,434	20,129	21,699	18,799	20,350	23,227	24,784	79,098	85,267						
Gross margin %	28.4%	30.9%	33.1%	35.7%	31.7%	34.3%	32.9%	35.1%	31.6%	34.0%						
Research and development <sup>(3)</sup>	10,850	10,291	11,900	10,810	11,055	10,288	10,543	9,770	44,348	41,159						
Sales and marketing <sup>(4)</sup>	7,303	6,956	8,396	7,811	7,814	7,354	8,114	7,618	31,627	29,739						
General and Administrative <sup>(5)</sup>	3,392	2,525	4,066	2,741	3,948	3,040	3,847	2,813	15,253	11,119						
Amortization of intangible assets <sup>(6)</sup>	185	-	185	-	185	-	185	-	740	-						
Total operating expenses	21,730	19,772	24,547	21,362	23,002	20,682	22,689	20,201	91,968	82,017						
Net operating income (loss)	(4,787)	(1,338)	(4,418)	337	(4,203)	(332)	538	4,583	(12,870)	3,250						
Interest income	221	221	101	101	153	153	145	145	620	620						
Interest expense	(215)	(215)	(164)	(164)	(809)	(809)	(901)	(901)	(2,089)	(2,089)						
Change in fair value of preferred stock warrants <sup>(7)</sup>	546	-	-	-	557	-	226	-	1,329	-						
Other income / (expense)	10	10	(23)	(23)	14	14	9	9	10	10						
Total other income / (expense)	562	16	(86)	(86)	(85)	(642)	(521)	(747)	(130)	(1,459)						
Provision for income taxes	45	45	101	101	73	73	(300)	(300)	(81)	(81)						
Net income / (loss)	(4,270)	(1,367)	(4,605)	150	(4,361)	(1,047)	317	4,136	(12,919)	1,872						
Preferred stock dividends <sup>(8)</sup>	(479)	-	(540)	-	(2,441)	-	(605)	-	(4,065)	-						
Net income / (loss) attributable to common stockholders	\$ (4,749)	\$ (1,367)	\$ (5,145)	\$ 150	\$ (6,802)	\$ (1,047)	\$ (288)	\$ 4,136	\$ (16,984)	\$ 1,872						
<b>Non-GAAP bridge to GAAP</b>																
(1) Cost of Sales (stock-based compensation)		131		210		191		197		729						
(2) Cost of Sales (amortization of existing technologies)		1,360		1,360		1,360		1,360		5,440						
(3) Research and development (stock-based compensation)		559		1,090		767		773		3,189						
(4) Sales and marketing (stock-based compensation)		347		585		460		496		1,888						
(5) General and administration (stock-based compensation)		867		1,325		908		1,034		4,134						
(6) Operating expense (amortization of intangible assets)		185		185		185		185		740						
(7) Change in fair value of preferred stock warrants		(546)		-		(557)		(226)		(1,329)						
(8) Preferred stock dividends		479		540		2,441		605		4,065						
Total Non-Cash Expenses		3,382		5,295		5,755		4,424		18,856						
GAAP net income / (loss) attributable to common stockholders		\$ (4,749)		\$ (5,145)		\$ (6,802)		\$ (288)		\$ (16,984)						

Calix's non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles 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 Financials**  
**Condensed Balance Sheets 2008**  
*(\$ in thousands)*

	3/31/2008	6/30/2008	9/29/2008	12/31/2008
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 8,564	\$ 22,354	\$ 27,735	\$ 23,214
Marketable securities	5,029	3,011	-	-
Restricted cash	4,625	-	4,840	4,856
Accounts receivable, net	33,040	38,905	36,265	32,783
Inventory	14,323	13,798	17,392	23,397
Deferred cost of goods sold	17,922	18,596	20,719	14,208
Prepays and other current assets	1,321	1,932	1,608	2,247
Total current assets	84,825	98,596	108,559	100,705
Property and equipment, net	9,613	9,403	9,495	9,940
Goodwill	65,576	65,576	65,576	65,576
Intangible assets, net	17,510	15,965	14,420	12,875
Other assets	386	391	395	359
Total assets	<u>\$ 177,910</u>	<u>\$ 189,931</u>	<u>\$ 198,445</u>	<u>\$ 189,455</u>
<b>Liabilities, convertible preferred stock and stockholder's deficit</b>				
Current liabilities:				
Accounts payable	\$ 11,864	\$ 24,188	\$ 18,930	\$ 18,490
Accrued liabilities	15,230	17,073	18,608	16,347
Preferred stock warrant liabilities	1,015	1,015	457	232
Loans payable	11,000	9,750	-	-
Current portion of deferred revenue	30,434	30,875	34,095	24,233
Total current liabilities	69,543	82,901	72,090	59,302
Related party loan payable	-	-	21,000	21,000
Long-term portion of deferred revenue	3,833	3,874	4,200	4,580
Other long-term liabilities	-	-	-	567
Convertible preferred stock	422,817	423,357	425,797	426,403
Stockholders' deficit:				
Common stock	100	100	100	100
Additional paid-in capital	35,337	38,590	40,964	43,497
Other comprehensive income	39	13	-	-
Accumulated deficit	(353,759)	(358,904)	(365,706)	(365,994)
Total stockholders' deficit	(318,283)	(320,201)	(324,642)	(322,397)
Total liabilities, convertible preferred stock and stockholders' deficit	<u>\$ 177,910</u>	<u>\$ 189,931</u>	<u>198445</u>	<u>\$ 189,455</u>

Calix, Inc.  
**Historical Financials**  
**Condensed Statements of Cash Flows 2008**  
*(\$ in thousands)*

	<b>Qtr Ending 3/31/2008</b>	<b>Qtr Ending 6/30/2008</b>	<b>Qtr Ending 9/29/2008</b>	<b>Qtr Ending 12/31/2008</b>	<b>Ytd Ending 12/31/2008</b>
<b>Operating activities</b>					
Net cash used in operating activities	<u>\$ (9,534)</u>	<u>\$ 14,212</u>	<u>\$ (7,478)</u>	<u>\$ (2,751)</u>	<u>\$ (5,551)</u>
<b>Investing activities</b>					
Acquisition of property and equipment	(1,036)	(1,151)	(1,436)	(1,804)	(5,427)
Purchase of marketable securities	-	-	-	-	-
Sale of marketable securities	3,286	1,991	2,999	-	8,276
Net cash provided by (used in) investing activities	<u>2,251</u>	<u>840</u>	<u>1,563</u>	<u>(1,805)</u>	<u>2,849</u>
<b>Financing activities</b>					
Proceeds from bank borrowings	-	-	21,000	-	21,000
Principal payments on bank borrowings	(5,512)	(1,250)	(9,750)	-	(16,512)
Proceeds from Series J investors, net of issuance costs	-	-	-	-	-
Proceeds from exercise of stock options and warrants	17	7	46	35	105
Repurchase of common and preferred stock	-	(19)	-	-	(19)
Proceeds from initial public offering of common stock	-	-	-	-	-
Net cash provided by (used in) financing activities	<u>(5,495)</u>	<u>(1,262)</u>	<u>11,296</u>	<u>35</u>	<u>4,574</u>
Net increase (decrease) in cash and cash equivalents	(12,778)	13,790	5,381	(4,521)	1,872
Cash and cash equivalents at beginning of period	21,342	8,564	22,354	27,735	21,342
Cash and cash equivalents at end of period	<u>\$ 8,564</u>	<u>\$ 22,354</u>	<u>\$ 27,735</u>	<u>\$ 23,214</u>	<u>\$ 23,214</u>