

Calix Investor Presentation

Simplicity. Connected. Everywhere.

db Access 2012 Technology Conference
Sept. 11, 2012



Safe Harbor

All statements other than statements of historical facts contained in this presentation, including statements regarding our future operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs as well as the following expectations and projections about the Ericsson transaction and its impacts: the ability of Ericsson to provide Calix with an extensive global reseller channel; anticipated accretion to non-GAAP earnings from the transaction; benefits of the acquisition and reseller agreement to stockholders, employees and customers; the ability of the fiber access portfolio acquired from Ericsson to deliver complements to Calix’s Unified Access portfolio; the ability of Calix to develop and support Ericsson’s fiber access business; the ability of Calix to continue to provide innovation and expertise in fixed-line broadband access; Calix’s ability to provide support and maintenance to Ericsson’s customers; and other statements regarding the pending acquisition and reseller relationship. These forward-looking statements are subject to a number of risks, uncertainties and assumptions described in our press release announcing the Ericsson transactions, dated Aug. 22, 2012, and also those set forth in our filings with the Securities and Exchange Commission (“SEC”), especially in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Calix’s Annual Report on Form 10-K filed with the SEC on February 24, 2012, our quarterly report on Form 10-Q filed with the SEC on August 7, 2012, our current reports on Form 8-K and other SEC filings.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or will occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations. You should read our SEC filings and the documents that we have filed with the SEC as exhibits to those filings, with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect.

The Leader in Access Innovation

Simplicity. Connected. Everywhere.



▶ The world's largest telecommunications systems vendor focused solely on access

- Innovative. Global. Focused.
- A Unified Access portfolio

▶ Leader in advanced broadband access

- North American leader in broadband access revenue*
- A record of industry leadership and innovation
- Calix and Ericsson Announce Global Partnership on Aug. 22

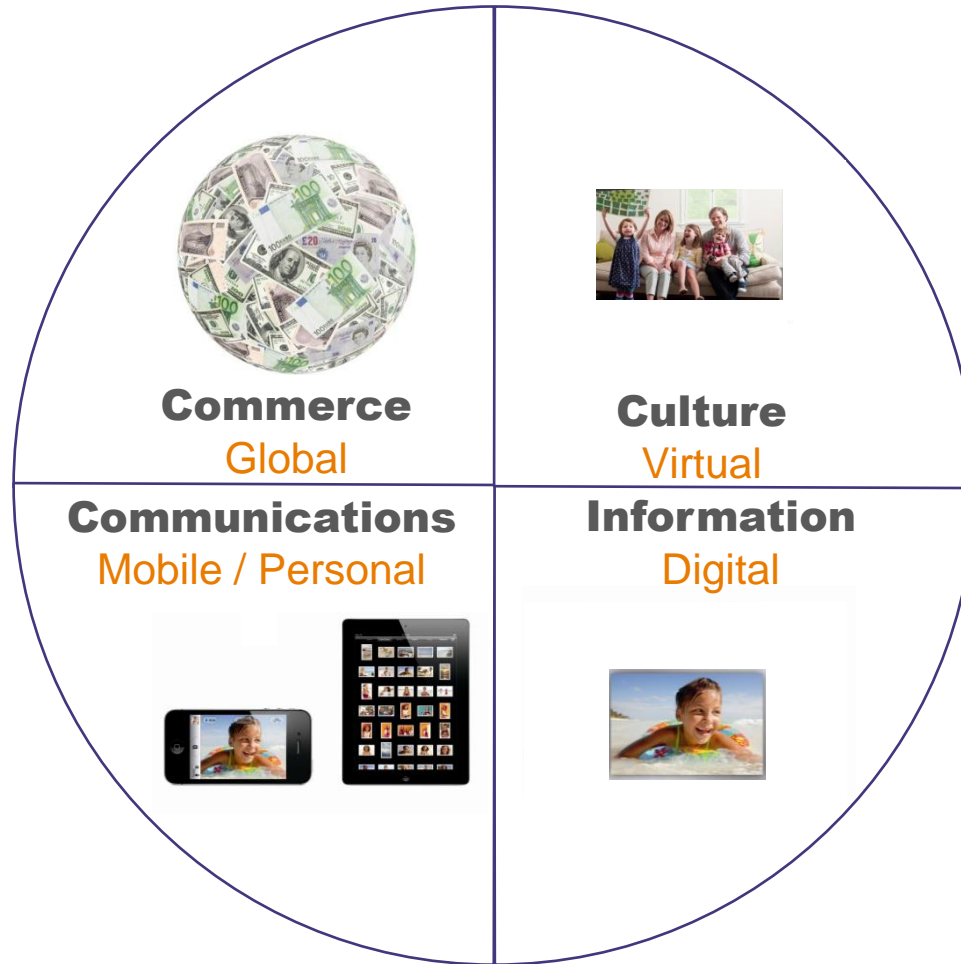
▶ Trusted partner

- Over 1000 customers worldwide, including 18 of the 20 largest US ILECs
- Shipped over 75,000 systems and 15 million ports to-date to customers whose networks serve over 50 million subscriber lines
- Financially strong. No debt. Cash generating. (NYSE: CALX)

*Infonetics Research Q4 Broadband Aggregation Report – 2011 Revenue (published 2/2012)

A Focus on Access

Transcendent forces shaping technology

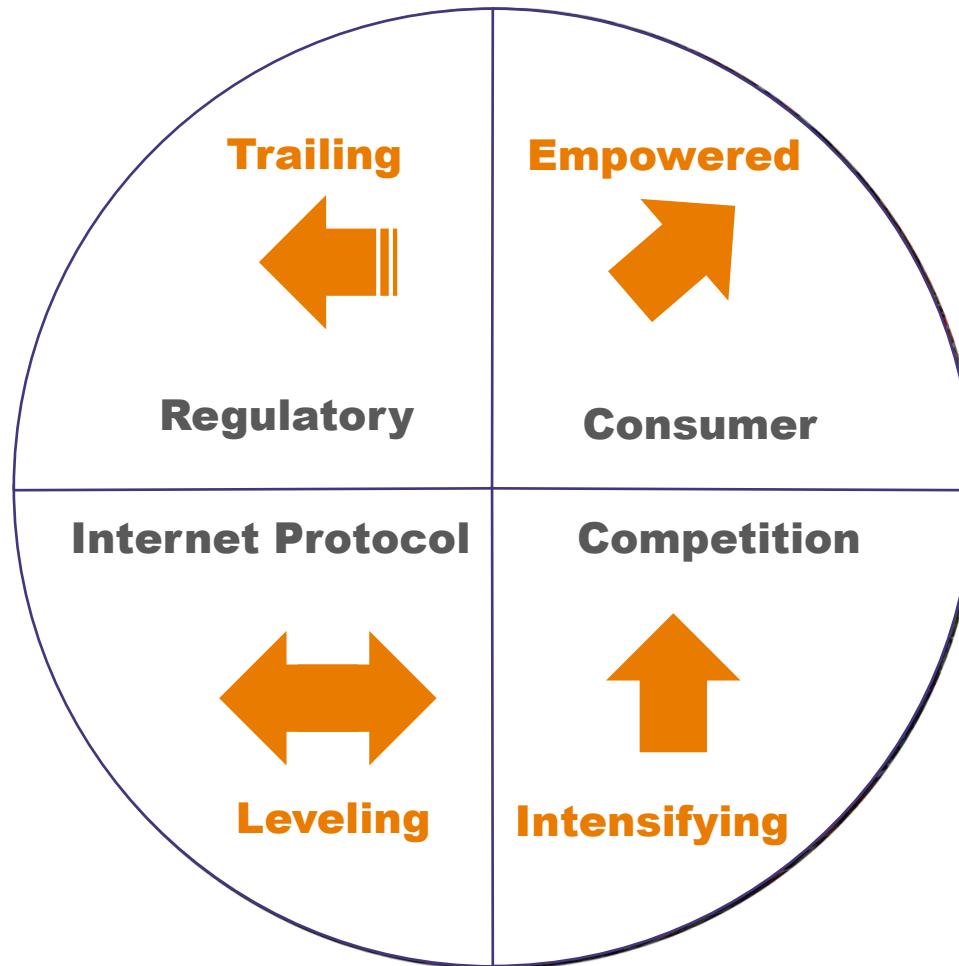


A Focus on Access



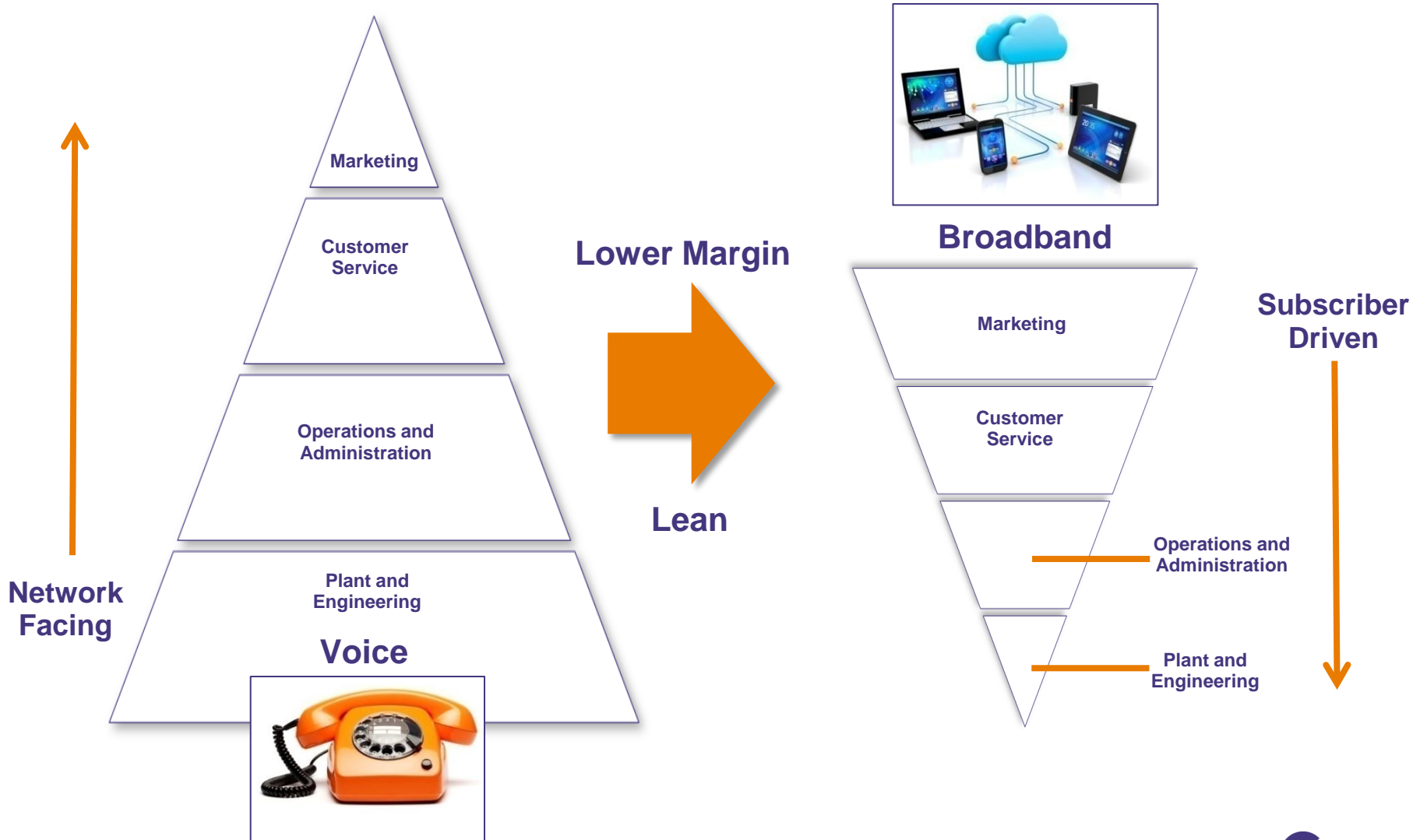
A Focus on Access

Forces impacting the service provider



A New **Broadband** Business Model

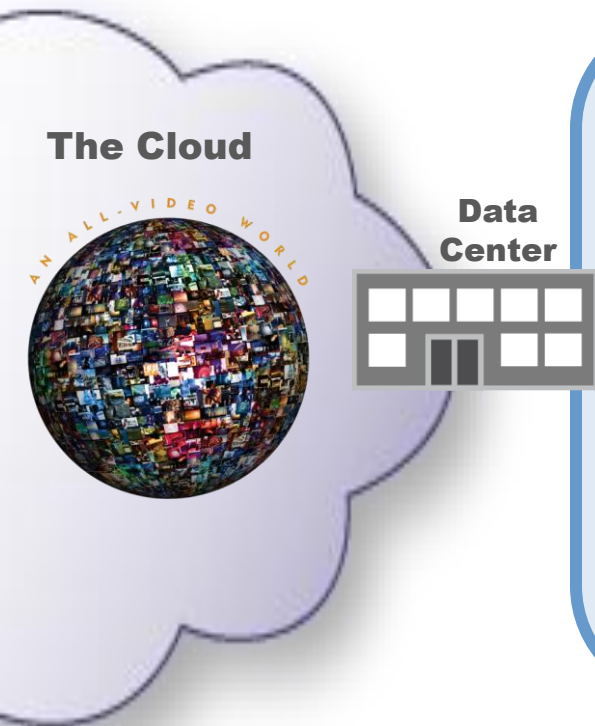
Implementing business change built upon network transformation



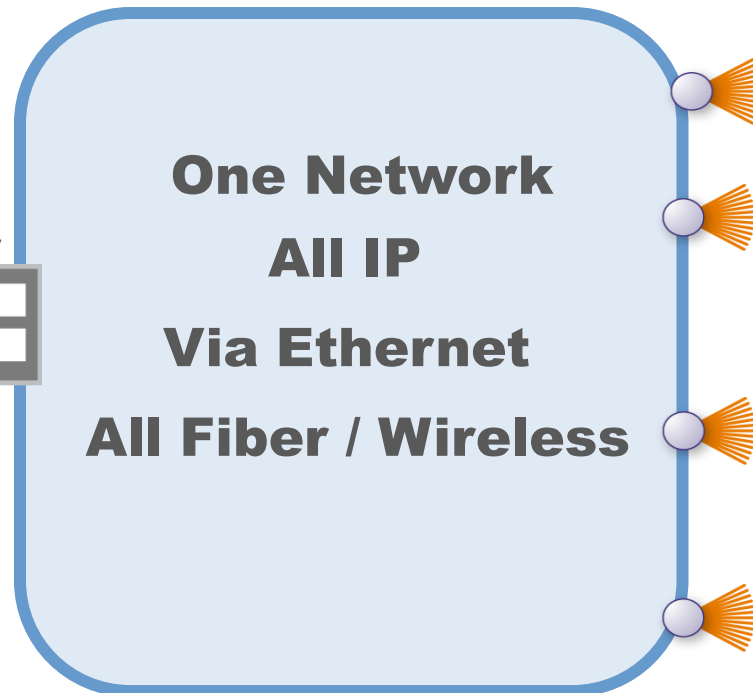
Destination Network: **Known**

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Content



Access



Subscriber



Transformation Success Calix

A portfolio architected for optimal network transformation

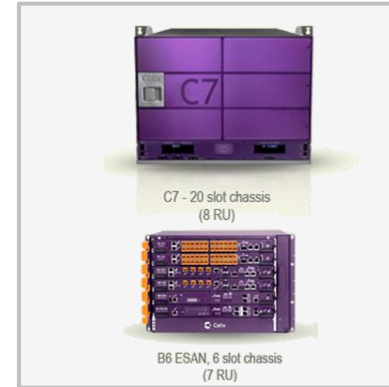
E7-20 ESAP



E7-2 ESAP



C7 MSAP / B6 ESAN



700 ONT Family



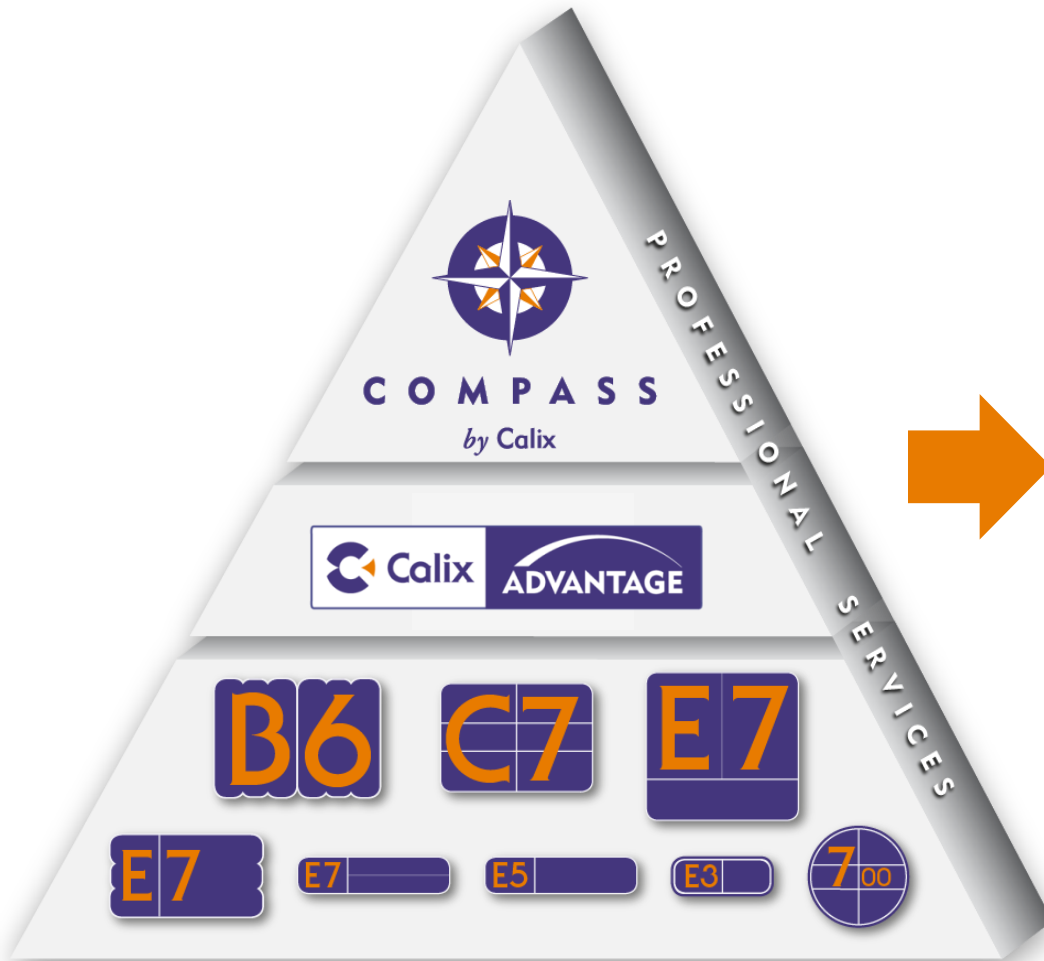
Software



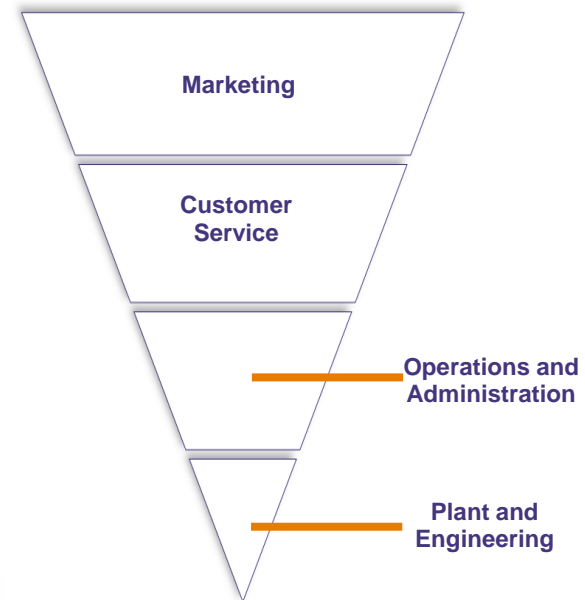
E3/E5/B6 ESANs



A Perfect Alignment



Broadband



Calix Advantages

Simplicity. Connected. Everywhere.

Focused on access

- ▶ Tight product-market fit
 - The industry's broadest access portfolio
- ▶ Innovation
 - Industry leadership in VDSL2, fiber access, 10GE transport
- ▶ Flexibility
 - Solutions for virtually any deployment scenario

Architected for extraordinary CAPEX efficiency

- ▶ Ultra long-life
 - High capacity, carrier-grade, standards-based
- ▶ Evolutionary architecture
 - Portfolio enables seamless network transformation

Business model alignment with our customers

- ▶ Enabling OPEX efficiency
 - Unified Access means one network to operate, support, and maintain
- ▶ Direct engagement model
 - Simplified transactions, highly consultative

Q2 2012 Highlights

◀ Revenue of \$78.9 million

- Flat vs. Q1 2012
- Declined 19.4% vs. Q2 2011

◀ Gross margin of 45.2%*

- Up slightly from 45.1% in Q1 2012
- Up from 44.3% in Q2 2011

◀ EPS of \$0.04*

- Up from \$0.01 in Q1 2012
- Down from \$0.16 in Q2 2011

◀ Cash flow positive

- No debt

◀ TAM expansion opportunities

- Progress in penetrating former Verizon properties at Frontier
- Certification process proceeding at former Qwest properties at CenturyLink
- Tier 1 accounts starting to be targeted
- International update
 - Increasing international pipeline in Europe, Australia, Asia, and South America
 - Added ten new international customers; expanding footprint to over 40 countries
 - Conducted first channel partner conference; attended by participants from 21 countries

*Non-GAAP metrics; see reconciliation in the appendix.

Calix and Ericsson **Announce Global Partnership**

Acquisition and global reseller agreements announced August 22, 2012



Calix and Ericsson signed a definitive agreement under which Calix will acquire Ericsson's EDA 1500 GPON assets

- ▶ Definitive agreement between the companies brings together:
 - Ericsson EDA 1500 GPON solution – the industry's highest capacity GPON solution
 - A complementary ONT portfolio, an element management system, and other assets
 - The Calix Unified Access portfolio – North America's leading access portfolio

Calix and Ericsson strategic partnership to bring Calix Unified Access systems and software to the world

- ▶ Companies also signed a global reseller agreement, under which:
 - Calix will become Ericsson's preferred global partner for fiber and VDSL2 access
 - Ericsson will sell Calix Unified Access systems and software as its preferred broadband access solution in 180 countries.

Near-term Headwinds

Customer spending slowed unexpectedly in Q2

- ▶ Macro economic concerns
- ▶ Regulatory reform implementations uncertainties related to transition from USF / ICC to Connect America Fund (CAF)

CAF program update (U.S)

- ▶ Rate-of-Return companies (Tier 3)
 - Regression analysis formula to determine subsidies largely completed – reconsideration petitions rejected
 - Pool of dollars available remains same as former USF program (\$2B), but will expand investment requirements to include broadband universally in addition to voice
 - Likely to result in service provider consolidation over time
- ▶ Price Cap companies (Tier 1 and 2)
 - Approximately \$115 million of \$300M in Phase I potential subsidies accepted
 - Another \$104 million contingently accepted (dependent upon FCC waivers)
 - Targets residents and small business owners in 37 states
 - Frontier accepted the full ~\$70M it was offered
 - AT&T and Verizon decline Phase I potential subsidy
 - Phase II (ongoing \$1.8B yearly subsidy) is still under development – target launch in Q1 2013
 - Potential for a large number of high cost lines to shift from Tier 1 and 2 carriers to Tier 3 carriers or CLECs

Calix Summary

Proliferation of IP Devices and cloud expansion

- ✦ Fuels growing demand for increasingly powerful broadband services

A broad and strategic customer footprint

- ✦ Provides strong foundation and key points of leverage

Global TAM expansion

- ✦ Historically addressed only 10% to 15% of the global market

Positioned to benefit from broadband incentive programs

- ✦ Domestic BBS, USF / ICC reforms and various international programs as headwinds subside

Sitting at the nexus of secular growth trends

- ✦ Global. Mobile. Digital. Virtual.



Calix

ACCESS INNOVATION