Calix 2016 Investor Day

March 16, 2016

Disclosure

This presentation includes forward-looking statements that are based upon management's current expectations and are inherently uncertain. Forward-looking statements are based upon information available to us as of the date of this release, and we assume no obligation to revise or update any such forward-looking statement to reflect any event or circumstance after the date of this release, except as required by law. Such forward-looking statements may include words such as ”expect,” “anticipate,” “intend,” “believe,” “estimate,” “plan,” “target,” “strategy,” “continue,” “may,” “will,” “should,” variations of such words, or other words and terms of similar meaning. Actual results and the timing of events could differ materially from current expectations based on risks and uncertainties affecting Calix’s business. The reader is cautioned not to rely on the forward-looking statements contained in this press release. Additional information on potential factors that could affect Calix's results and other risks and uncertainties are detailed in its reports on Form 10-Q for the third fiscal quarter of 2015 and Annual Report on Form 10-K for the fiscal year 2015, filed with the SEC and available at www.sec.gov. While today’s presentation may include forward-looking statements, we are specifically not providing any update to the financial guidance given in our last quarterly conference call on February 9, 2016.

Today's agenda

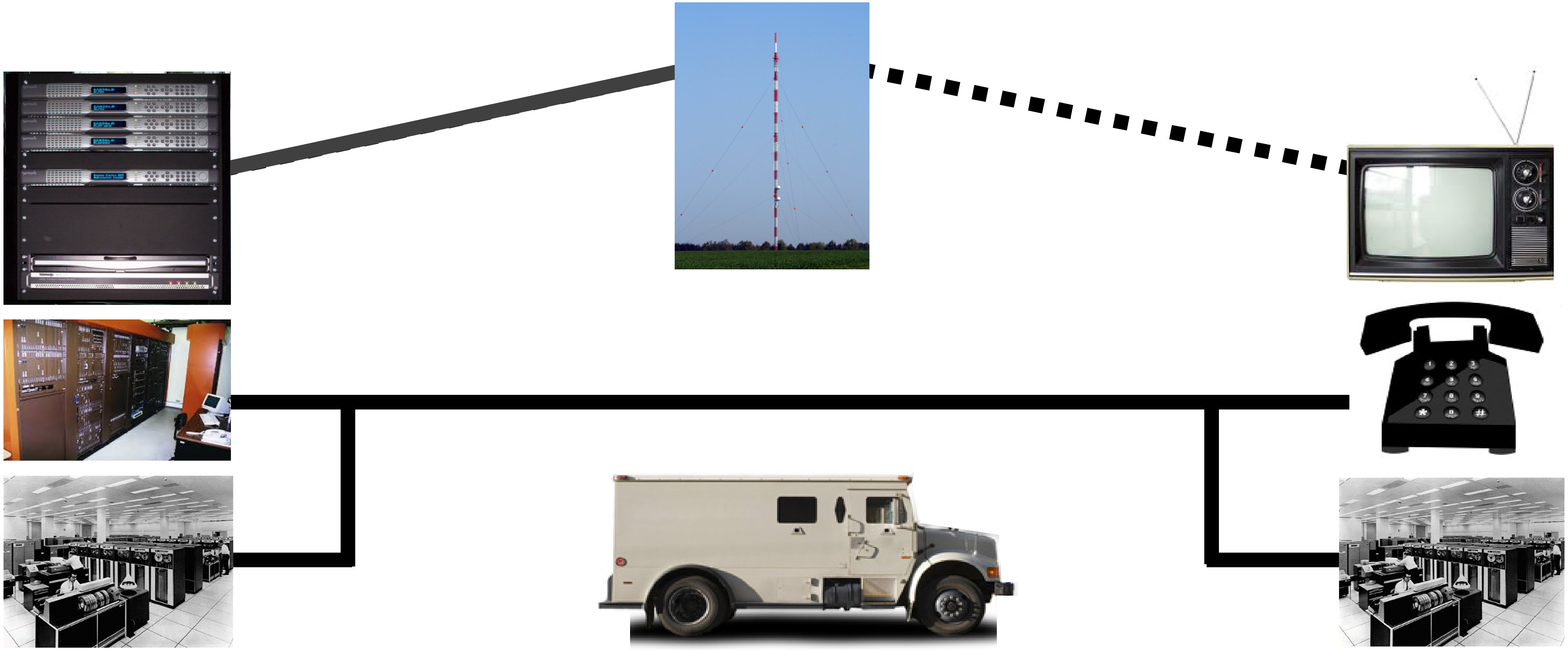
Time	Title	Speaker
1:00 – 1:05 PM	Welcome	Thomas J. Dinges, CFA – Director, Investor Relations
1:05 – 1:45 PM	Calix Opportunity	Carl Russo – President and Chief Executive Officer
1:45 – 2:30 PM	Platform Development	Michel Langlois – Senior Vice President, Systems Products Shane Eleniak – Vice President, Product Line Leadership
2:30 – 2:45 PM	Break	
2:45 – 3:15 PM	Customer Engagement	John Colvin – Senior Vice President, North American Sales
3:15 – 3:45 PM	Solutions Positioning	David Seda – Vice President, Marketing
3:45 – 4:00 PM	Break	
4:00 – 4:30 PM	Financial Overview	William Atkins – Executive Vice President and Chief Financial Officer
4:30 – 5:00 PM	Wrap-up, Q&A	Calix Management
5:00 – 6:30 PM	Reception	Calix Management and attendees

Carl Russo

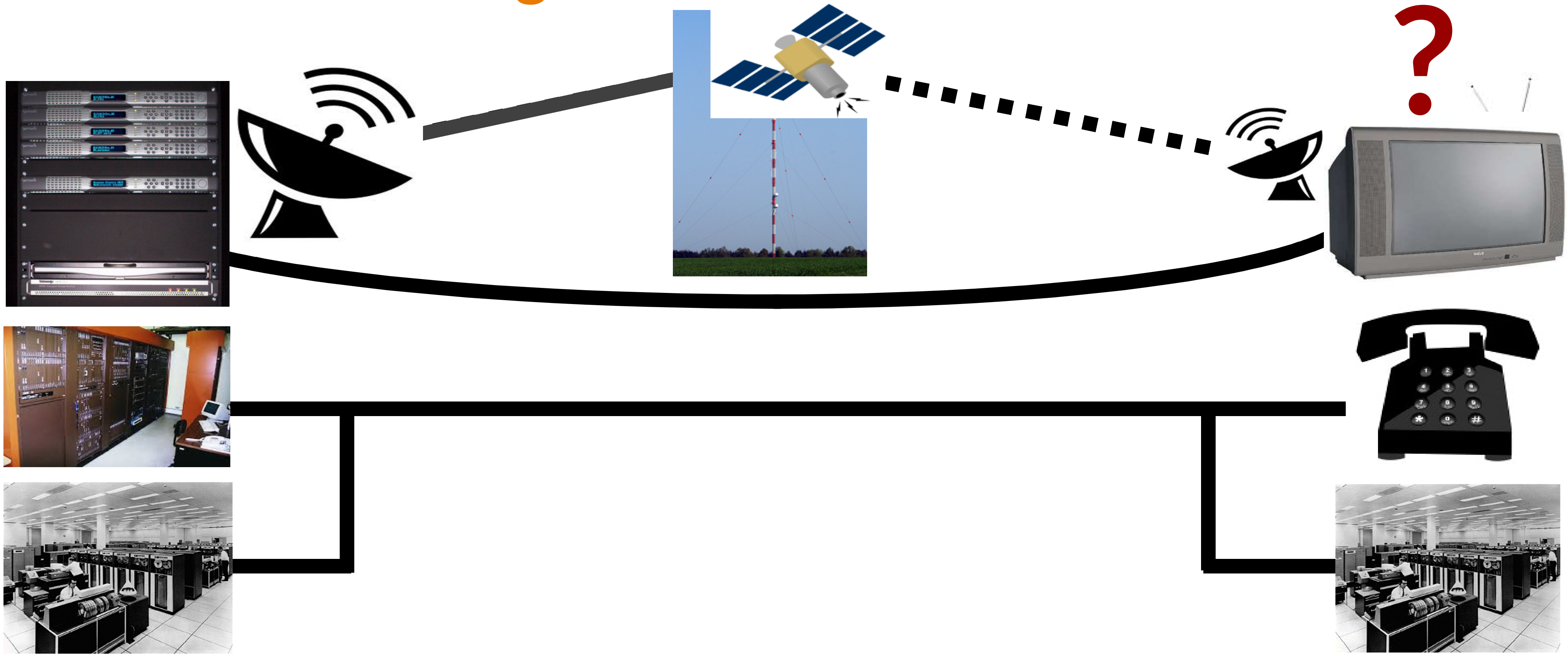
President and Chief Executive Officer

Networks – 6 Decades of History

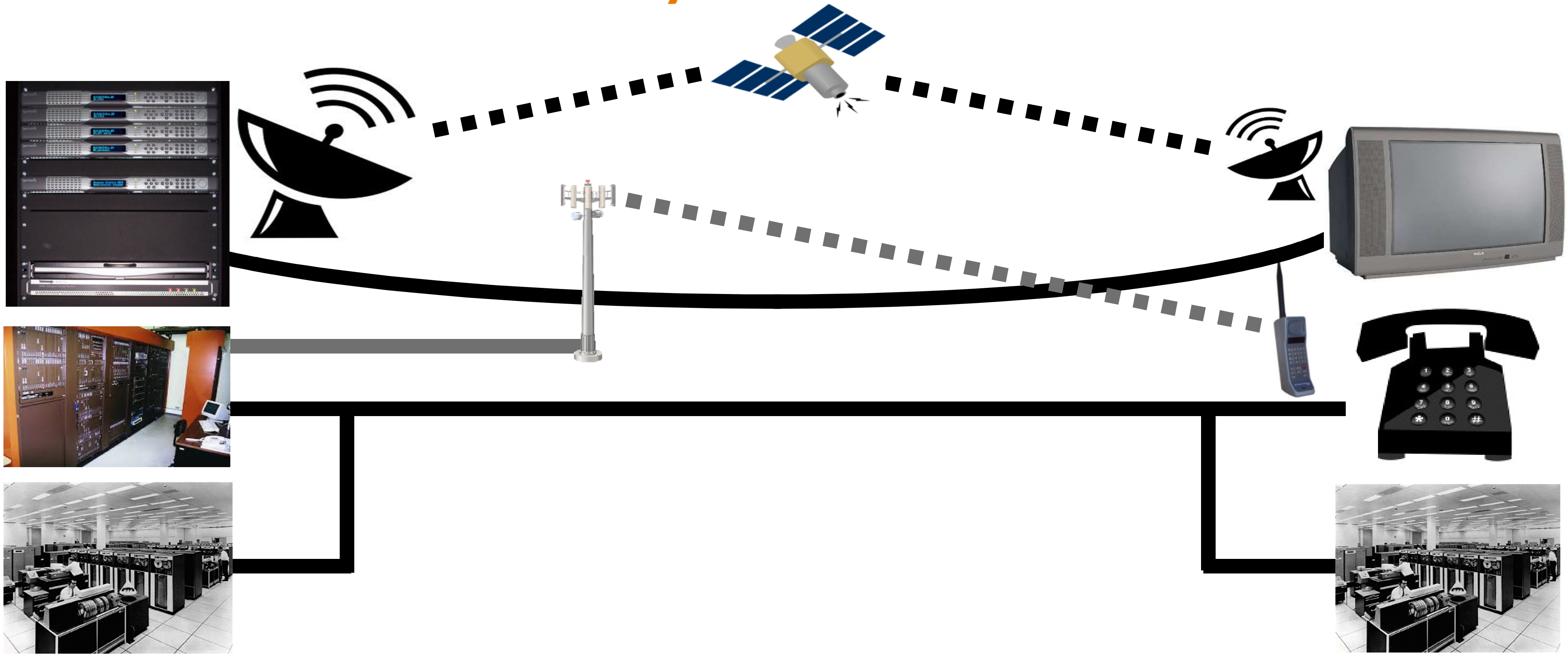
Networks – Digitization Begins



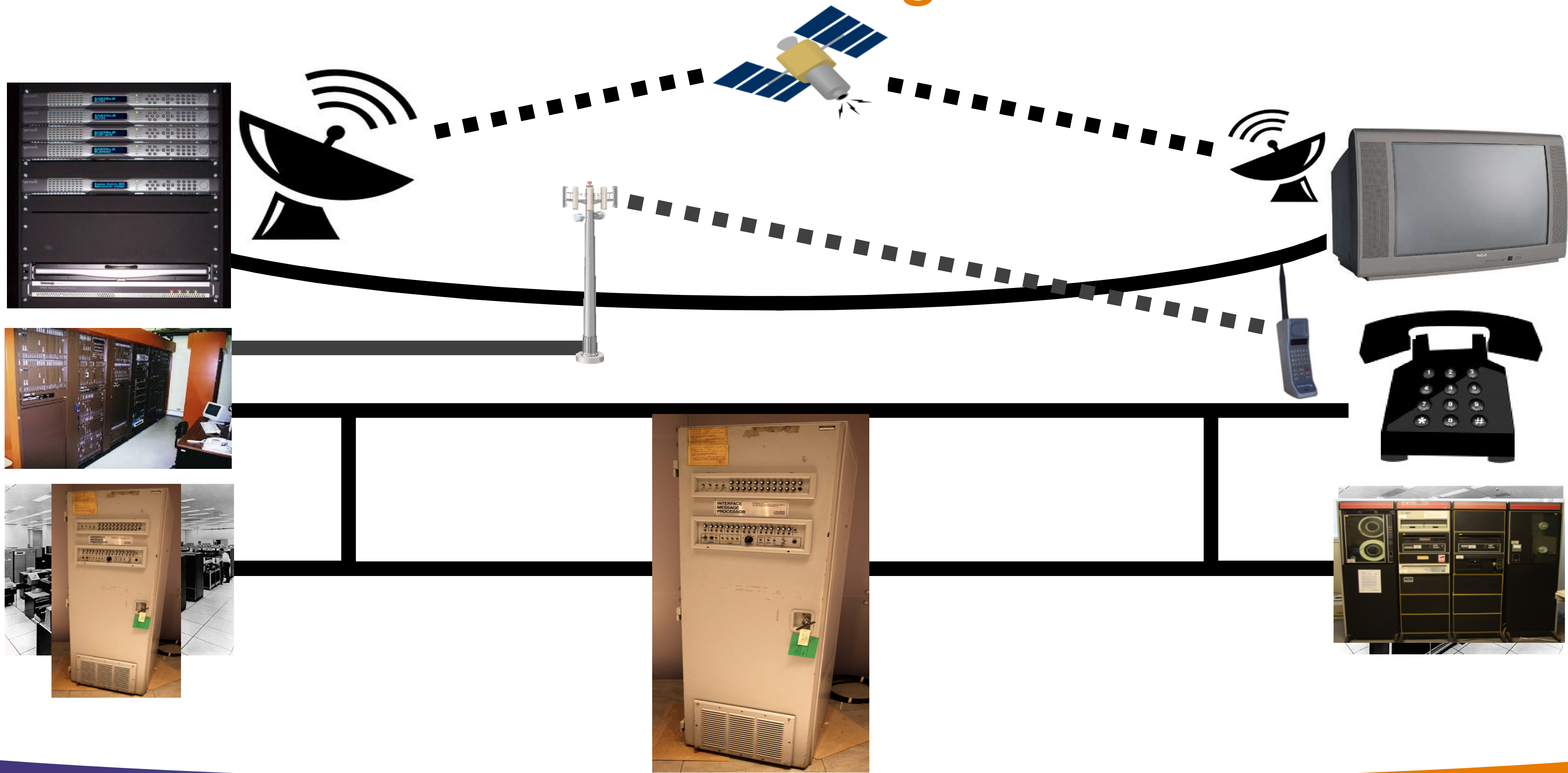
Networks – Digitization Continues



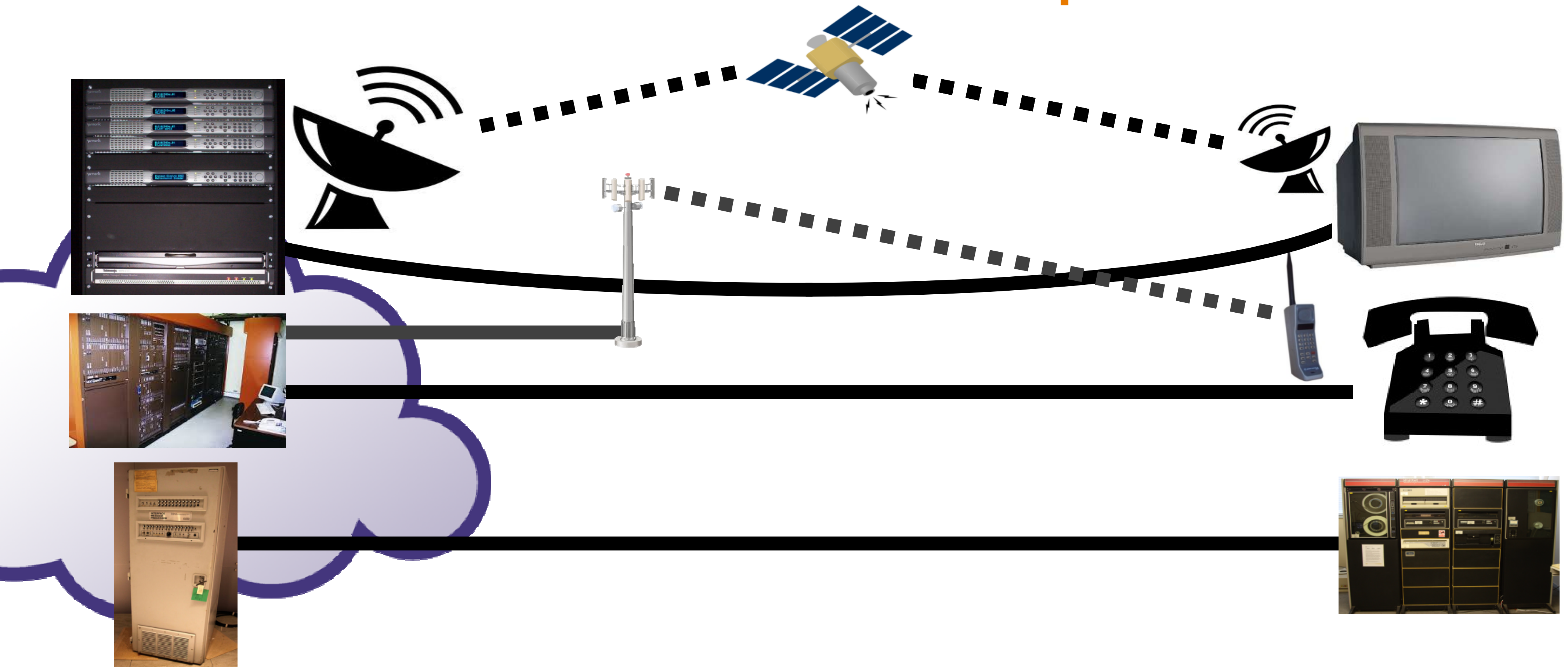
Networks – Mobility !!



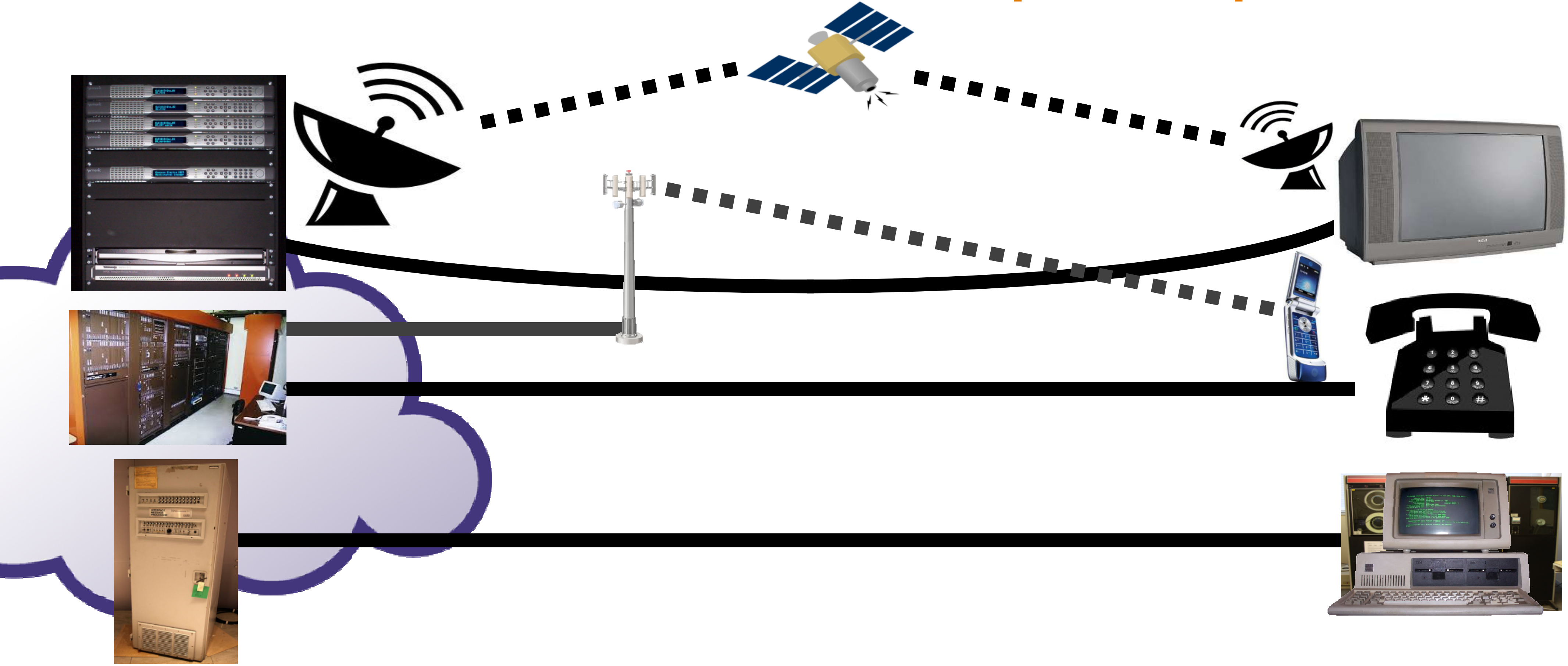
Networks – The Internet Begins



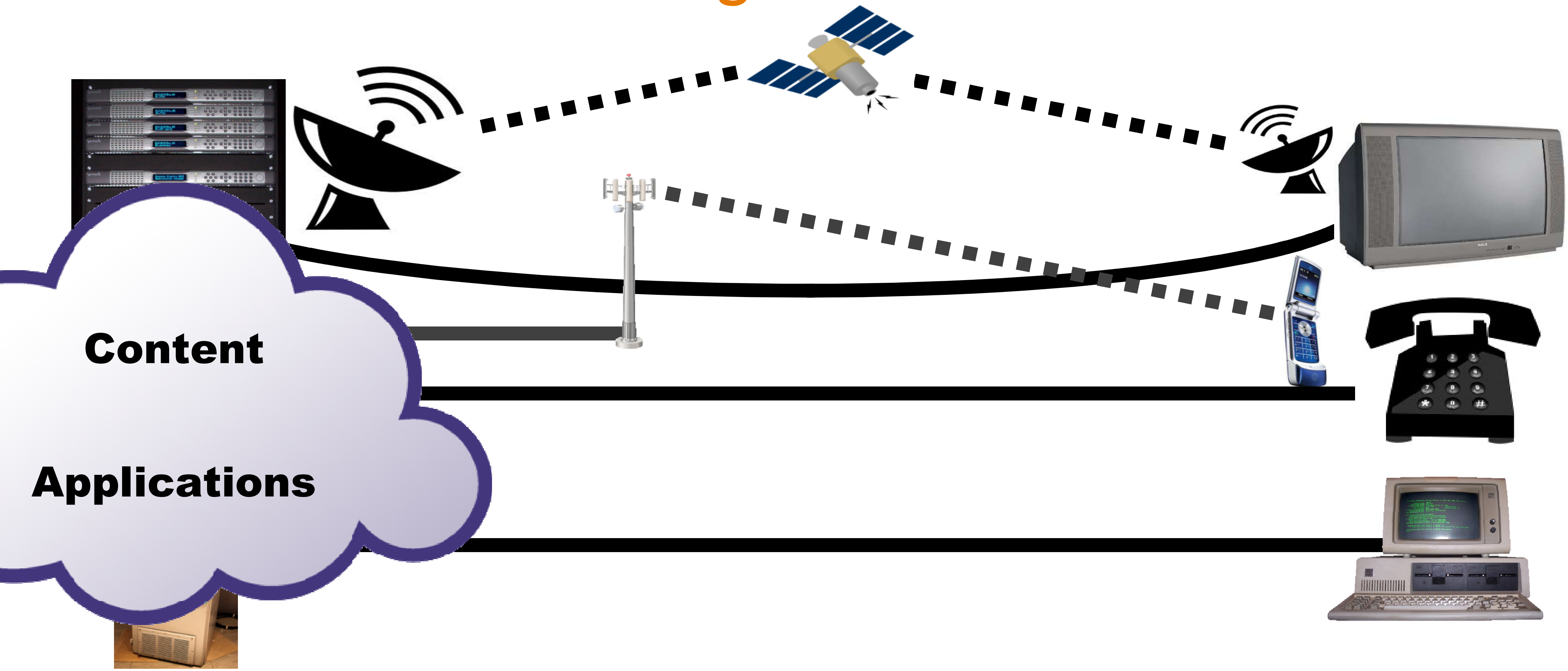
Networks – IP Invades and Disrupts



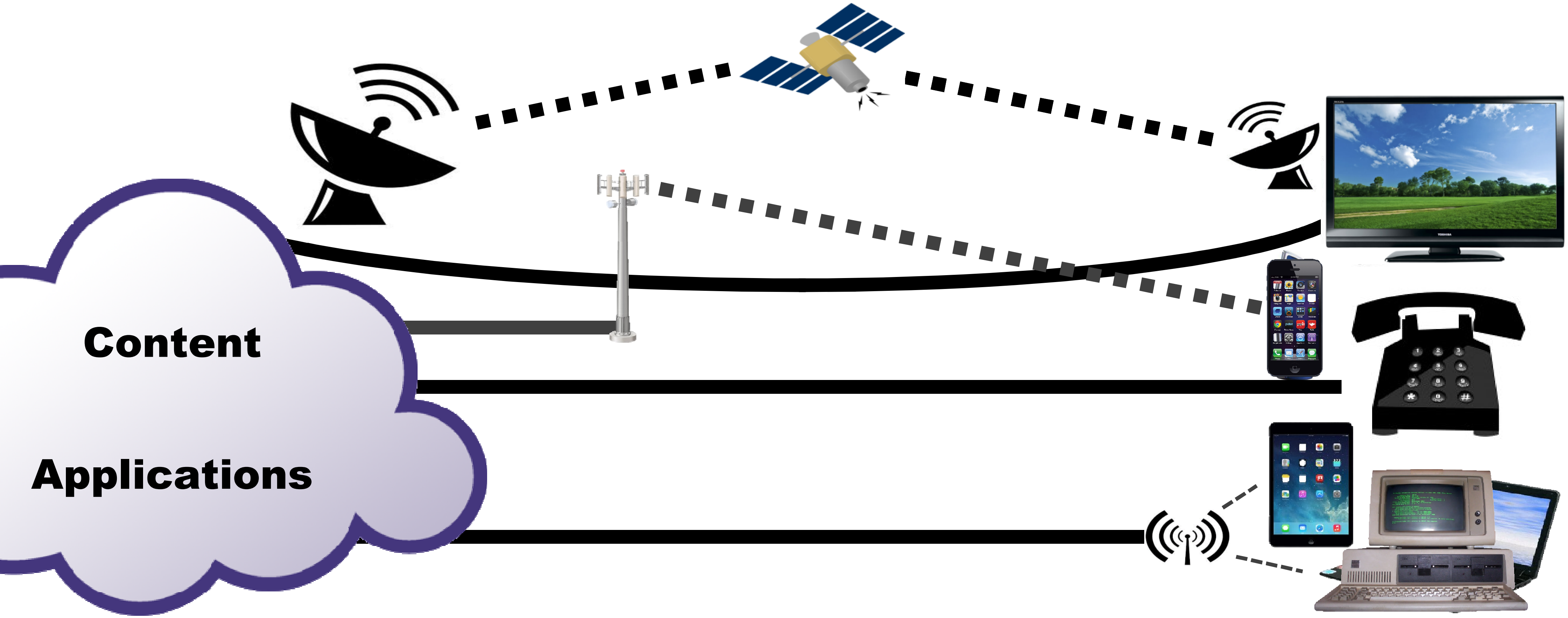
Networks – Device Evolution Speeds Up



Networks – Data Migrates



Networks – Devices Evolve FASTER!!!



Networks – TWO Irresistible Forces

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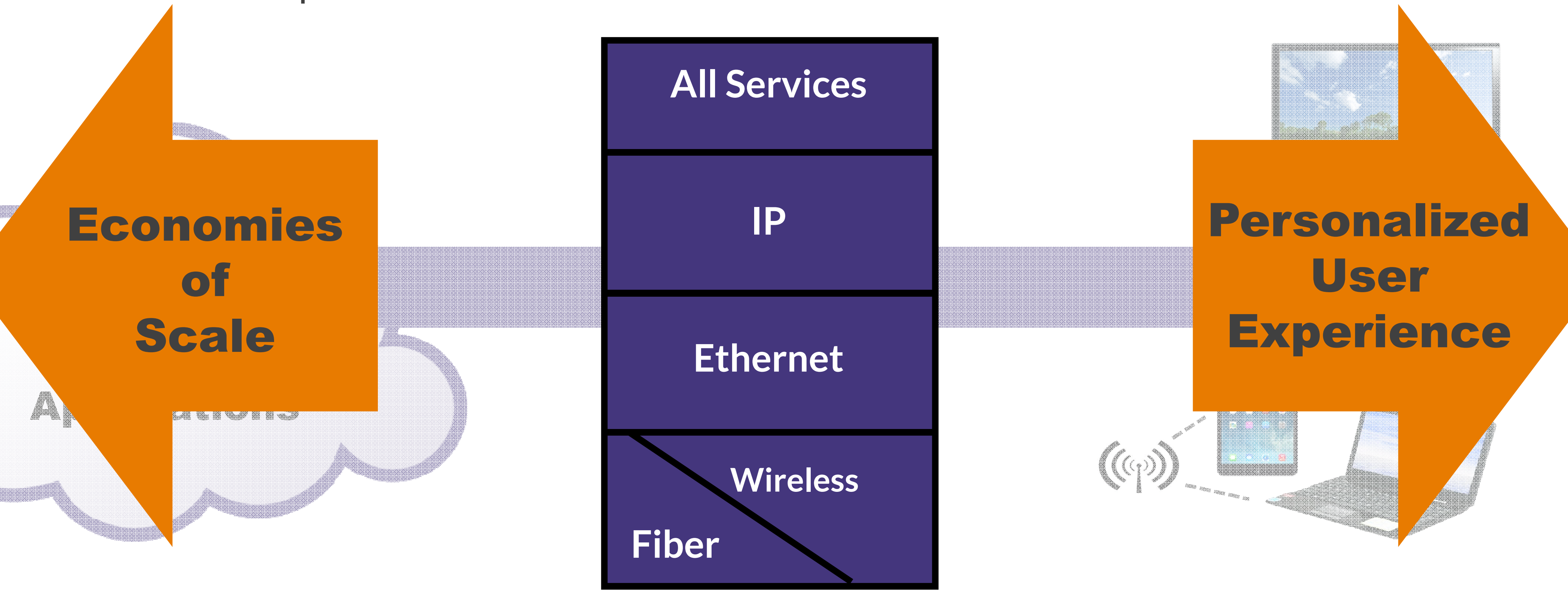
One Simple Unified Access Infrastructure

Networks – TWO Irresistible Forces

One Simple Unified Access Infrastructure



Access Network

A Platform rEvolution!

In 2011 we looked to the clouds

New Tools ... New Techniques ... New Opportunity

In 2011 we looked to the clouds

New Tools … New Techniques … New Opportunity

The Power of DevOPS

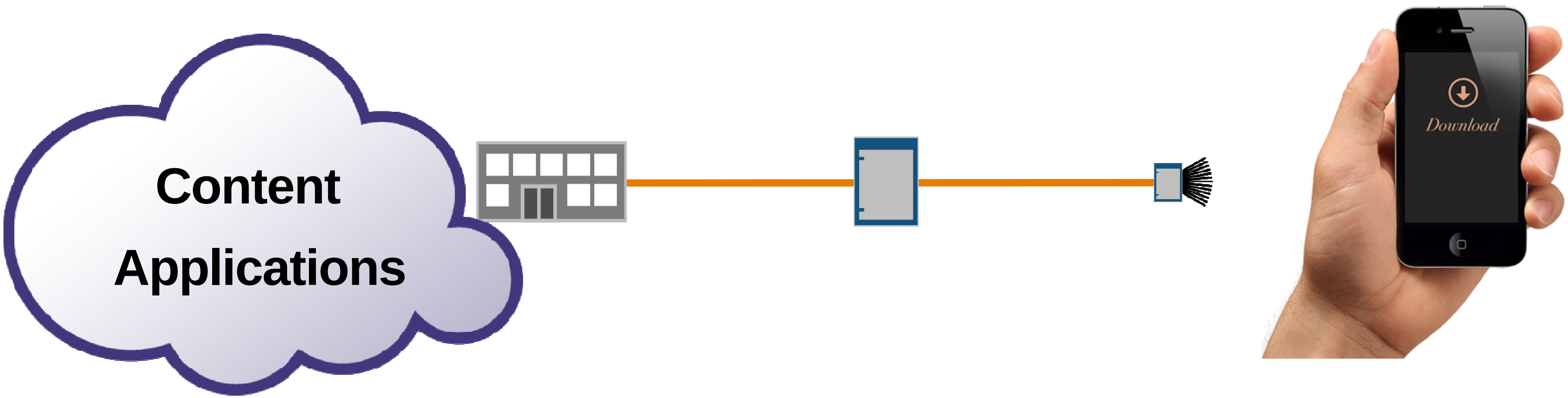
- Launched <u>500</u> major new features and services
- In one year

Data Center Innovations

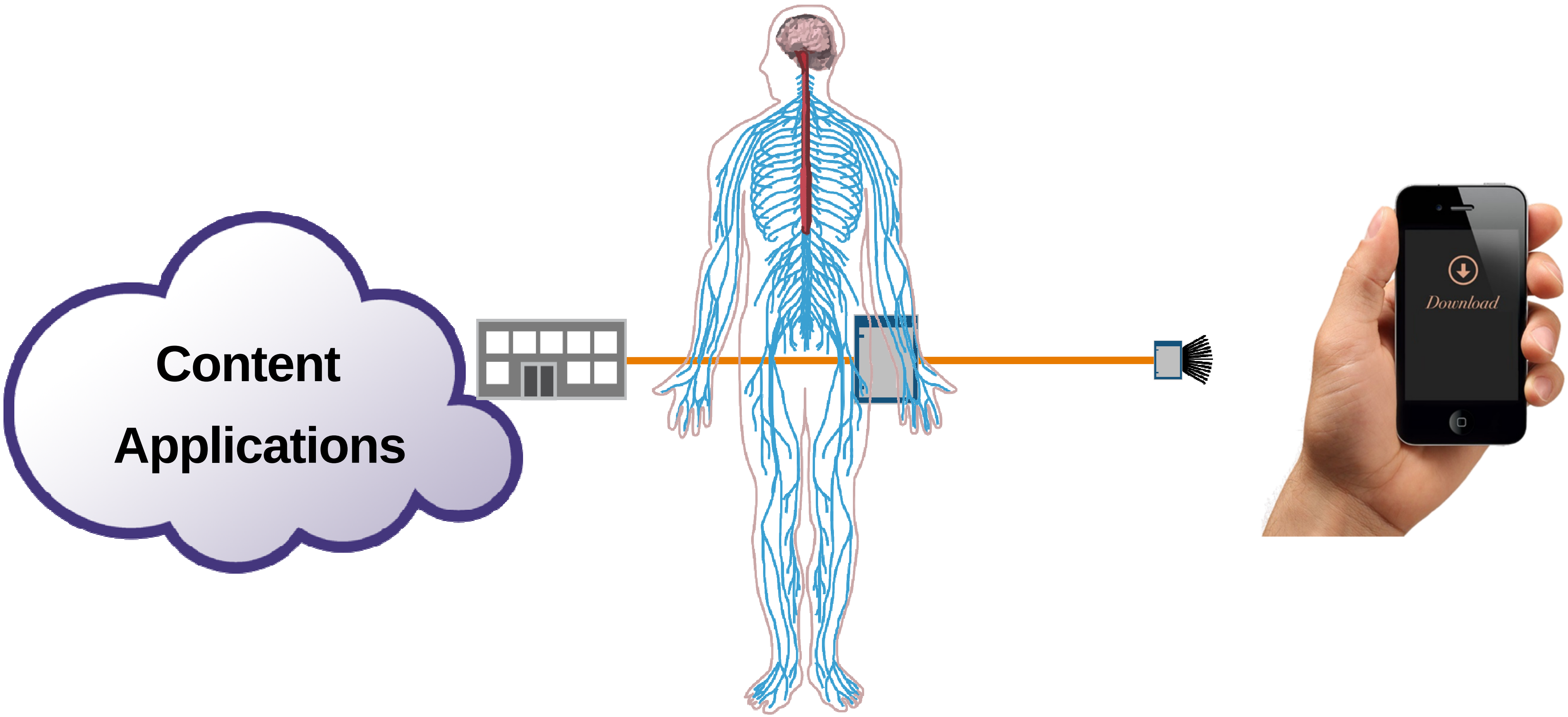
- Linux / Open Source
- Virtualized Functions
- Containers
- Portability
- Software Defined

Data Center Innovations What Works in Access?

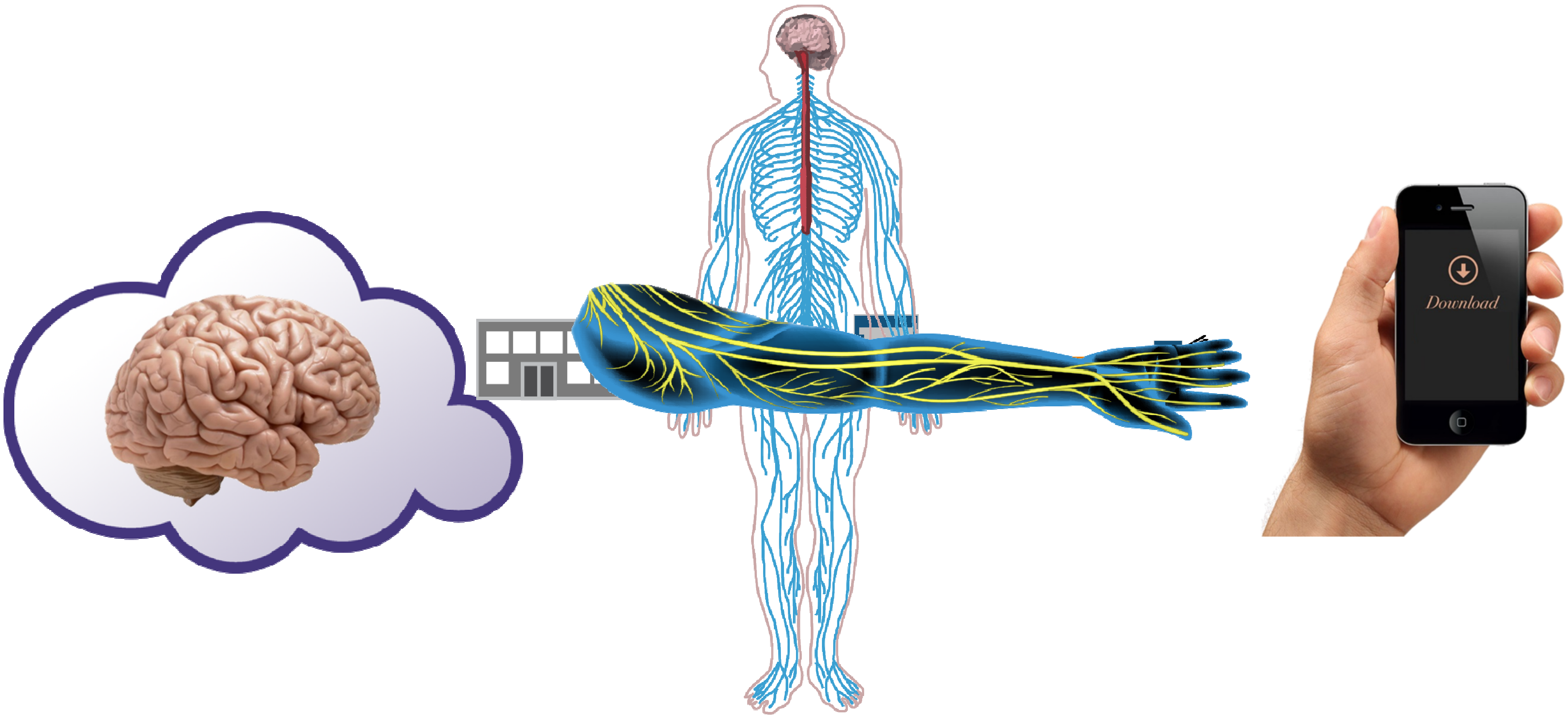
A metaphor



A metaphor



A metaphor



What’s needed to complete the metaphor?

Software
Defined
Access

Introducing...

AXOS

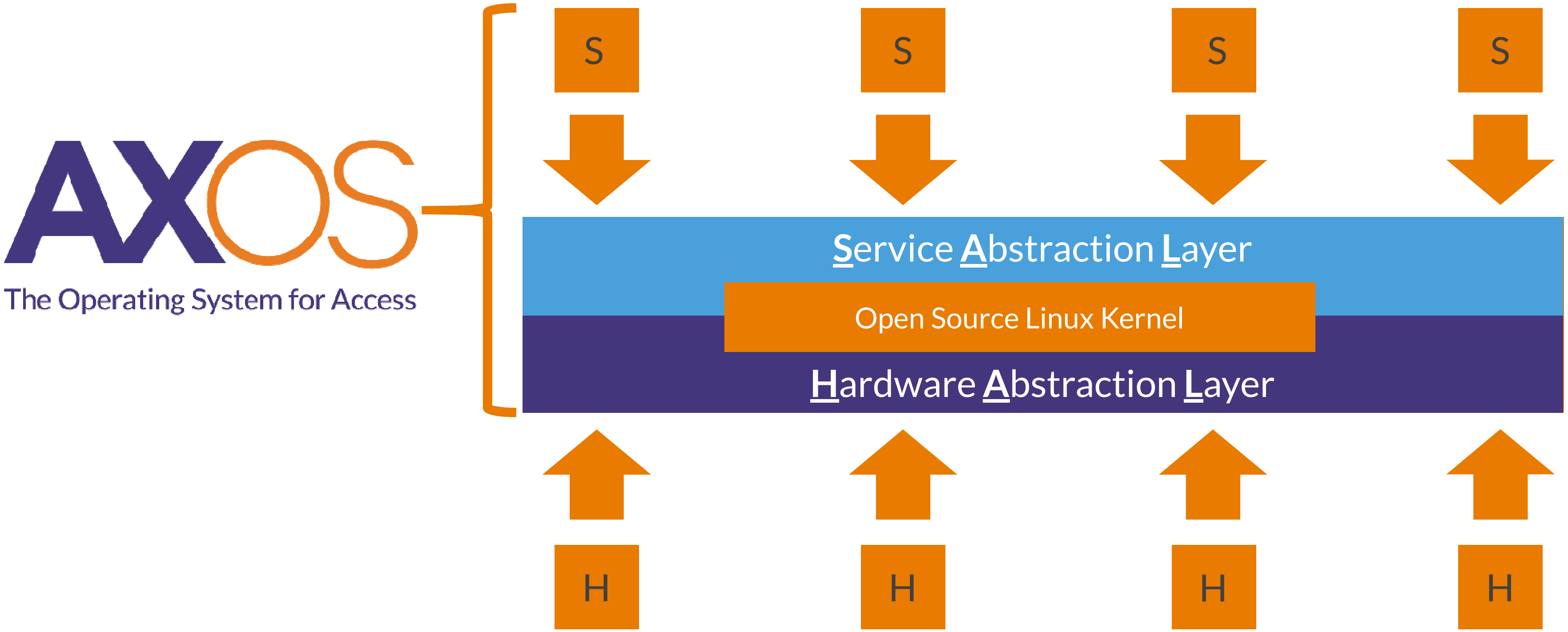
Software
Defined
Access

The Operating System for Access

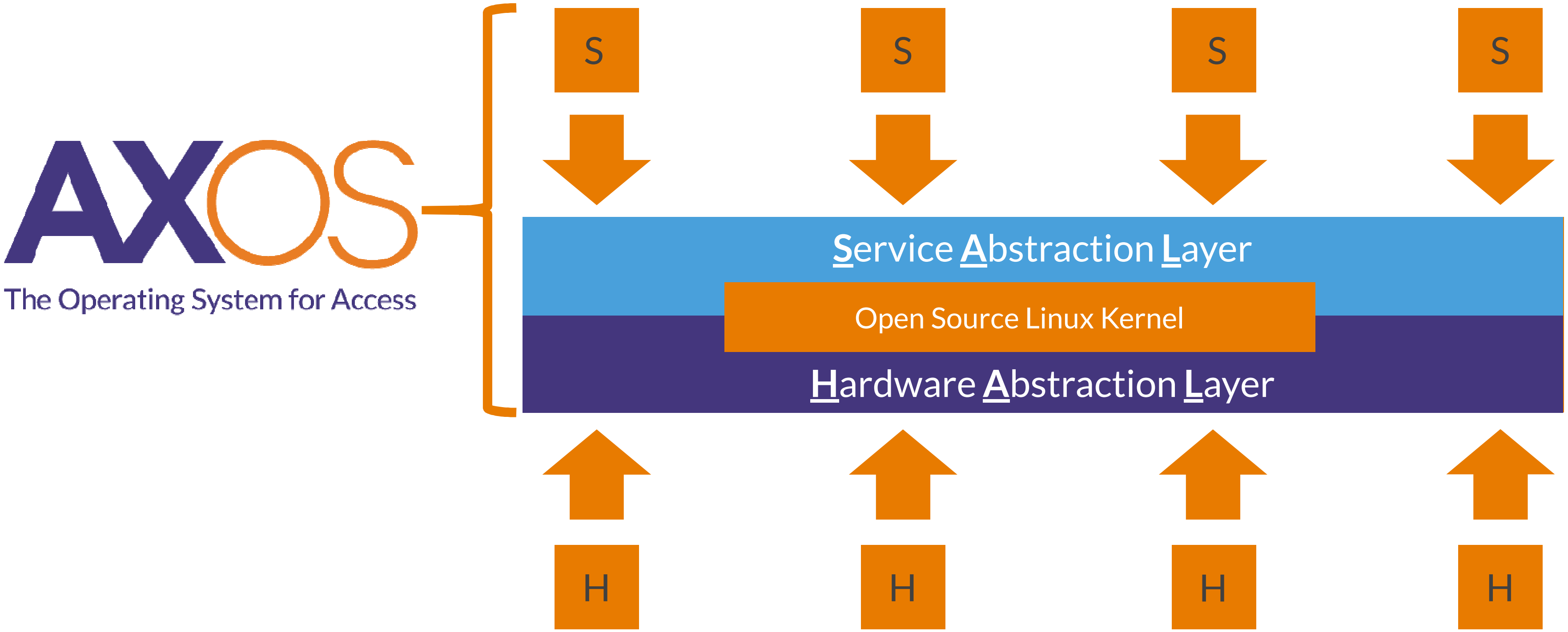
How is it built?

Open Source Linux Kernel

How is it built?



How is it different from a monolithic system?



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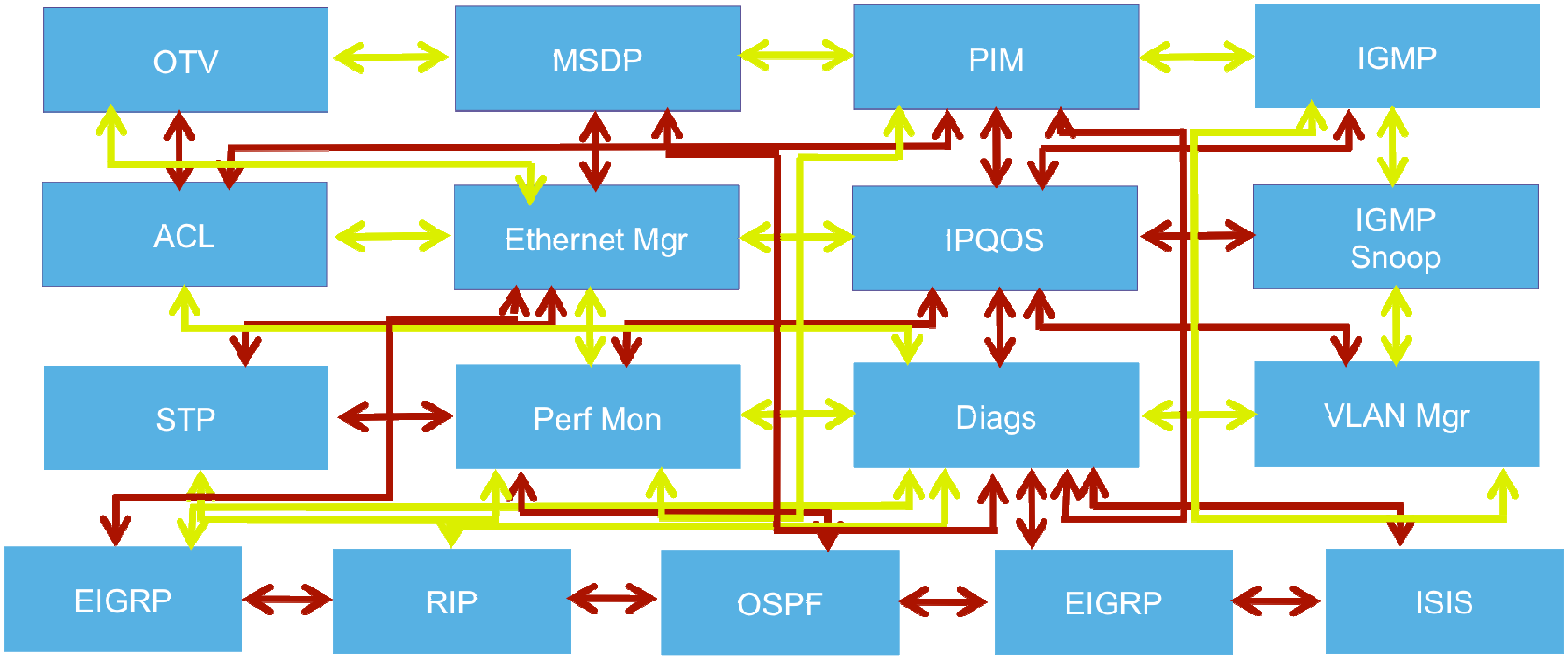


Way different!

User Interface Layer	REST	SNMP	NETCONF / YANG	CLI	*VNF Hypervisor*
Policy and Management Layer	License & Platform Profile Manager	PON Manager	Performance Monitoring	Audit	
	QoS Manager	Policy Discovery Manager	Platform Configuration and Upgrade	Diagnostics	
Protocol and Services Layer	OAM	Timing	Layer 3 Protocols	Host Services	*future*
	Topology & Discovery Protocols	Multi-service Control Protocols	Multicast Protocols	HQoS, Traffic Management	*future*
Protocol Framework Layer	Ethernet Interface Manager	DSL Interface Manager	L2 Forwarding DB Manager	Flow Manager	VLAN Manager
	PON Interface Manager	Multicast Resource Manager	L3 RIB Manager	MPLS DB Manager	*future*
Infrastructure Layer	Service Abstraction Layer				
	Hardware Abstraction Layer				

AXOS

The Operating System for Access

Accelerate Time to Revenue

~~2 years to certify and activate a service~~

Fast

Eliminate Service Disruptions

~~$10B of Access downtime~~

Always On

Reduce Operational Complexity

~~60% of TCO related to Network Operations~~

Simple

Michel Langlois

Senior Vice President, Systems Products

Agenda

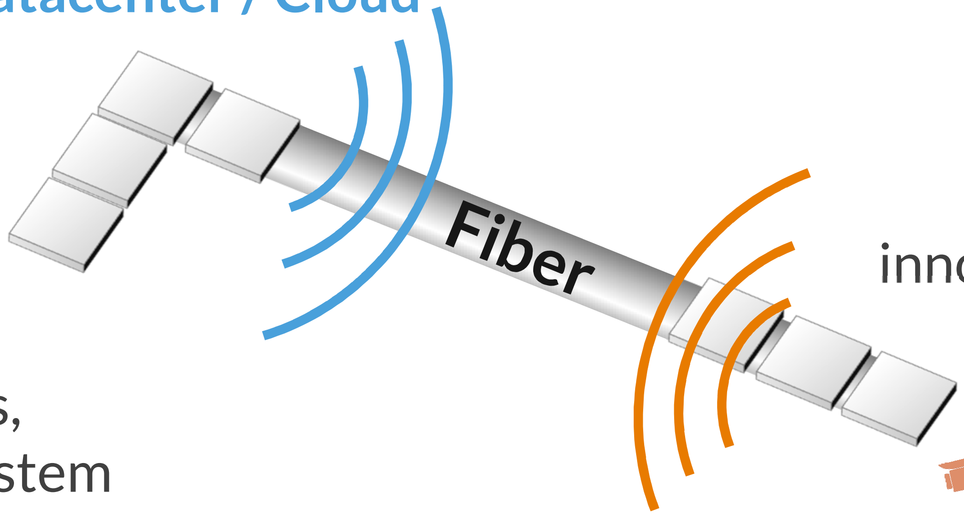
1. Macro drivers: Systems product strategy
2. Key tenets: AXOS strategy
3. Calix: Driving the network transformation
4. Why Calix?

Macro drivers: Systems product strategy

Influence of datacenter and device ecosystem

Technology Enabler 1

Datacenter / Cloud



Technology Enabler 2

Device-enabled experience

Personal devices, innovations and economics

Datacenter Economics, innovations and Ecosystem

Calix strategic axes

Business Imperatives

- Cloud-based service model
- TCO reduction
- Elastic pool

Customer Experience

- Analytics and instrumentation
- Unmatched Wi-Fi performance
- Transparent gigabit experience

End of Access

as you know it…

- Unified Access
- Elimination of constraints of reach, speed, costs

Network Transformation

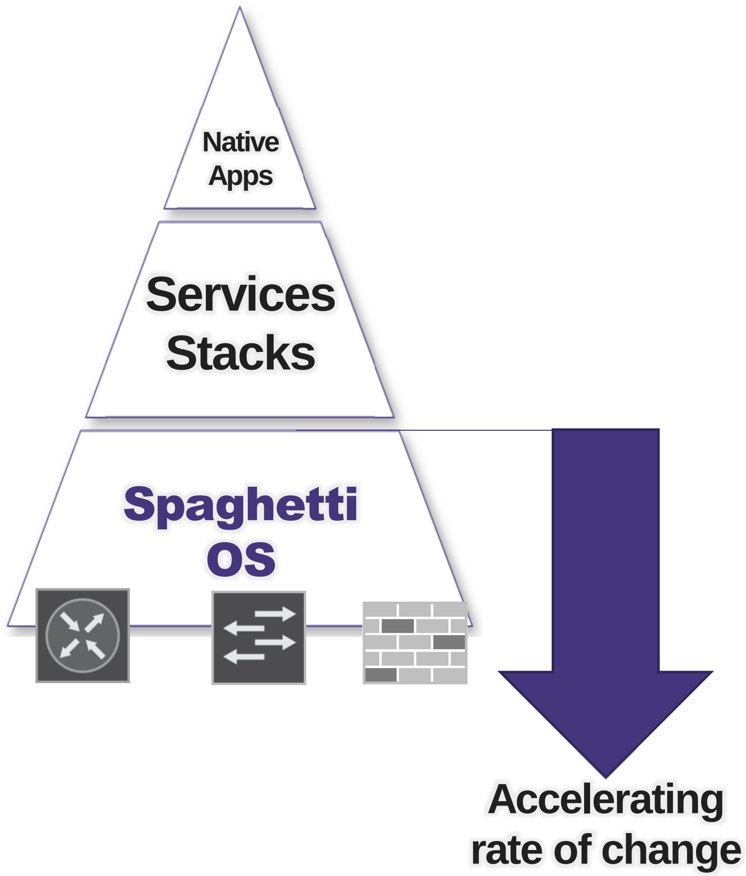
- Fiber evolution
- Copper evolution
- Wireless (Wi-Fi + 5G)
- SDN/NFV integration

Key tenets: AXOS strategy

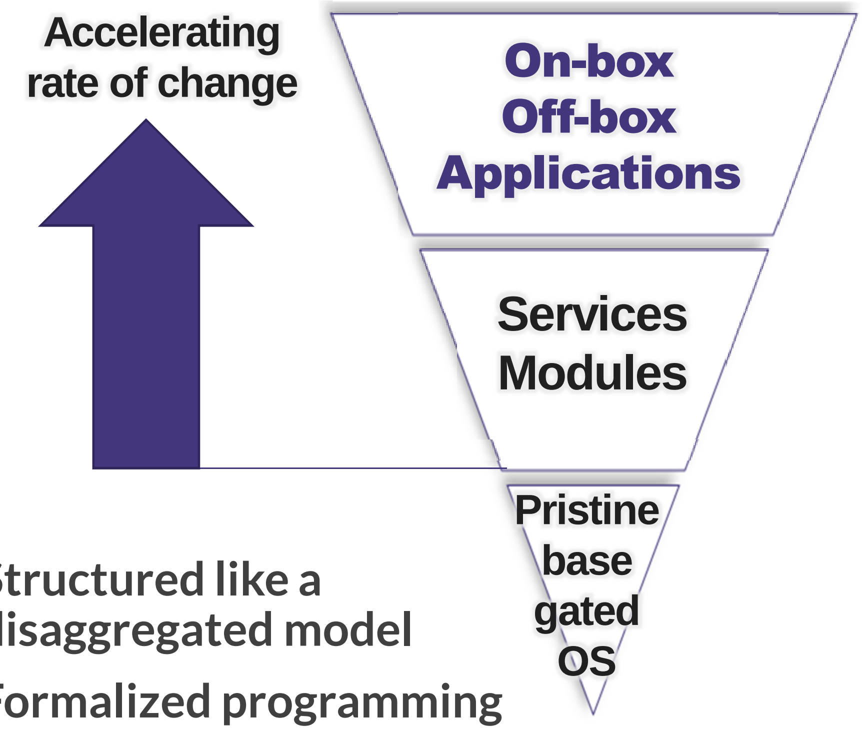
The past: Tightly-coupled networking software

Typical NOS Architecture

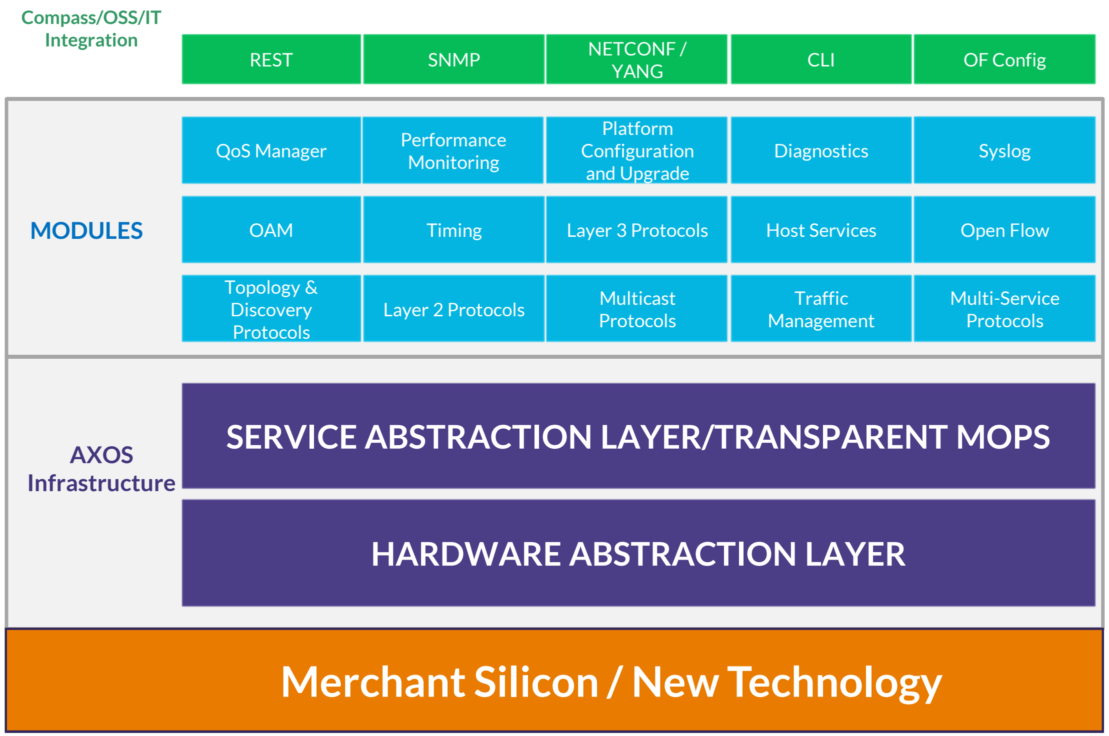
- Application enhancements require frequent base code changes
- No formalized programming interfaces (APIs)
- Private/Proprietary kernel Extension
- Large diverse systems with opposite needs
- Stateless modules
- No object model
- Deep integration with ASIC/Silicon



AXOS software platform architecture goal



- Structured like a disaggregated model
- Formalized programming interfaces (API)
- AXOS isolated from physical layer



The emergence of AXOS

Decades of network/OS evolution and four years of Calix investment

Monolithic Router OS

Modular Router OS

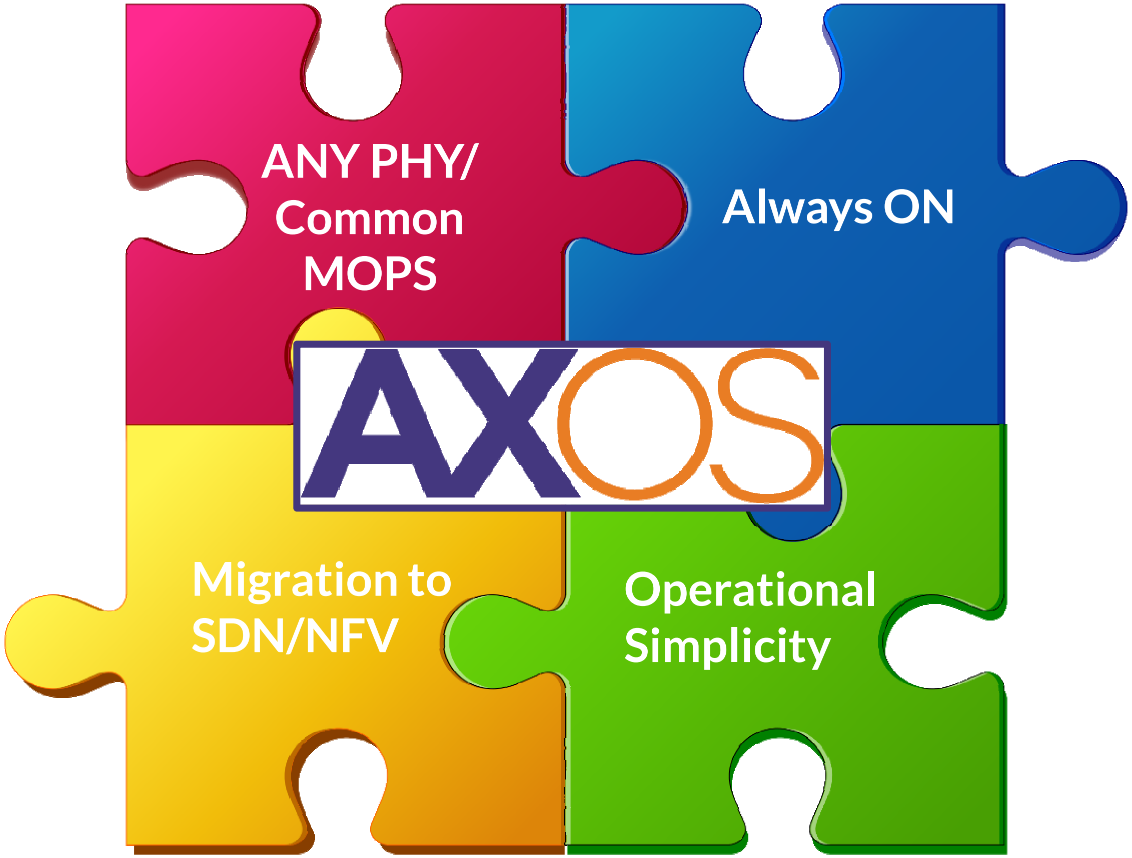
Linux launches GPL

State oriented Switch OS for Data Center (Linux Based)

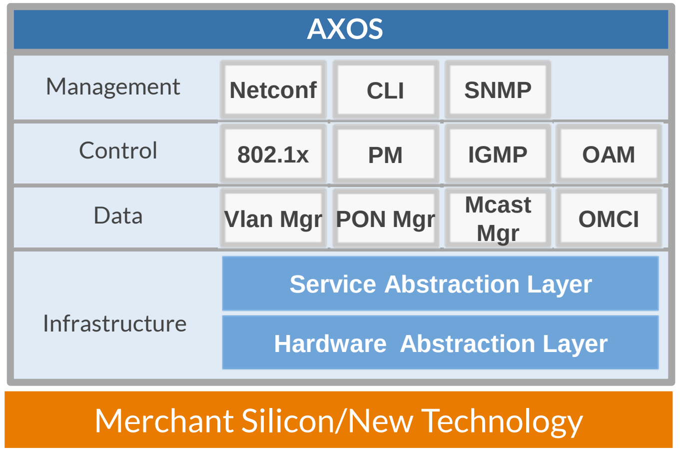
Modular, Component based OS for Access (Linux Based)

1981	1991	2001	2004	2005	2008	2011	2015
MS-DOS, PC reference Design	IOS, first multi-protocol routing NOS + CLI	Junos & XML	IOS-XR for CRS Routers	Linux launches & GPL license	A specialized NOS for data center switches	AXOS investment begins, first modular/ Open OS	AXOS launch: First unified access operating system”

Why is AXOS different?

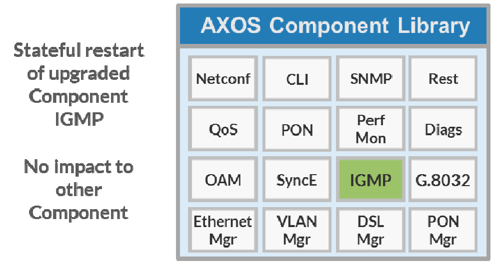


Any PHY



Deliver new products faster

Always On

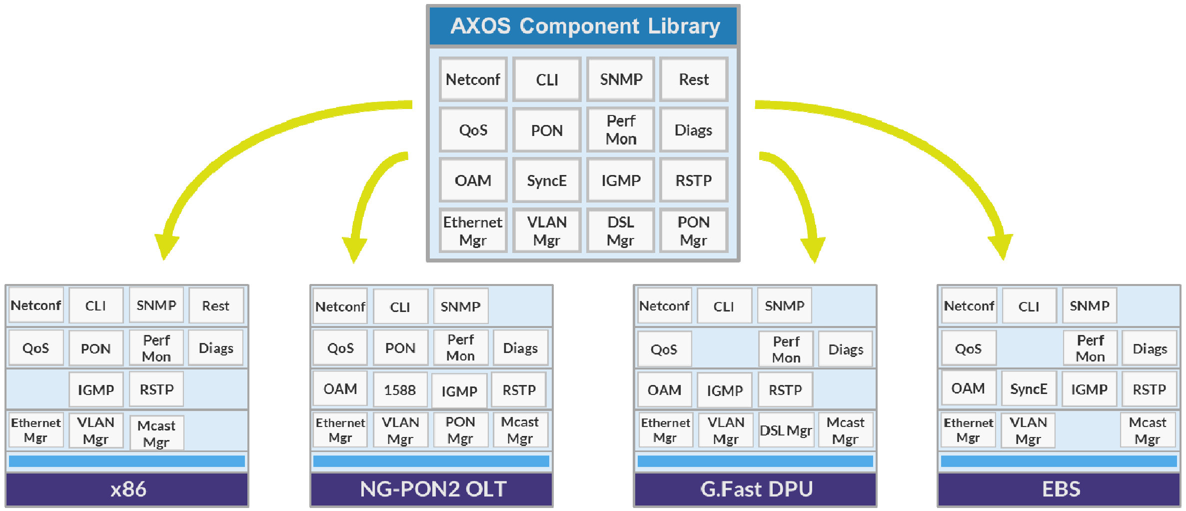


- Modular software components, upgraded independently
- Data plane decoupled from control and management planes

"Stateful" with modular containment for service restarts

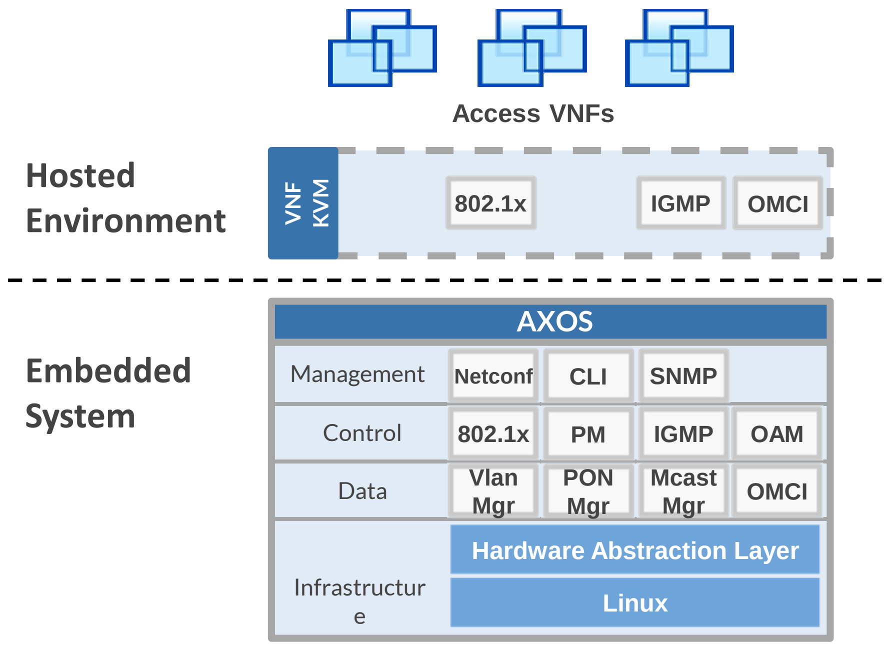
Operational simplicity

- Common YANG models across portfolio
- Consistent customer experience
- Transparent MOPS across portfolio



Reduce total cost of ownership

Migration on/off box



Integrated, distributed, virtualized

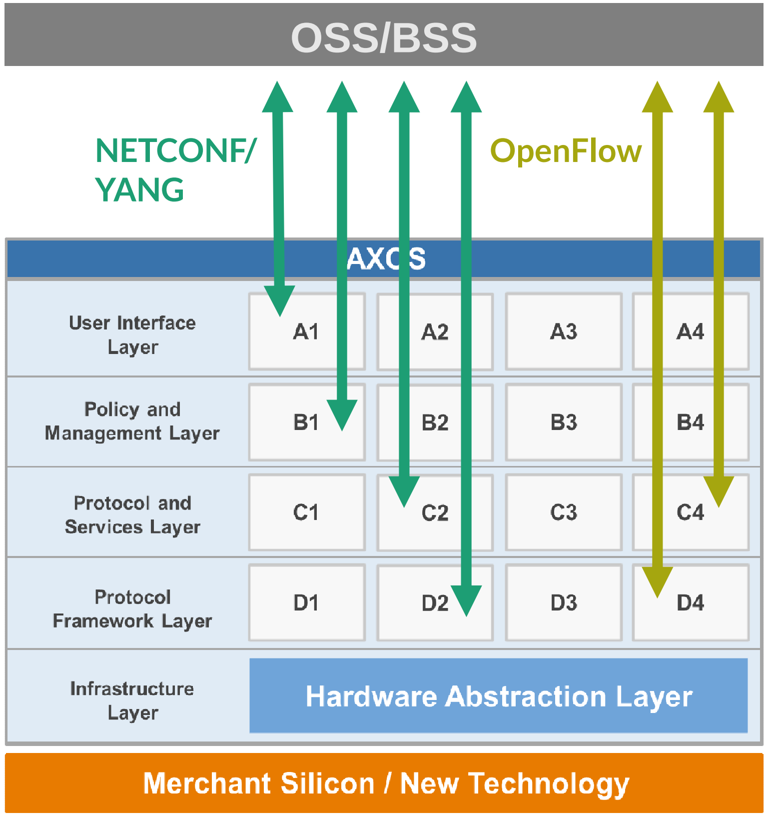
AXOS brings an innovative path to SDN/NFV

Adaptors for legacy OSS/BSS integration

- Support legacy OSS Interfaces (TL1, XML)
- Support new markets (OLC)

Native SDN support

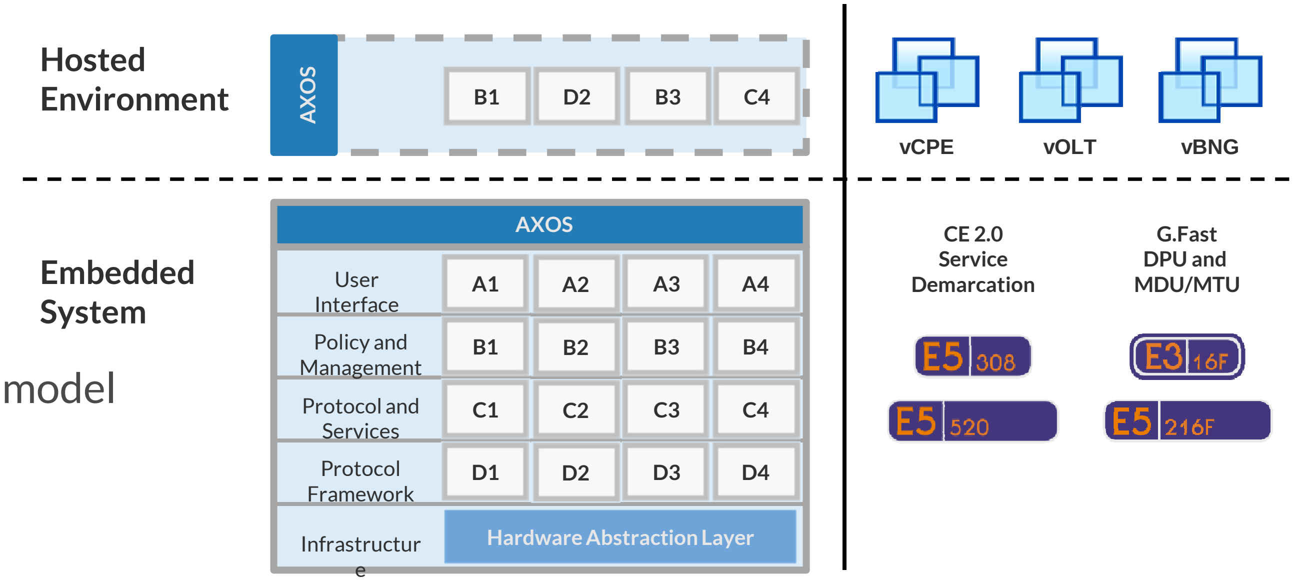
- Support multi-vendor, multi-domain, and open frameworks
  - Netconf / YANG
  - Openflow
  - ODL / ONOS support
  - SDN Controller Partners
- YANG model development
  - Ease of migration (GPON)
  - Standards (BBF)



Our AXOS architecture is extensible

Evolution to NFV

- AXOS portability
  - Evolution from onbox to x86
- vOLT/vBNG tenant apps
  - Increase value proposition
  - New revenue opportunities
- vNID evolution
  - Drive a new commercial services model
- vCPE evolution
  - Balance data center and CPE ecosystems

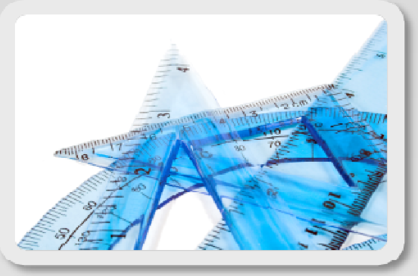


Role of the data center

- NFV ecosystem partners
- Native x86 compute

AXOS platform power

VENDOR



SPEED

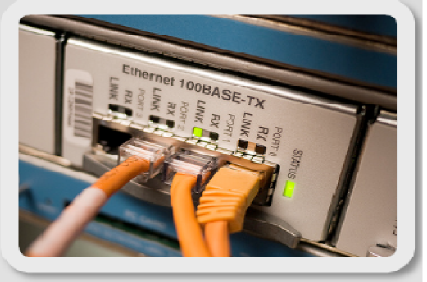
- Solve a hard problem once
- Reuse successful components
- Leverage silicon innovation
- Can integrate Open Source value

PARTNERS

INTEGRATION

- Tighter integration
- Broader opportunities
- Round out the portfolio
- Solution Ecosystem versus larger vendors

SERVICE PROVIDER



TCO

- Predictability
- Workflow Simplicity
- Extensibility (investment protection)
- Carrier class uptime
- Reduce OPEX

CONSUMER

EXPERIENCE

- Fast service activation
- Always ON network
- Device centric experience

Shane Eleniak

Vice President, Product Line Leadership

Driving Network Transformation

Macro Trends

The SDN market could hit $18B by 2018

Market

Internet of Things Market to Reach $1.7 Trillion by 2020: IDC

AT&T launches Supplier Domain Program 2.0
Tuesday 24 September 2013 | 11:36 CET | News

NFV Market to Grow More than 5-Fold Through 2019, Says IHS

Access Technologies

PON is the leading FTTx architecture*

G.fast, VDSL gain market share in broadband CPE market, says research firm **
July 28, 2015 | By Sean Buckley

Next Generation FTTP Standard, NG-PON2, Begins to Emerge
7/17/12 at 2:56 PM by Bernie Arnason

Competition

Nokia is buying Alcatel-Lucent for $16.6 billion

Arris to lay off 10% of its global workforce
FEBRUARY 23, 2016 20:44 EUROPE/LONDON BY ROBERT BRIEL

The Economist
Chinese multinationals
Who's afraid of Huawei?

* Ovum
** IHS Infonetics

What does this mean for Calix?

Alignment between four key areas:

Aggressive competition:

- Own the subscriber experience across all markets

Displacement of incumbency:

- OSS / IT Integration facilitated by SDN / NFV

New Access Equipment purchasing cycle:

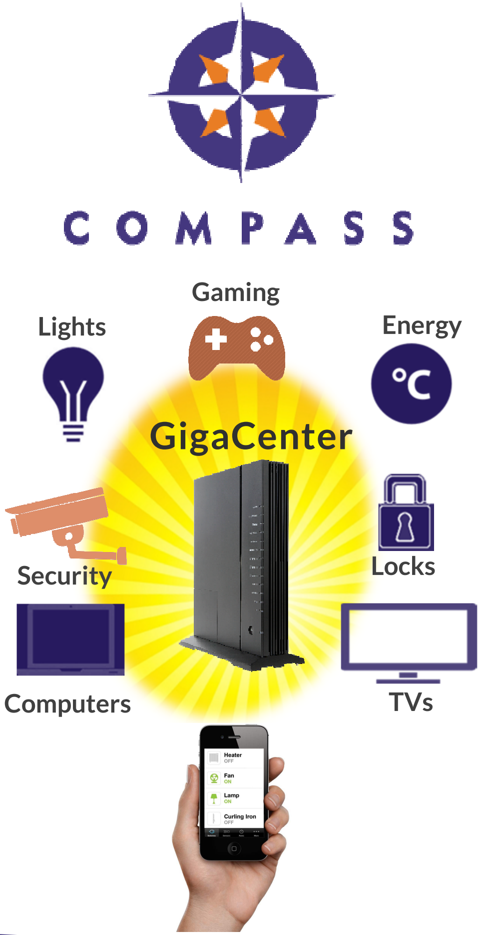
- Technology disruptions – G.fast, NGPON2, IoT, Managed Service Point

Convergence of access architectures:

- Wireline | Cable | Wireless

Intelligent Service edges + Transparent access and the gigabit experience + AXOS

Managed Service Point



Creating an unmatched quality of experience

Carrier Class

- Unmatched performance and reliability

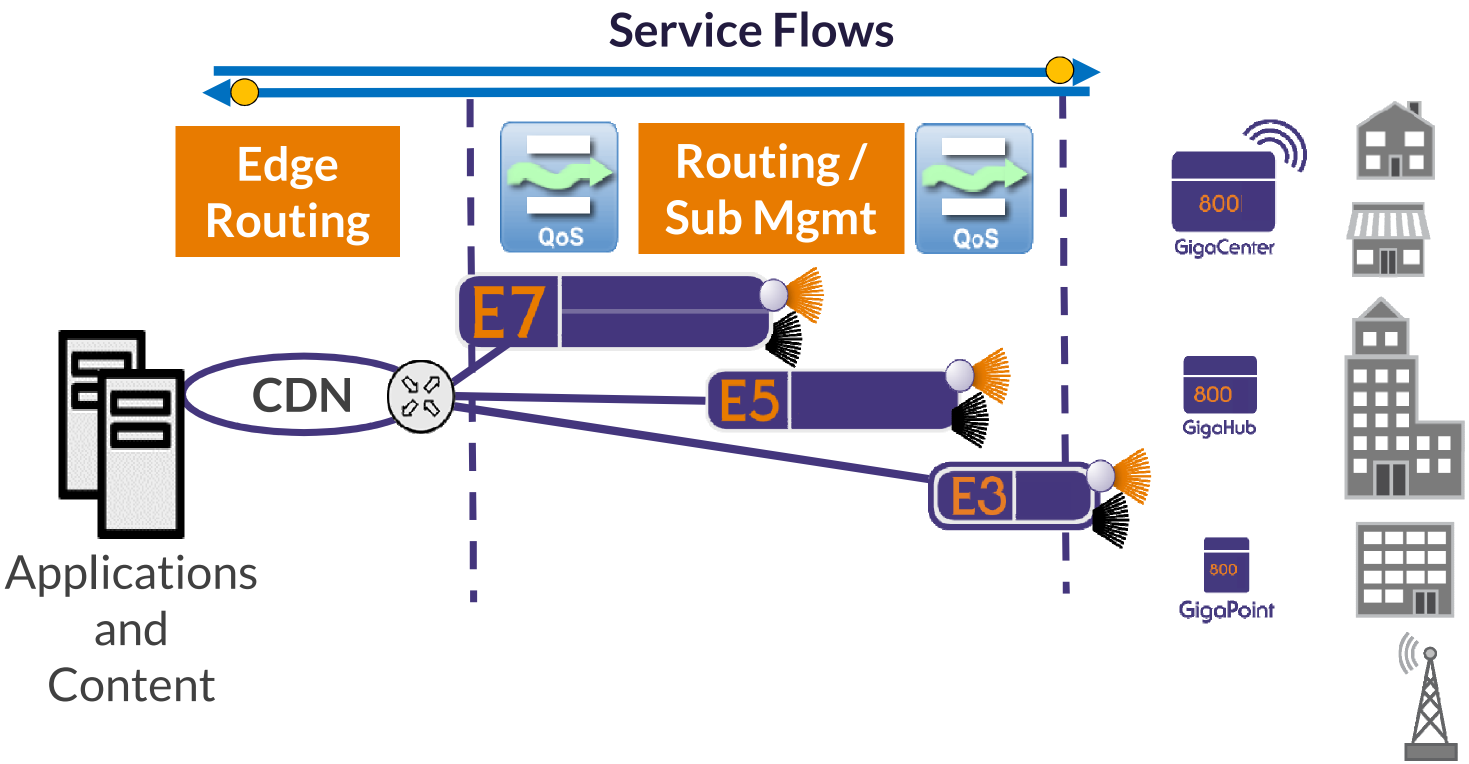
Analytics

- Visibility into customer experience
- Wi-Fi performance, service flows, QoS and object tags

Instrumentation and control

- Change the network based on analytic intelligence

Increase access network intelligence



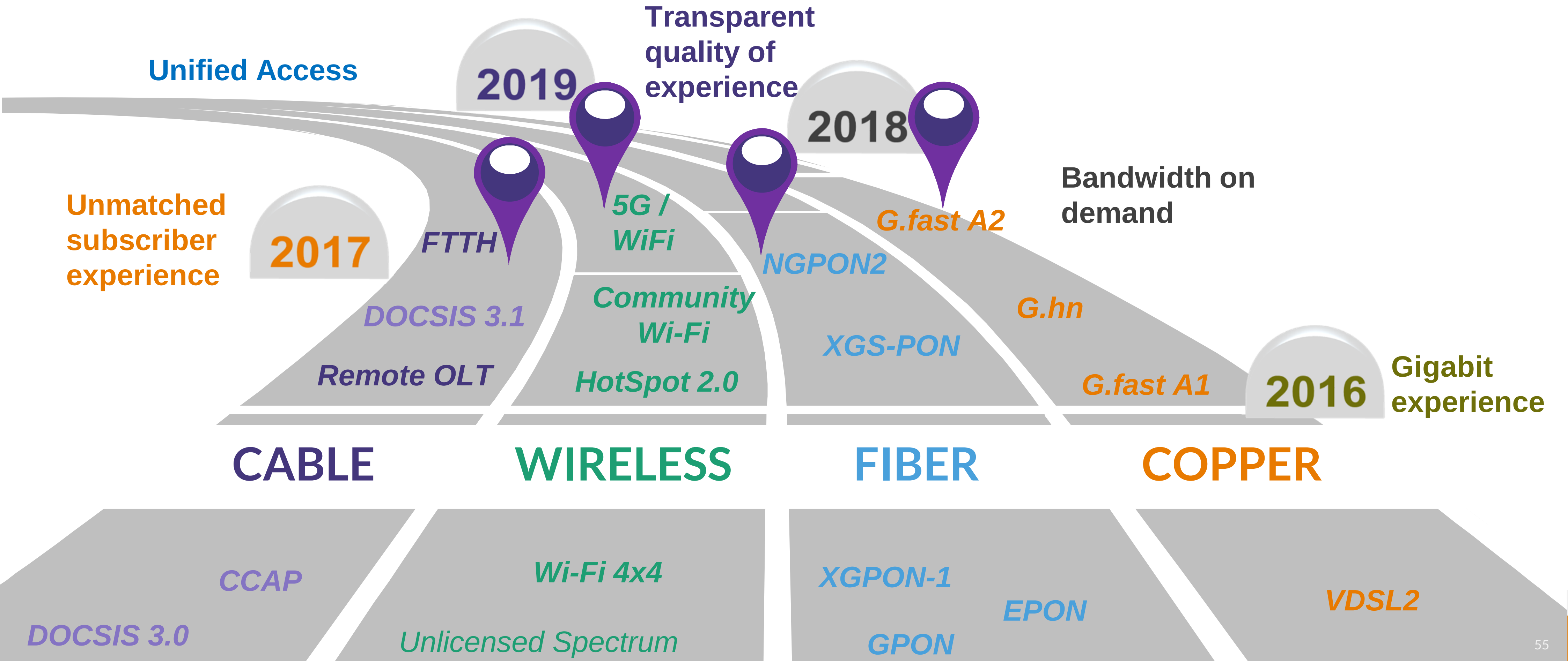
Service flow awareness

- Basis for instrumentation and analytics
- Enable a flow-based service model

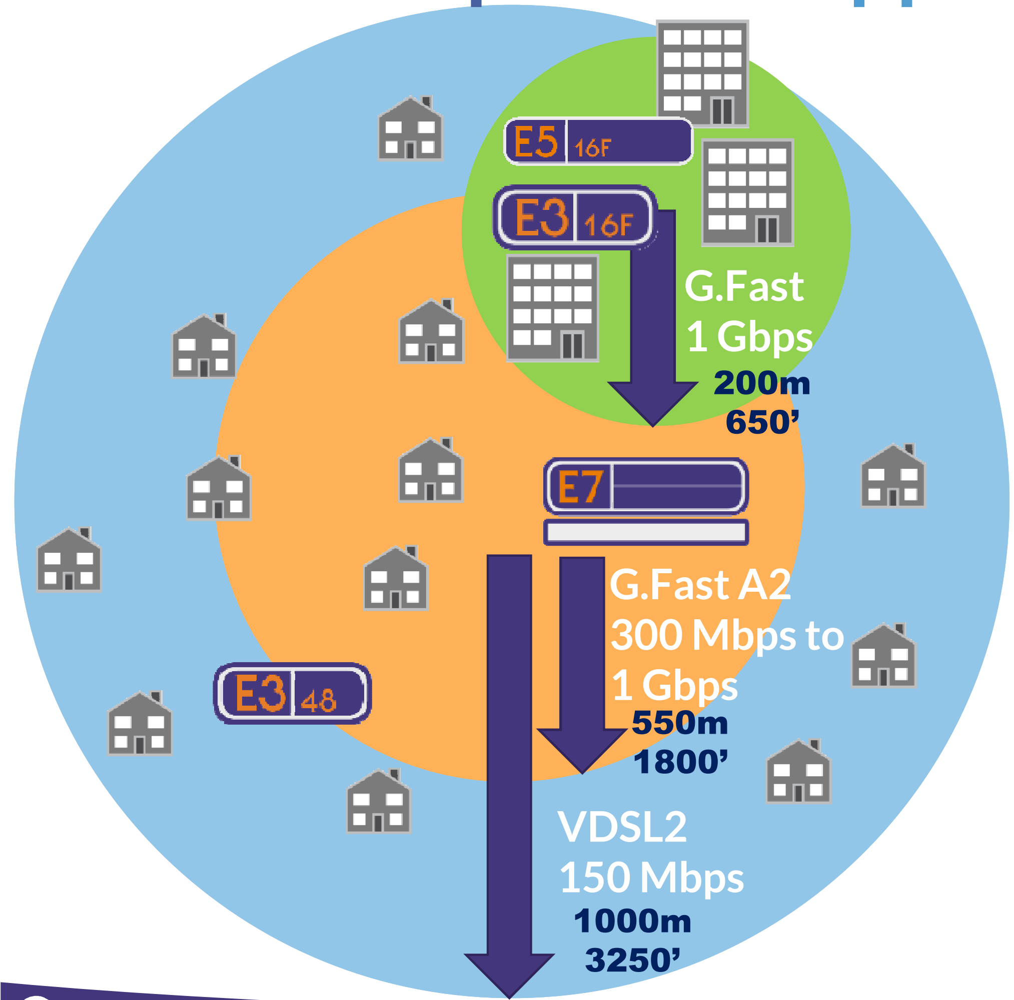
Routing protocols

- Support consolidation of the services edge
- Enable Subscriber Management

Network transformation



AXOS powers copper transformation



Best-of-breed copper technologies

- System level vectored and bonded VDSL2

A gigabit experience over copper

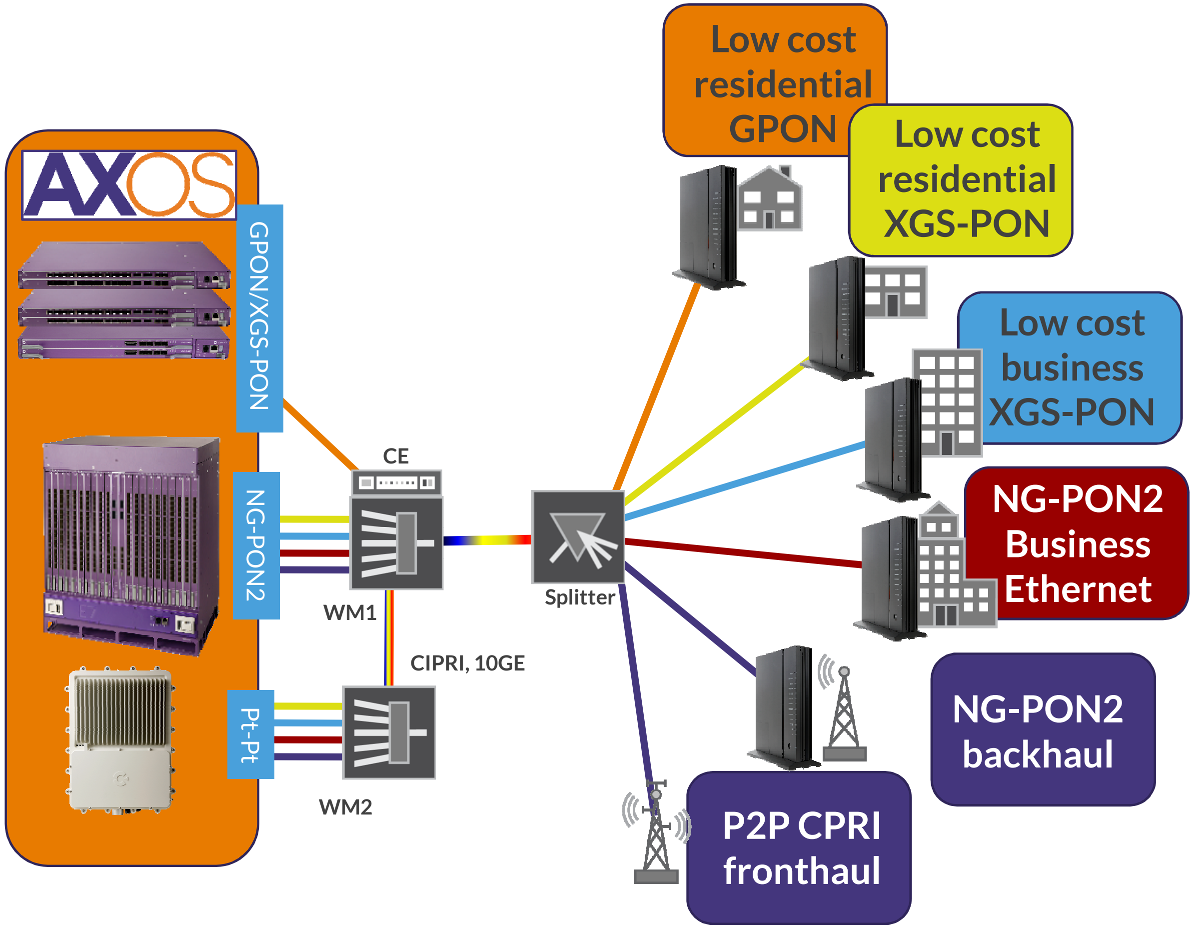
- Leverage G.fast and G.fast Amendment 2

15th Annual Broadband WORLDFORUM2015

Complete portfolio of MDU, DPU, and cabinet-based products

- Calix E7-2, E5, E3 Access Systems and nodes

Ubiquitous next generation PON solutions



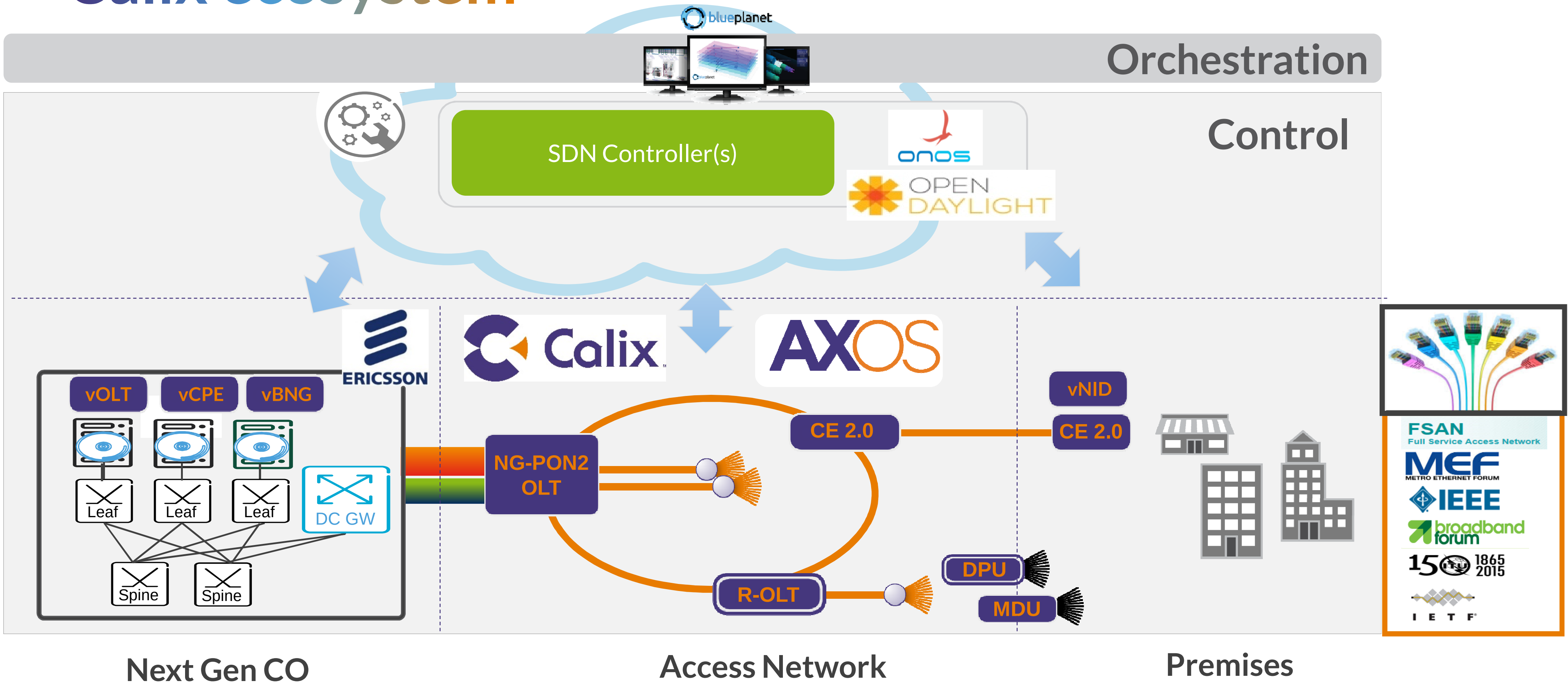
Enable a transparent, converged network

- Bandwidth on demand
- PON agnostic
- Seamless migration
- Single converged network

Complete family of products

- Central office / data center
- OSP
- Premises

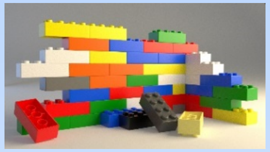
Calix ecosystem



Why Calix?

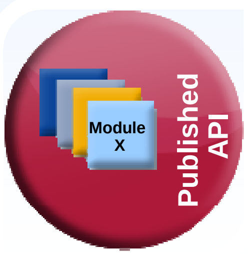
AXOS platform power

Consistent Implementation

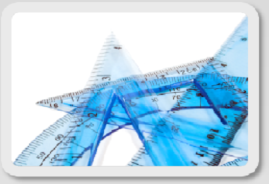


Unified Architecture

Extensible Interfaces



VENDOR



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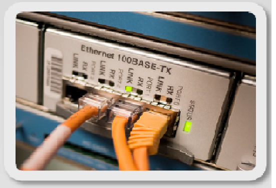

TCO

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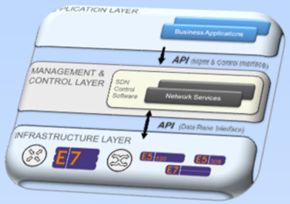
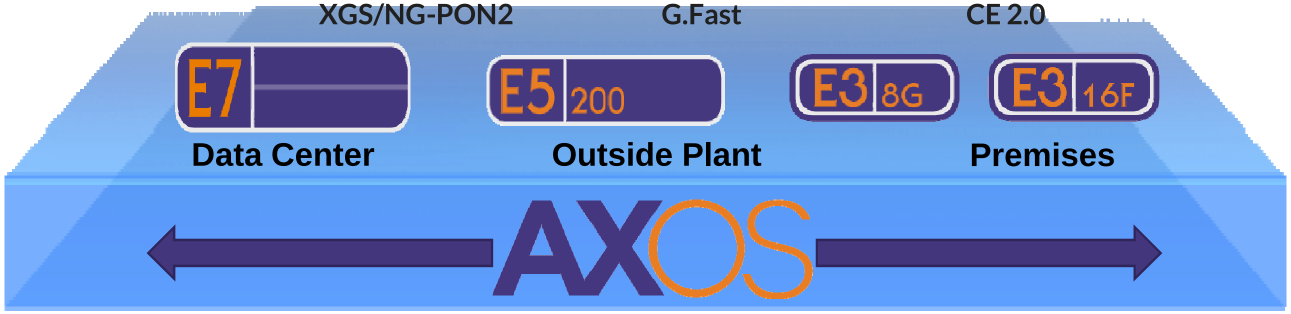
SDN Native



Standard-based

IETF RFC 6241
YANG, Netconf
TR-69

Proven Resilience



Systems product strategy tenets

Intelligent Service edges

Transparent access and the gigabit experience

AXOS

New products

- Disaggregated and distributed systems
- Native SDN and NFV
- Portable across the access network and the cloud
- Flow based

Copper migration strategy

- Gigabit experience on copper

Fiber migration strategy

- Converged network
- On demand capacity

Premises strategy

- Instrumented, controlled, managed services

AXOS SW Platform

- Full hardware and service abstraction
- Activate new functions individually
- Live upgrades
- Self-diagnosis, self-healing and process auto-restart
- Open standards, open interfaces

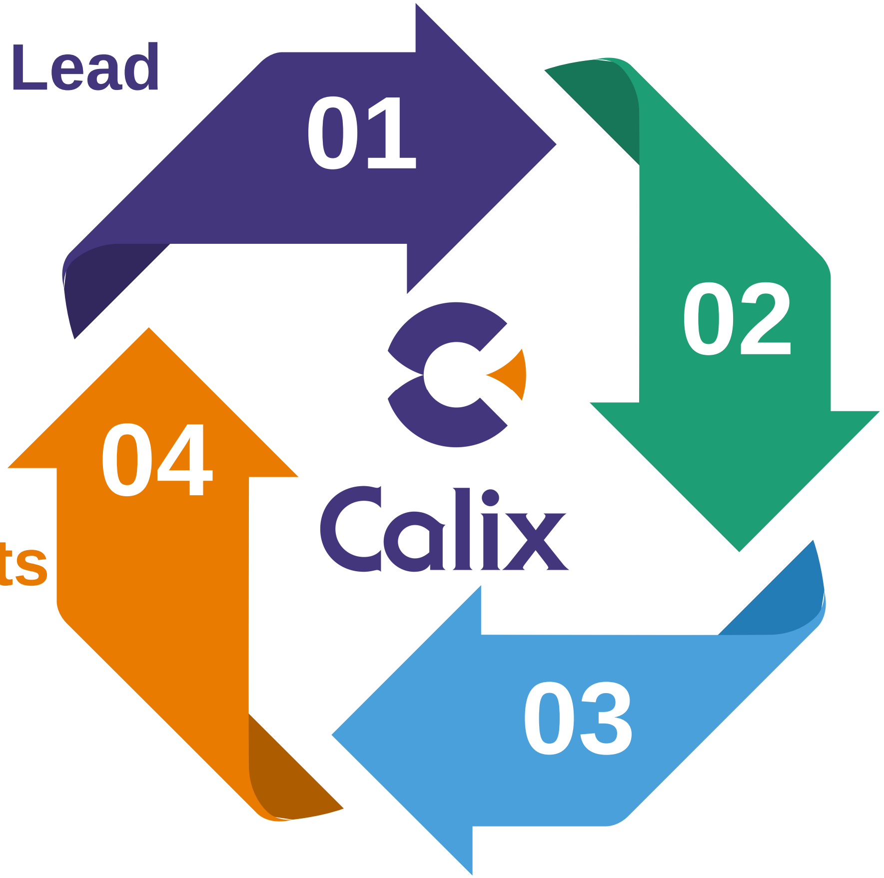
Calix Winning Strategy

Architectural Lead

- AXOS SW Platform
- Differentiated SDN / NFV
- Technology Innovation

Focus on Access

- Only vendor pure play
- Global reach
- Complete Ecosystem
- Direct Engagement



Winning Products

- Comprehensive Product Portfolio
- Best in class Products

Customer Appeal

- Aligned with Customer Evolution Plans
- Fast, Always On and Simple resonates across Telco, Cable MSO and Wireless Operators
- Nimble and responsive

Three key platform development takeaways

AXOS changes the rules for how service providers can win in the future

Calix innovations are well-suited to take advantage of disruptive forces influencing the access network

Calix is driving changes to the access domain

John Colvin

Senior Vice President, North America Sales

Agenda

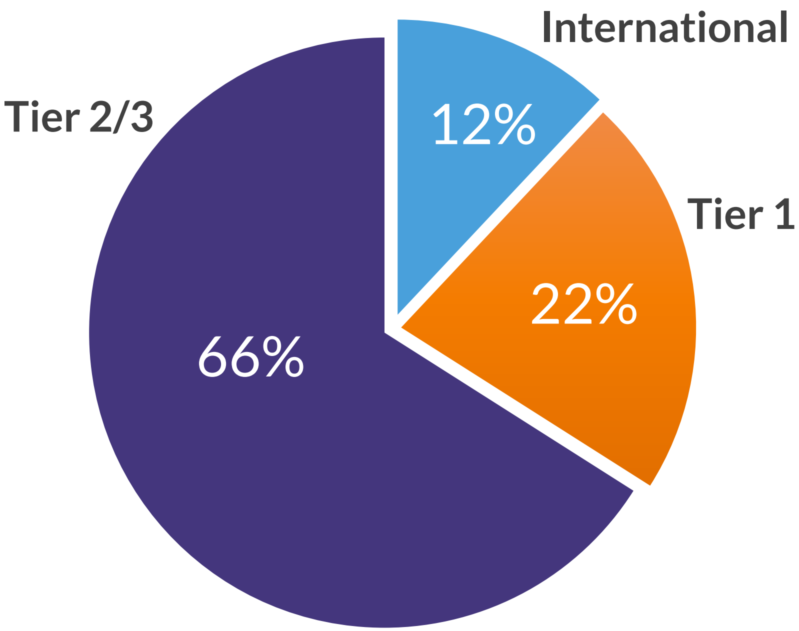
1. Calix sales engagement
2. Engaging with customers
3. Key customer needs
4. 2016 initiatives

Calix Sales Engagement

Customer engagement leadership

Focus: Strategically aligned bookings

John Colvin
Senior Vice President
North America Sales

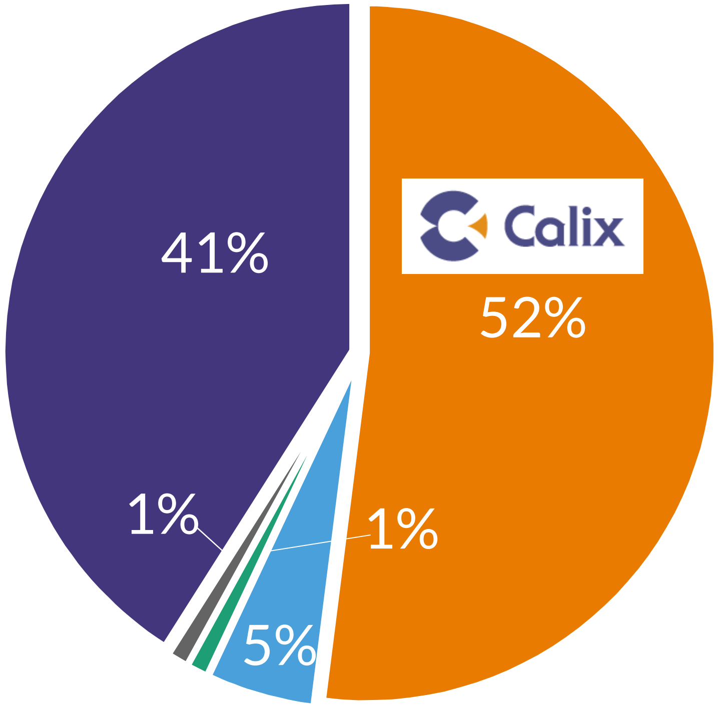


2015 Customer Mix

Andy Lockhart
Senior Vice President
International Sales

Service providers love to work with Calix…

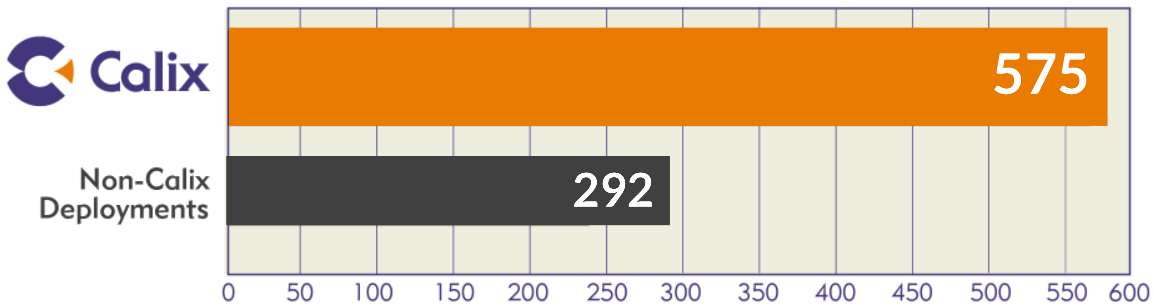
We are the North American market share leader in GPON OLT revenue…



Infonetics, September 2015

Service providers love to work with Calix…

We have nearly twice as many FTTP deployments in North America as all other vendors combined…



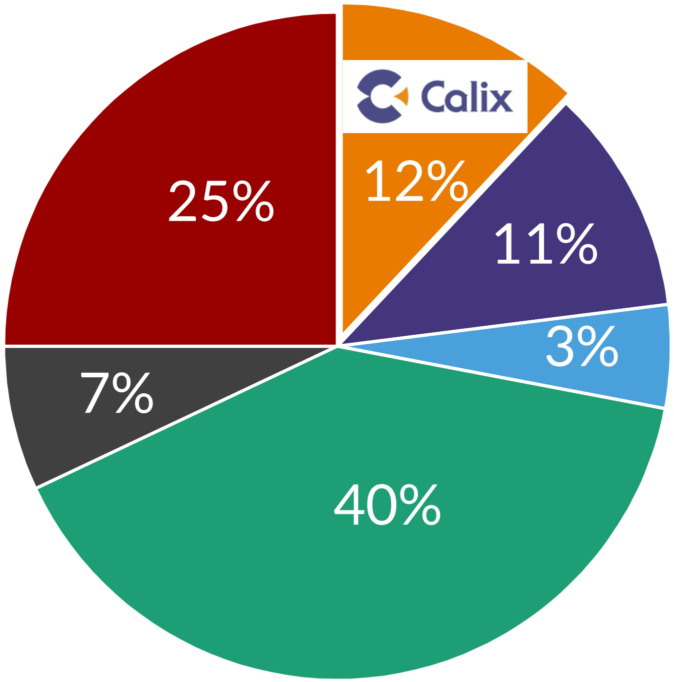
Broadband Communities, November 2015

Service providers love to work with Calix…

We have grown to become a "Top 3" FTTP vendor globally over the last 5 years…

Worldwide FTTP (GPON) OLT

Q3 2015, Revenue



Infonetics, September 2015

We have 1300+ customers globally … and growing

Calix is deployed in over 100 countries

How? An unwavering focus on alignment

Calix processes aligned with customer and market needs

Customer focus—CEP

Customer Engagement Process

- **Goal:** Simplify
- **Metric:** Customer satisfaction
- **Execution:** Ensure customer success

Product focus—AIM

Agile Innovation Methodology


Visionary


Consultative

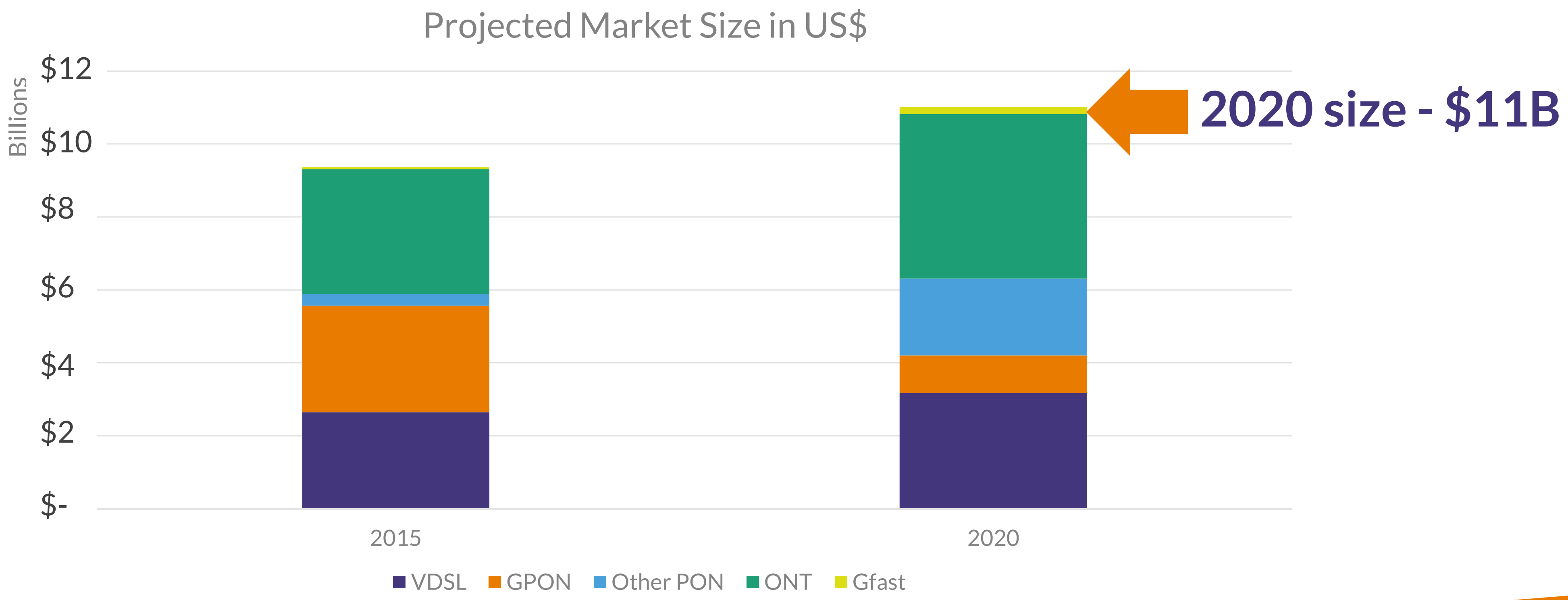

Engaged


Expert

Access is a large and growing market

Calix customer engagement process positions us to win

Global access TAM by technology – IDC estimates 2015-2020



CEP models vary by geography

North America

A team of 300+ professionals dedicated to serving our customers predominantly DIRECT

Direct

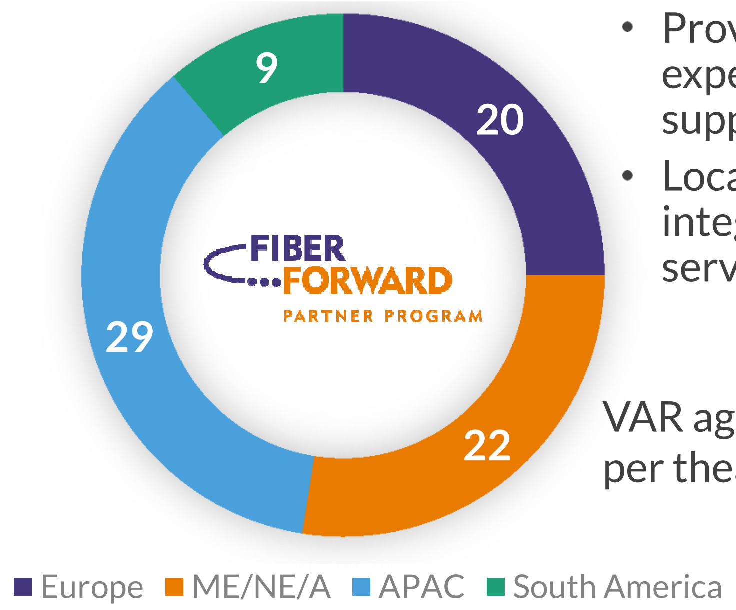
- Majors
- Nationals
- Regionals
- CALA
- Canada

Indirect

- 10 resellers

International

80 local resellers dedicated to serving our customers INDIRECT



- Provide local expertise and support
- Local systems integration services

VAR agreements per theater

Calix global reseller partnership

Ericsson strategic partnership

ERICSSON

Acquisition and global reseller agreement

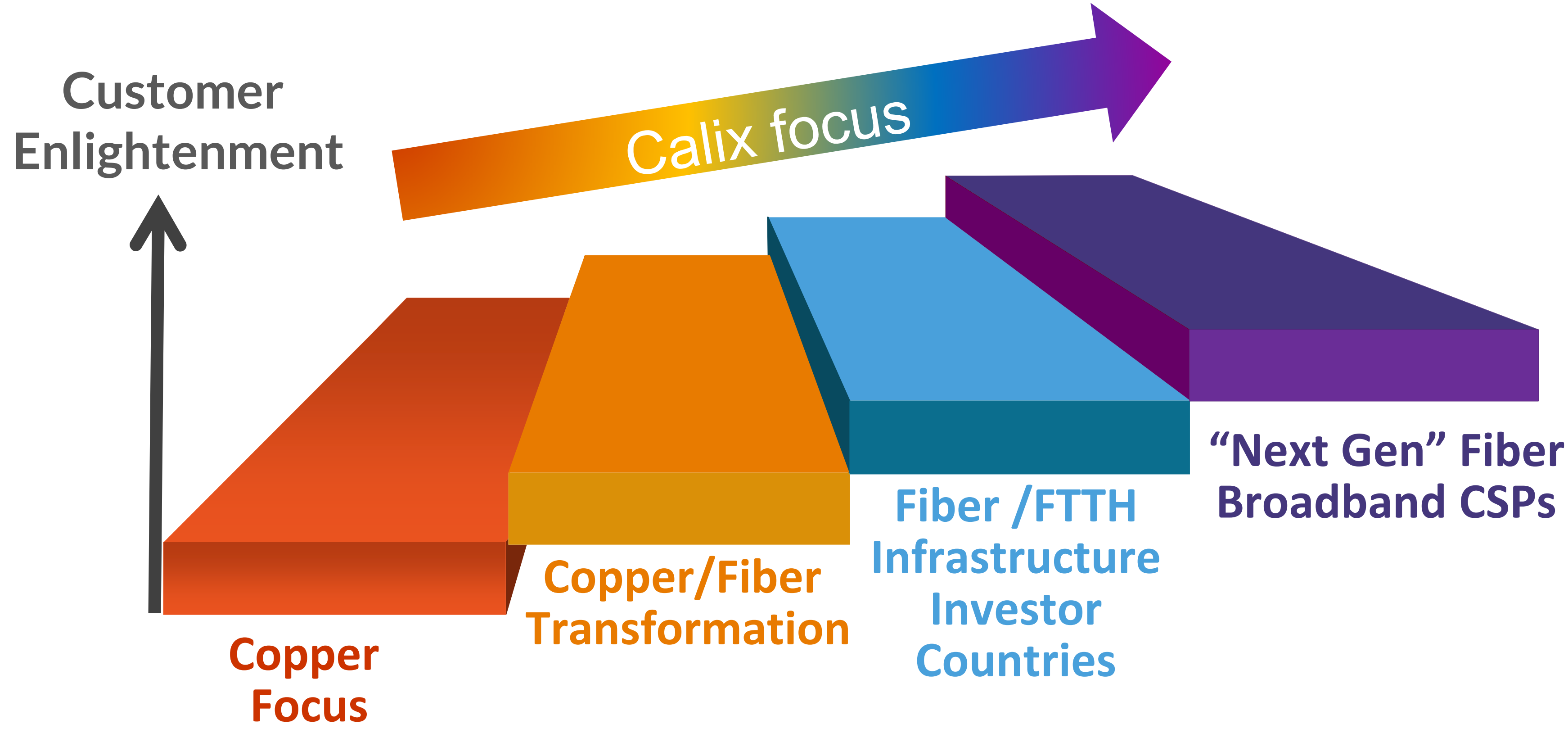
- Established November 5, 2012
- Calix acquired all Ericsson fiber access assets

Calix is Ericsson's preferred broadband access vendor globally

- Extends into 180 countries worldwide

Finding the right Calix solutions fit

Global customer transformation stages



Engaging with Customers

Engaging with purpose – Choosing the right method

Direct engagement – Consultative, trust building

- Customer acquisition, securing new projects

Mass engagement – Awareness, vision, thought leadership

- Calix User Group, Calix Roadshows, Partner Summit, trade shows

Virtual engagement – Transactional efficiency, education, self-service

- Calix web platform, My Calix, configurator, storefront

Mass engagement – Calix events

Fall: Calix User Group

- Purpose: Vision
- 1600+ attendees
- Industry's premiere access-focused event
- Educational focus
- Product debuts

Spring: Calix Roadshows

- Purpose: Deployment
- 1200+ attendees
- Case studies
- 30 North America stops

Spring: Partner Summit

- Purpose: Motivation
- 100+ attendees
- Educational focus
- Awareness and value selling

Daily virtual engagement: Calix Web Experience

Frictionless transactions

Debut: 11/2015

- Educational focus
- Communities
- Self-service tools
- Mobile responsive

Next: Transactions

- Storefront
- Configurator
- Quote generator
- Take order 24/7

Key Customer Needs

Top of mind for service providers

Global gigabit experience leadership

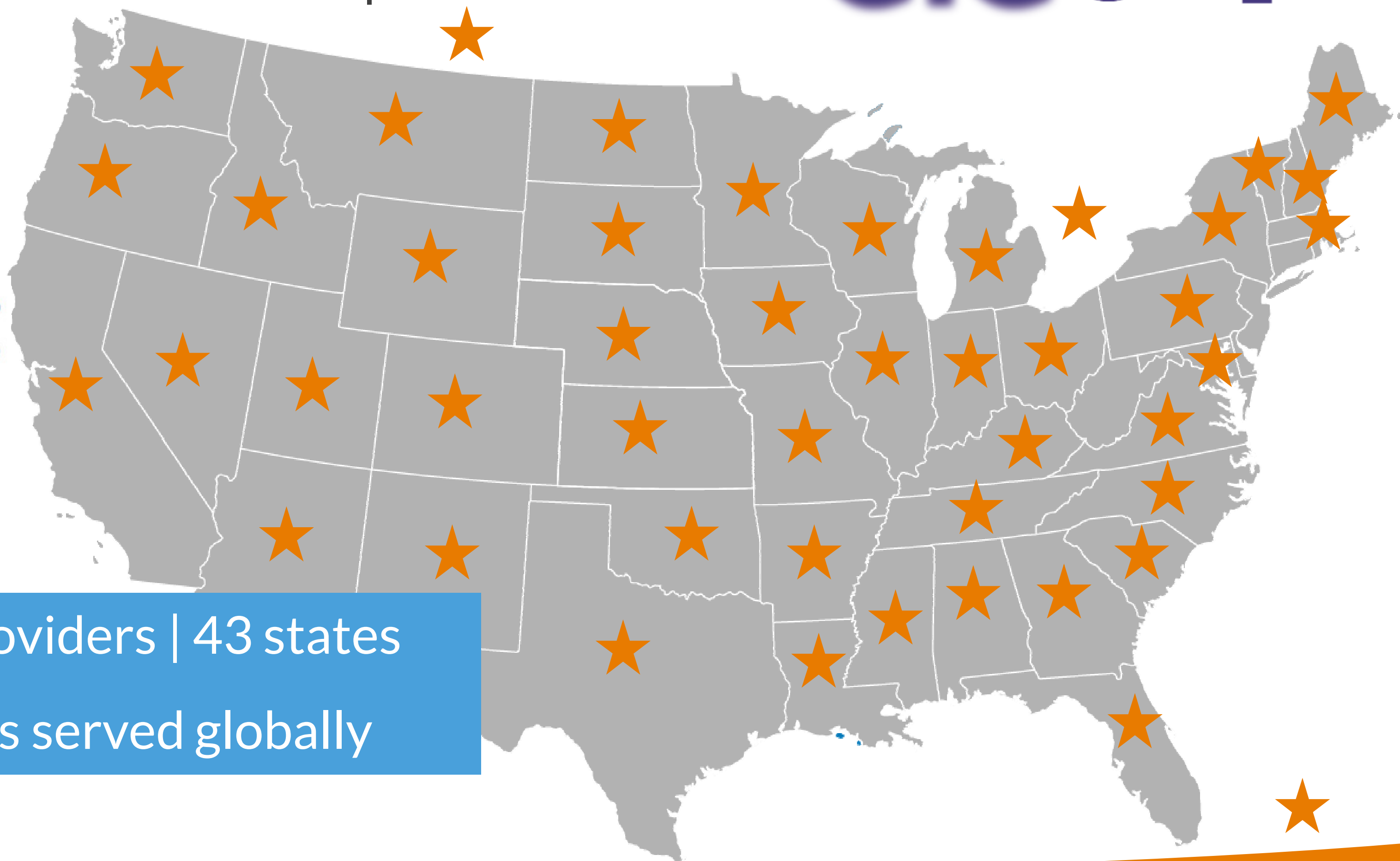
GIGUP!

GIGAZONE™

Cincinnati Bell Fioptics

WHAT'S YOUR GIGALIFE?

TDS®



U.S. today: 131 service providers | 43 states

Thousands of communities served globally

Focusing on next wave of technology innovations

10G PON and G.fast present insertion points in new accounts

Leading the charge in cutting-edge demonstrations

- Gigabit speeds over copper with bonded G.fast (Broadband World Forum)
- 10G tunable optics and coexistence demos – NG-PON2, XGS-PON, GPON

15th Annual Broadband WORLDFORUM2015

Calix Announces Innovations in G.fast and Vectoring at Broadband World Forum

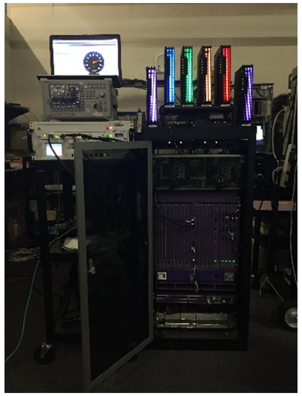
Live bonded G.fast demo to surpass gigabit threshold; VDSL2 system level vectoring to set new standard for deployment economics over copper

LONDON – **October 20, 2015** – Calix, Inc. (NYSE: CALX), the world leader in gigabit fiber deployments, today announced the expansion of its copper solutions portfolio to be highlighted at the Broadband World Forum (BBWF) this week in London. Among the new innovations are:

- Live demonstrations of G.fast bonding technology delivering broadband speeds in excess of 1 gigabit per second (1 Gbps) over existing copper infrastructure up to approximately 250 meters
- Live demonstrations of interoperability between Calix G.fast DPUs and modems and those of other vendors at the Broadband Forum Interoperability Pavilion
- The debut of breakthrough VDSL2 system level vectoring (SLV) solutions on the Calix E7-2 modular access systems that deliver up to 96 vectored ports without the economic and operational burden of a dedicated vectoring control processor card (VCP)
- The introduction of new VCPs on the E7-2 modular chassis that can scale from 97 to 384

TAKE FLIGHT

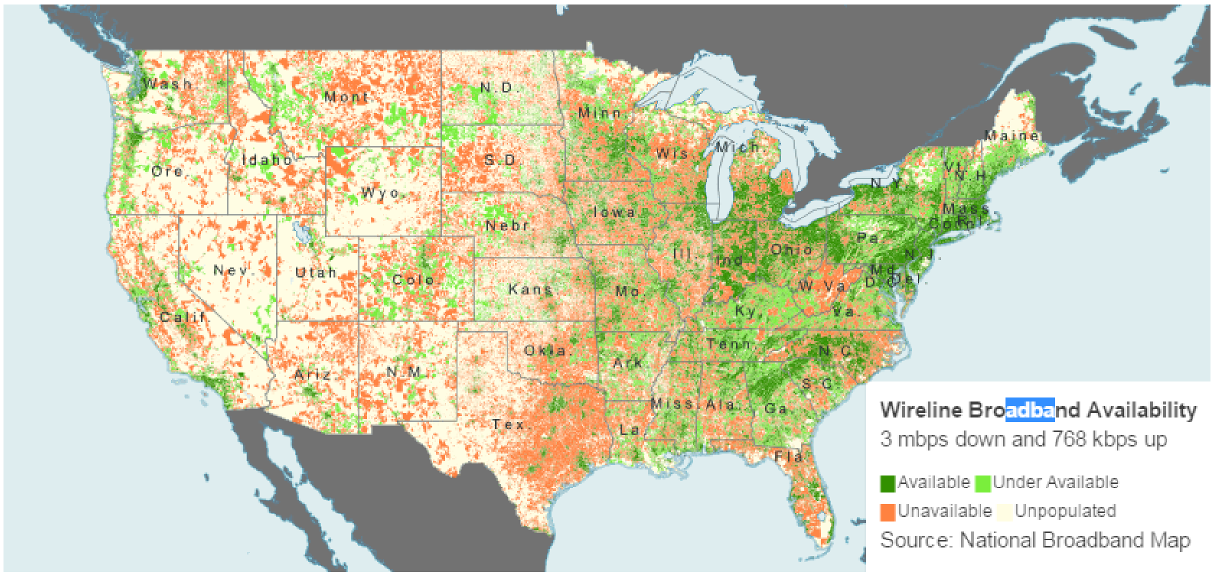
2015 CALIX USER GROUP CONFERENCE



Government broadband initiatives

Provides CAPEX floor for our U.S. service providers, opportunity globally

US: Connect America Fund



Price Cap – Copper focus

- $1.6B+ per year

Rate of Return (TBD)

- $2B+ per year

CAF2 auctions (TBD)

- $200M per year –early 2017 – Overbuild uncommitted areas

Many more country-specific broadband modernization initiatives

2016 Initiatives

Expanding what Calix can sell

New technologies provide insertion points

- Next generation PON, G.fast, Software Defined Access (SDN/NFV), Compass

New world-class solutions already in deployment

- AXOS
- GigaFamily solutions:
  - New GigaCenters, GigaHubs, GigaPoints
- Cable solutions: E3 Sealed Access Nodes

Advanced solutions coming to market soon

- NG-PON2 solutions: E7-20 and E7-2 Access Systems

Continued global expansion

Becoming local globally

Strategy

- **Enter attractive country markets with a focused Calix presence and local partners**
  - Capture market share
  - Balance between mature and developing higher growth countries

FIBER FORWARD
PARTNER PROGRAM

- **Consultative customer engagement**
  - Right customer fit
  - Right Calix solutions
  - Right cooperation with local partners

- **Leverage key global partners**

Three key customer engagement takeaways

Calix has powerful and proven customer engagement processes

Customers and prospects are resonating with Calix solutions

We are poised to find new insertion points in growing markets

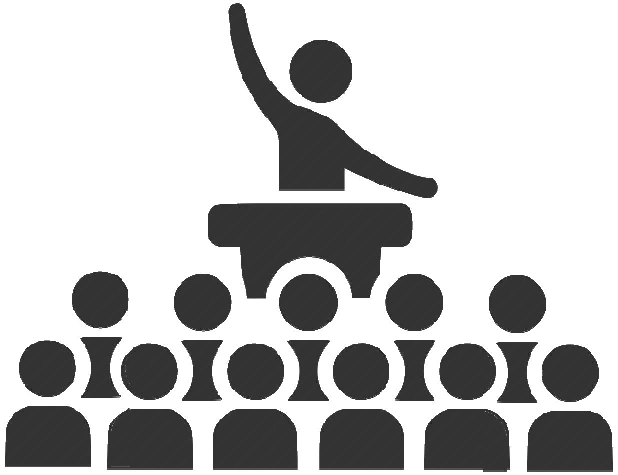
David Seda

Vice President, Marketing

Agenda

1. Marketing vs. Sales
2. Calix product positioning
3. AXOS
4. Industry leadership

Marketing



Sales

One-to-many · · · · · **Communicate** · · · · · One-to-one

Create · · · · · · · · · · **Needs** · · · · · · · · · · Fulfill

Routes-to-market · · · · · **Relationships** · · · · · Routes-to decision

Marketing Different

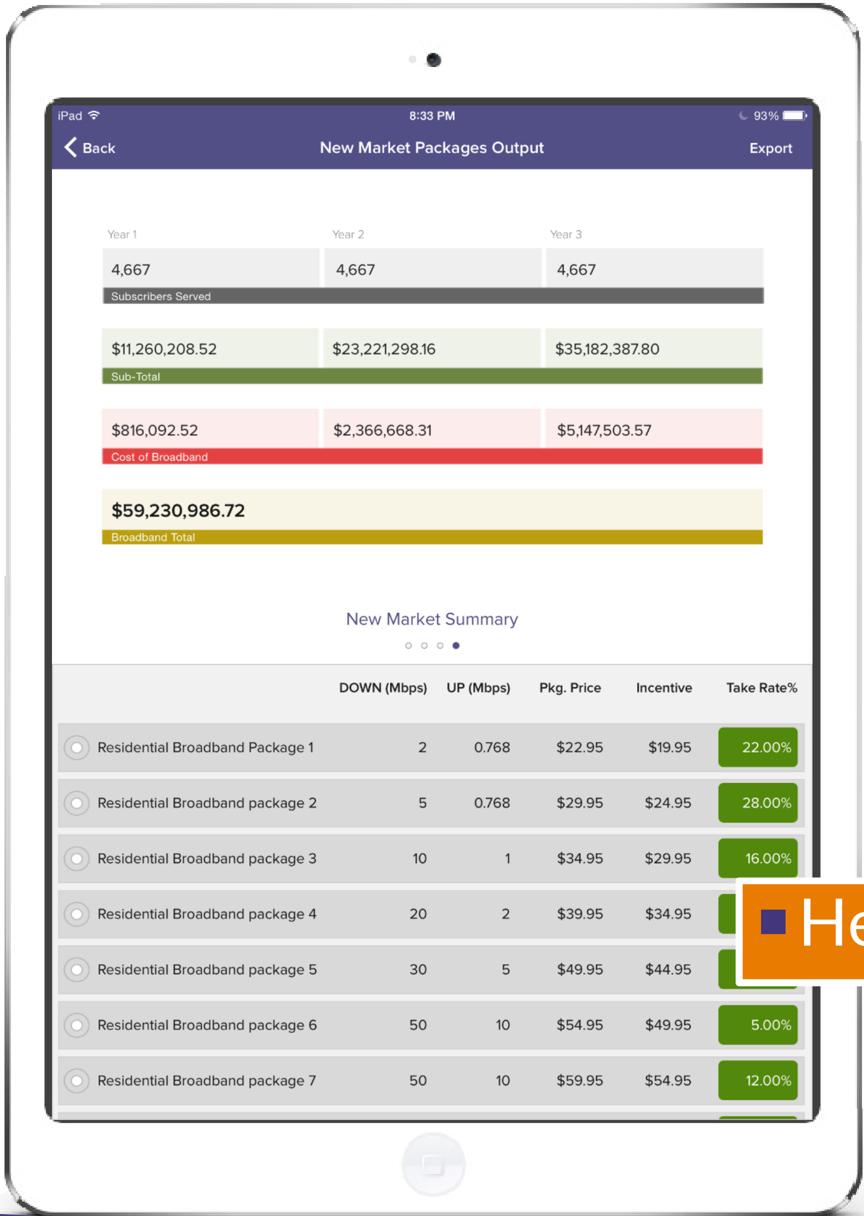
☐ BIG

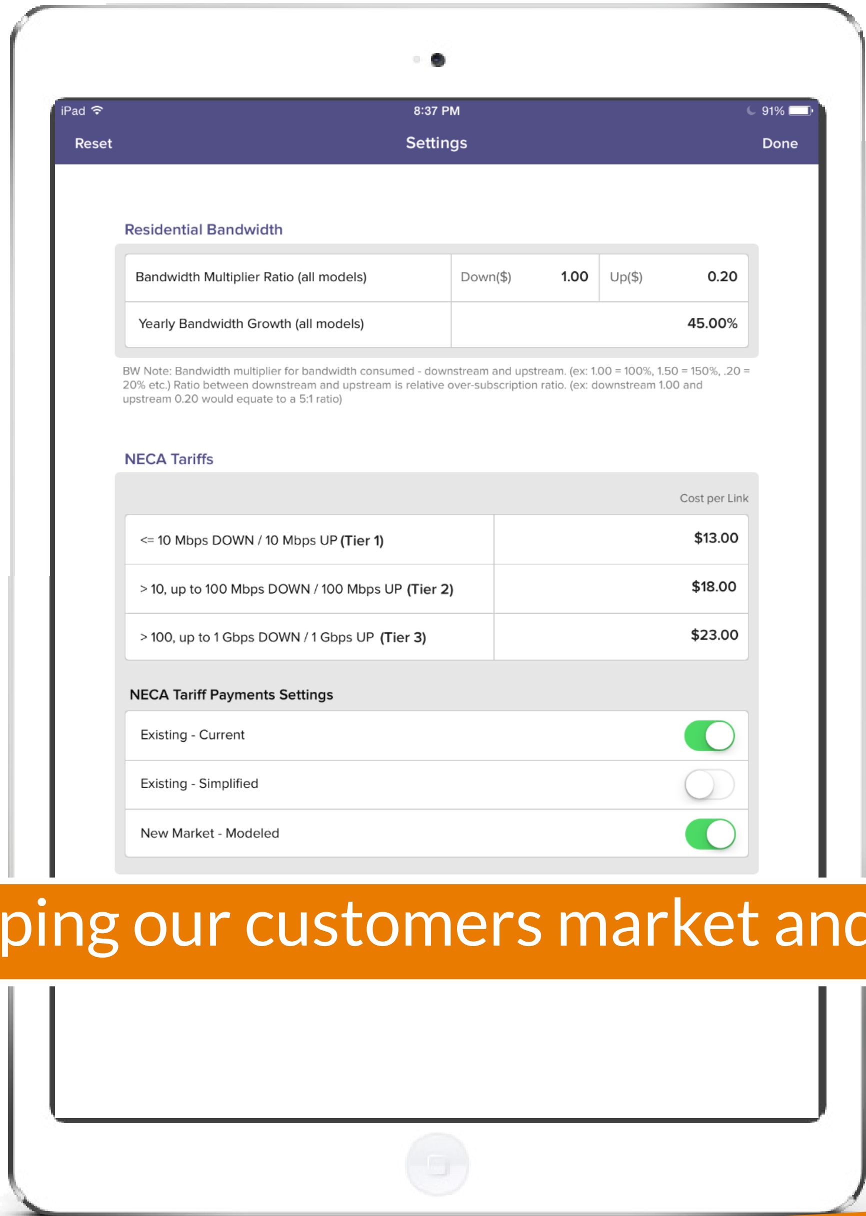
- **Premium brand**
  - Comprehensive portfolio *(end-to-end)*
  - Breadth of resources and services
  - Safe choice

☑ CALIX

- **Premium brand**
  - Most effective, innovative and cost efficient solutions *(best-in-class)*
  - Specialists in Access and Market segments
  - Strong communities, exchanges and partnerships

Calix App for planning Gigabit services





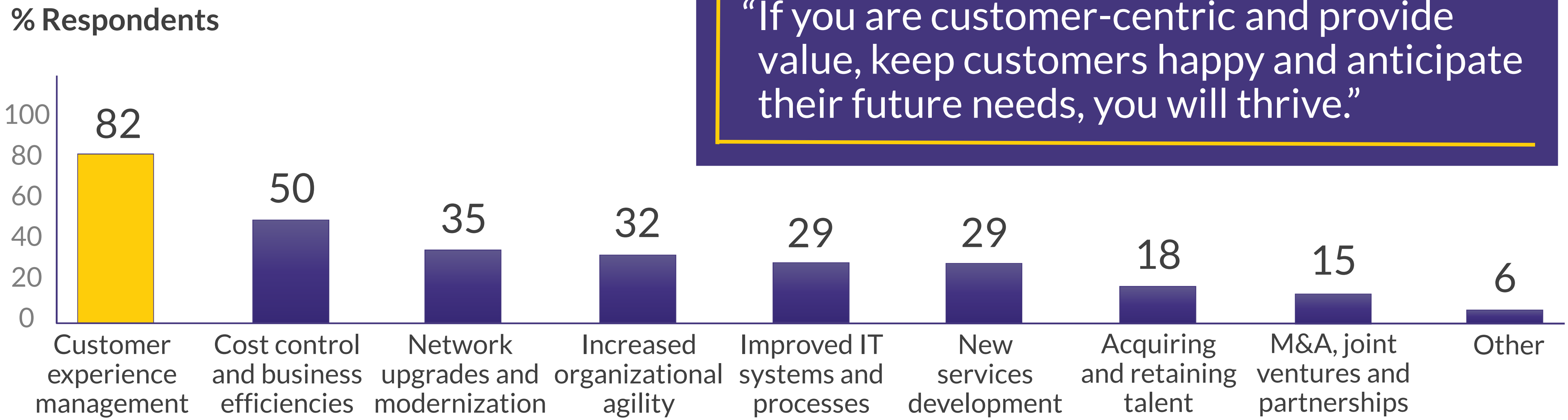
- Helping our customers market and win

Calix Product Positioning

2015 Global Telecommunications Study

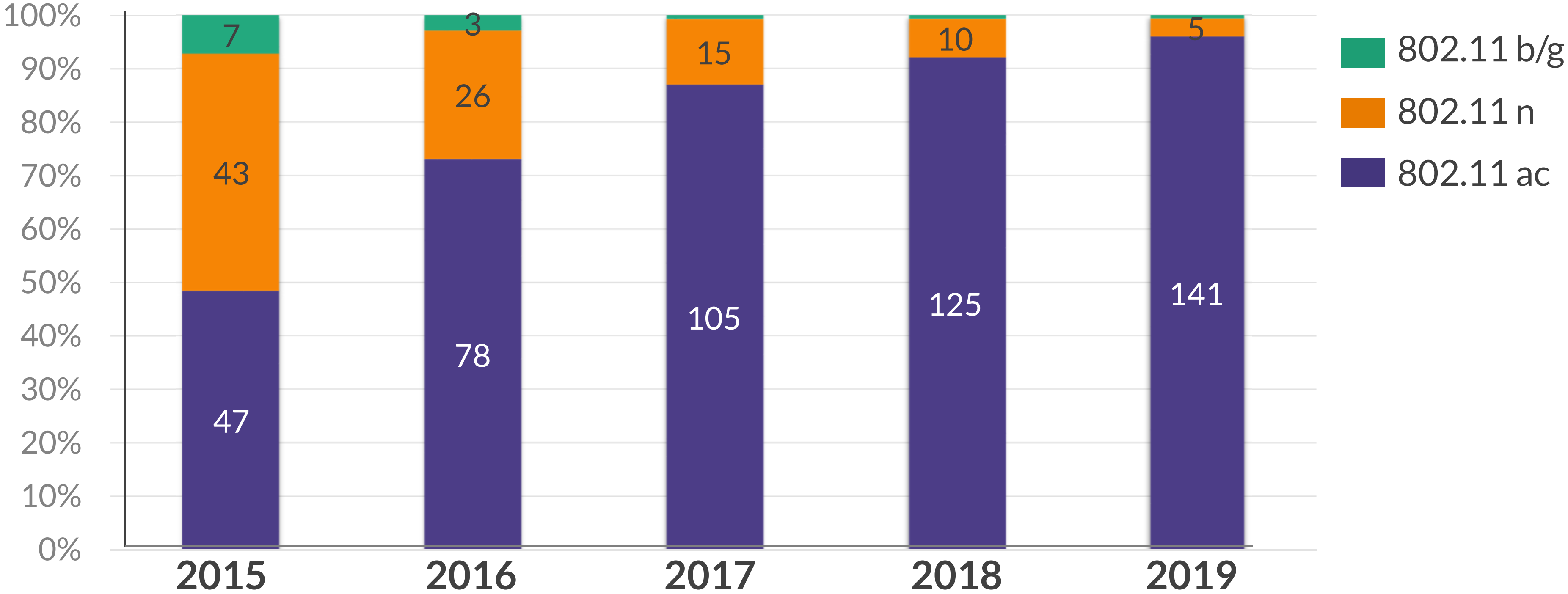
What are your organization's most important strategic priorities over the next 3 years (top 3 reasons)?

"If you are customer-centric and provide value, keep customers happy and anticipate their future needs, you will thrive."



2016-2017: 123% increase in 11ac shipments (58 million units)

Broadband CPE technology transition – Global



Total Units	98 M	107 M	121 M	136 M	147 M	CAGR = 11%

Source: Infonetics 3Q15, Broadband CPE Forecast

The Challenge to Meet Subscriber Demands

Growing customer frustration with WiFi and rising support costs

Up to **43%** of support calls are Wi-Fi issues

63% of subscribers have issues with WiFi performance

- Subscribers connect new devices to the network every day
- WiFi extenders, old devices, out-of-date software — all impact subscriber experience

Illustration by William V. Cigliano

Issues for the Service Provider

- Lack of remote visibility to consumer's devices, reduces control over subscriber experience
- Increasing costs of support calls and truck-rolls to resolve issues
- Decline in customer satisfaction

Sources: 2015 Arris Consumer Entertainment Index; Pivot Group 2014; Parks & Associates 2014

2 WiFi Advisor in the cloud performs analysis on the data

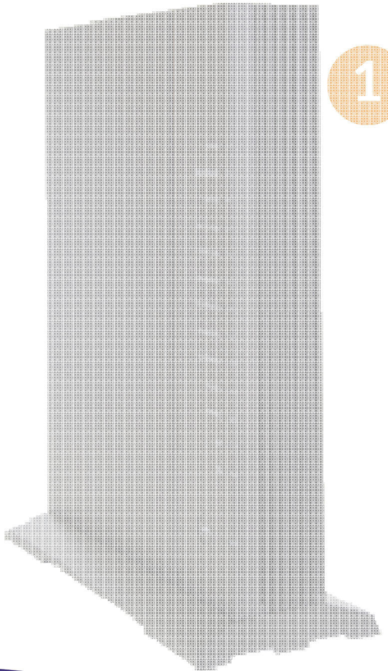
Device Type	Host Name	IP Address	Mod[illegible]		DS PHY	US PHY	Packets Dropped DS	SNR	Signal
			802.11ac	g150	[illegible]	[illegible]	0	67dBm	
Tablet	Bens-iPad2	192.168[illegible]			11	2Mbps	0		
Tablet	KatiesiPadAir2	192.168.20.23	802.11ac	g150	[illegible]Mbps	88Mbps	0	9dBm	
Smart Phone	Bens-iPhone-5s	192.168.20.20	802.11n	g150	14Mbps	14Mbps	0	0dBm	

Throughput issues

Old devices

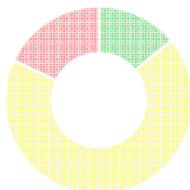
Weak signal

COMPASS



1 GigaCenter gathers data

Airtime Analysis



Free
Used
Interference

3 Shows recommendation and analysis to remote technician

Observations and Recommendations

High Radio Interference - 5.0 GHz

- Turn on DFS channels if DFS is not enabled.
- Note: While not all clients can use DFS channels, DFS channe interference of all Wi-Fi Channels.
- If you cannot turn on DFS, manually switch channels or set Ch performance improves.

2 WiFi Advisor in the cloud performs analysis on the data

COMPASS

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			802.11ac	g150			0	67dBm	
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Smart Phone	Bens-iPhone-5s	192.168.20.20	802.11n	g150	14Mbps	14Mbps	0	0dBm	

Throughput issues

Old devices

Weak signal

1 GigaCenter gathers data

Airtime Analysis

Visibility

Control

3 Shows recommendation and analysis to remote technician

Observations and Recommendations

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Market Impact of Next Gen Fiber and Copper

NG-PON2

- Early application drivers are business services (symmetrical)
- Backhaul applications (e.g. G.fast) and fiber exhaust will also drive adoption
- Critically enables convergence of Business and Residential networks

G.fast

- Impact begins 2H 2017
- Volumes in Europe, N. America
- Targeting Multi-unit buildings
- Over time affects VDSL2
- Like vectoring, many variables:
  - Competitive pressures on operators
  - Distance of premise from distribution point
  - Quality of in-building copper
  - Wildcard: Impact of G.hn

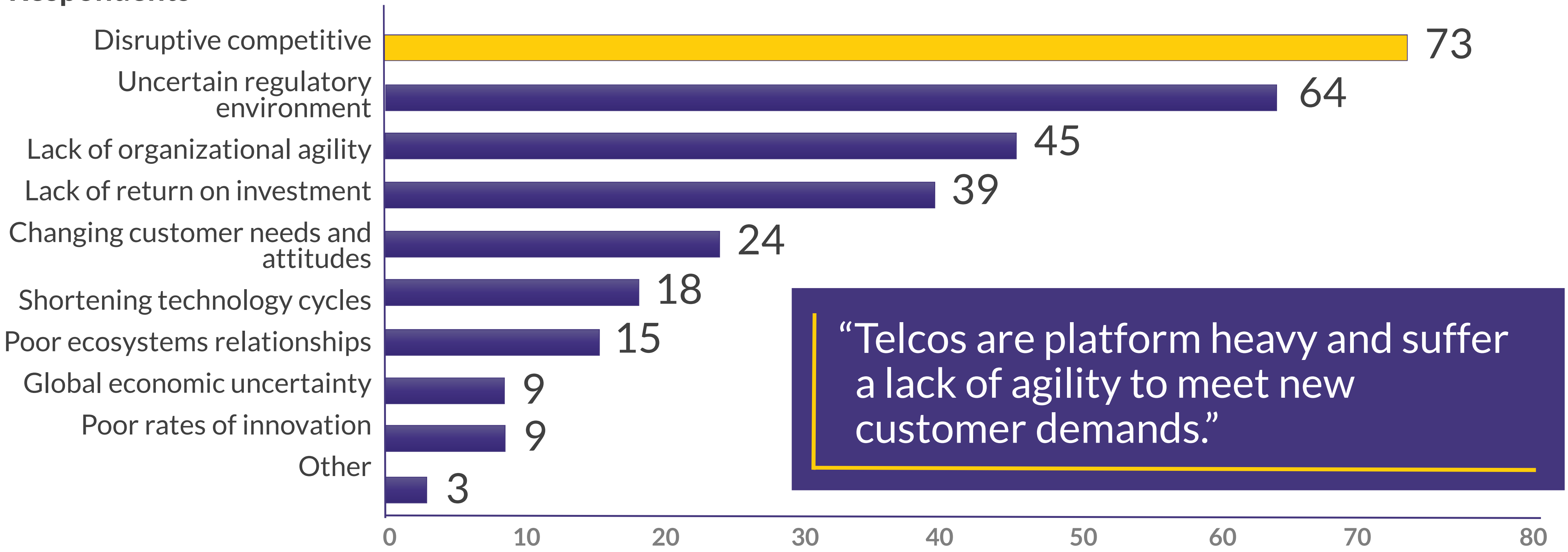
AXOS

The World's Most Advanced Operating System for Access Networks

2015 Global Telecommunications Study

What are the most important significant challenges facing the industry?

% Respondents



"Telcos are platform heavy and suffer a lack of agility to meet new customer demands."

Top of mind for service providers

Accelerate time to revenue

Fast.

- Rapidly deploy new services across the access network
- No proprietary architecture
- Validate new features against deployment use cases
- Reduce time to qualify new systems and software

Eliminate service disruptions

Always On.

- Eliminate service outages
- Design for no maintenance windows
- Constrain failures from new features
- Eliminate side-effects caused by new fixes

Reduce operational complexity

Simple.

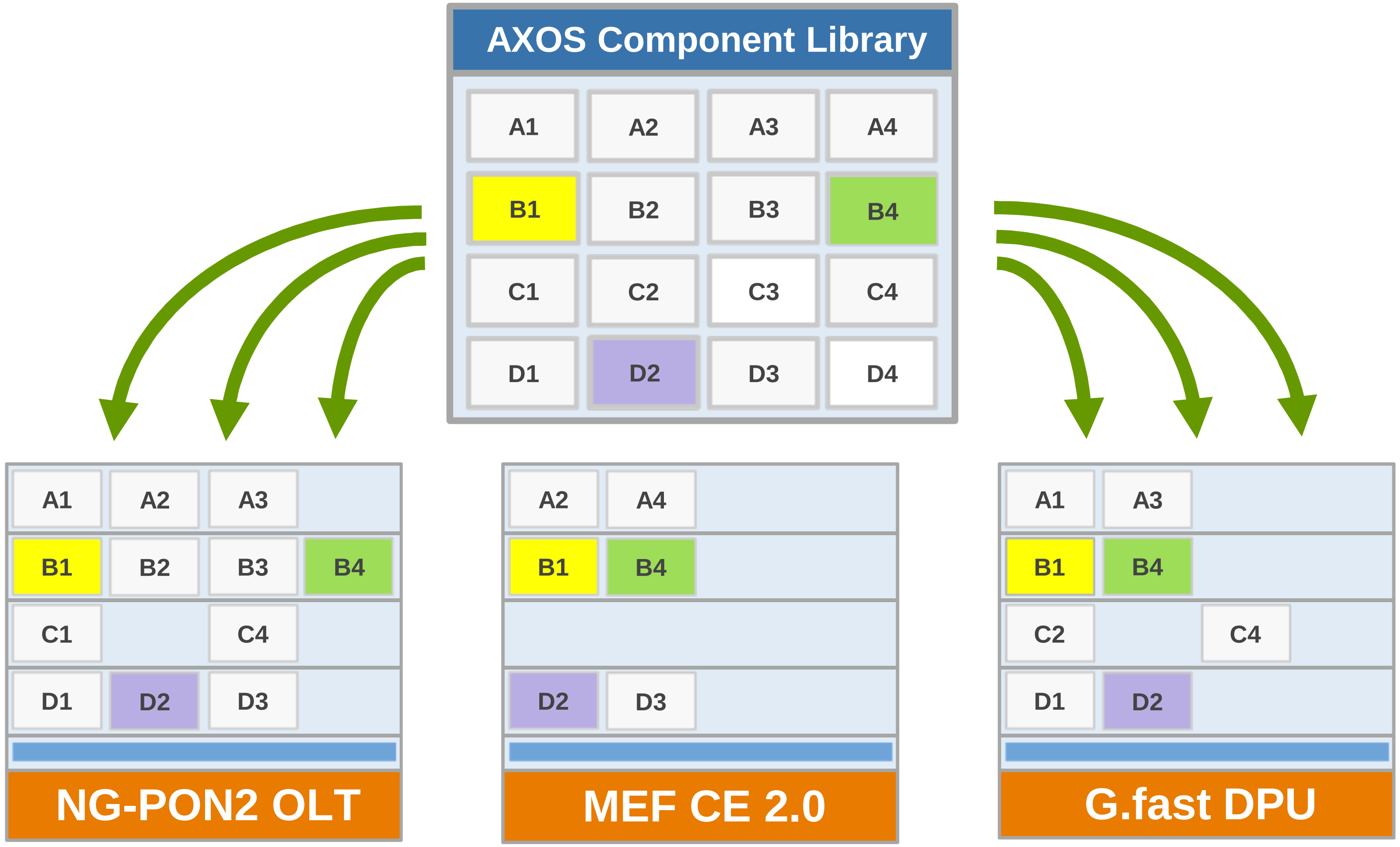
- Reduce time to integrate with IT OSS systems
- Standards based multi-vendor interoperability
- Automate workflows
- Reduce complexity to qualify new hardware

Fast. Architected for faster time-to-revenue

Agile DevOps environment

One component, many locations

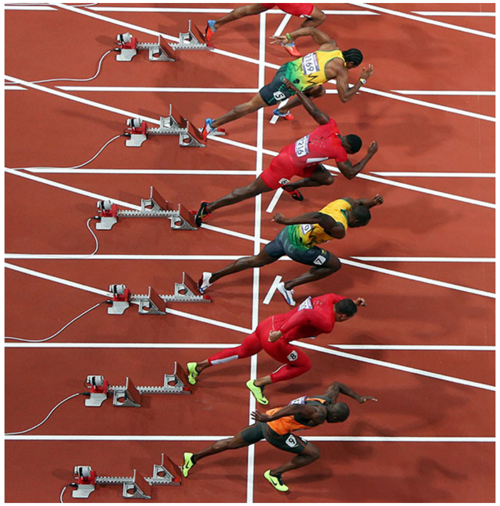
Faster qualification with no re-test of known components



Always On. Eliminates maintenance windows

Live Upgrade Scenario

- Faulty video code (IGMP module) needs upgrade
- AXOS
  - Stops current video code
  - Removes current code
  - Loads new video code
  - Starts new code
- AXOS data and voice services uninterrupted
- AXOS maintains all video channels during upgrade, so all subscribers are restored to channel they were watching



Go!!!

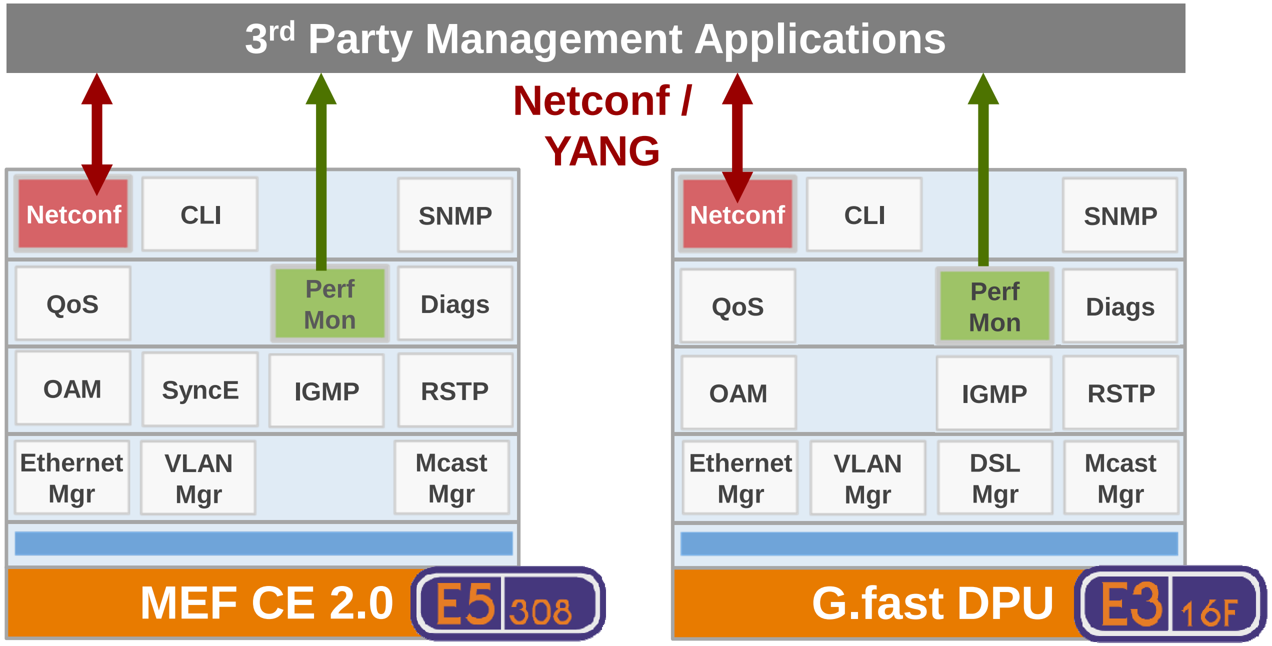
Are you kidding me!?!

Non-AXOS

AXOS

Simple. Multivendor interoperability reduces OPEX

Open standards for orchestration and management



Easy to integrate using open, standard interfaces

Fully programmable management and control APIs reduce operational complexity, enable dynamic service creation and service monitoring

- API for configuration (Netconf / YANG)
- API for performance monitoring ("Push" model vs. "Pull")

Industry Leadership

Calix leads and contributes in the major bodies

FSAN

- Calix recently hosted FSAN meeting in San Jose
- Over 30 Calix contributions to FSAN and ITU over last 24 months
- Calix proposed G.984.5 update: NG-PON2 /GPON coexistence; accepted as Amendment 2
- Calix wrote Section VIII.3 of G.989.2, the ONU tuning time definition for NG-PON2

MEF IETF ITU IEEE

broadband forum

Outstanding Contributor
Industry Leadership
China, *March 2015*

Circle of Excellence
G.fast Test beds
Portugal, *September 2015*

Work Area Director
Fiber Access Networks
March 2016

Marketing Takeaways

Use expertise in Market Segments and Access Networks to help our customers win and improve Calix win rate

Position Calix products based on Subscriber Experience Management and a differentiated AXOS platform

Showcase industry leadership and innovation

William Atkins

Executive Vice President and Chief Financial Officer

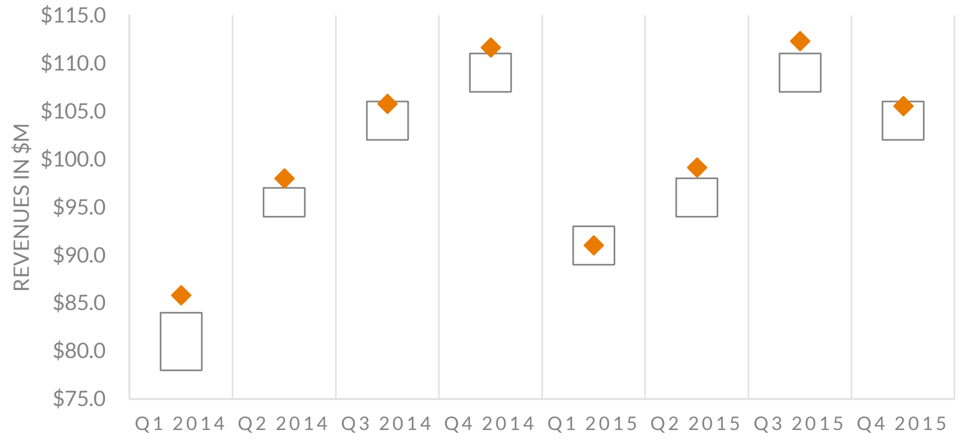
Agenda

1. Predictable performance
2. Higher level of profitability
3. Accelerated growth rate
4. Target financial model

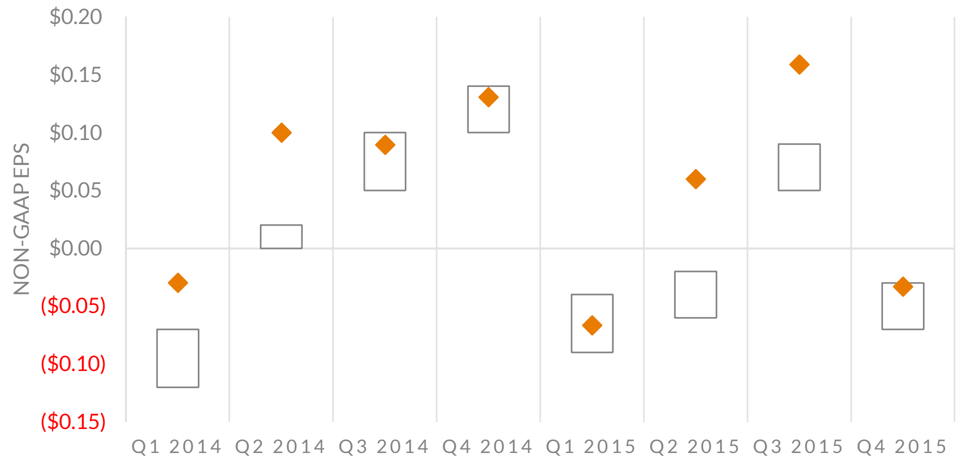
Predictable Performance

Consistency relative to guidance

Eight consecutive quarters of reported revenues in-line or better than guidance



Non-GAAP EPS at or above guidance for eight consecutive quarters



Q1 2016 operating performance guidance*

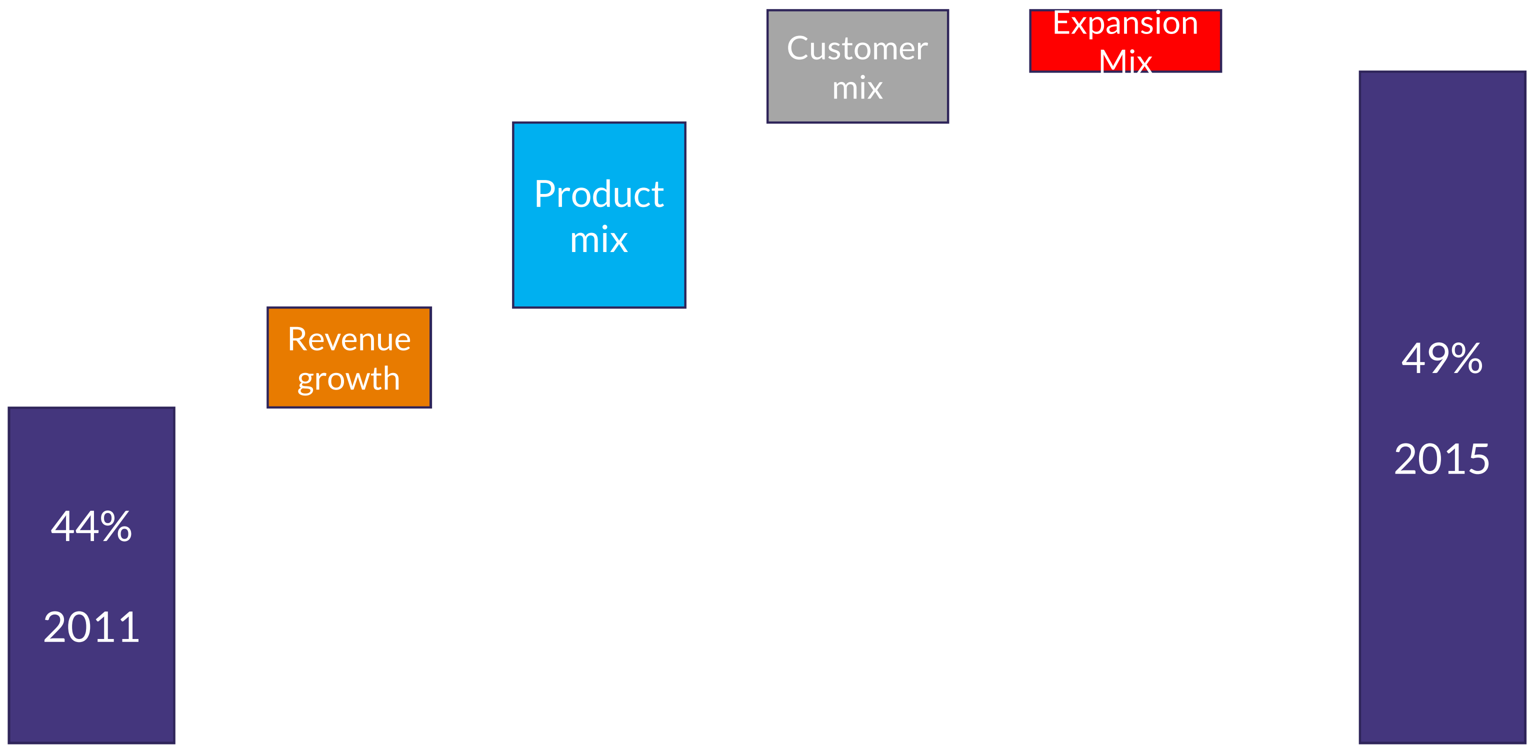
Revenues	$95-$99M
Gross margin	47.0-48.0%
Operating expenses	$52.0-$53.0M**
Non-GAAP EPS	($0.15) – ($0.11)
Cash flow from operations	Negative

*As issued on February 9, 2016
**Includes approximately $2.6M of litigation-related expenses

Higher Level of Profitability

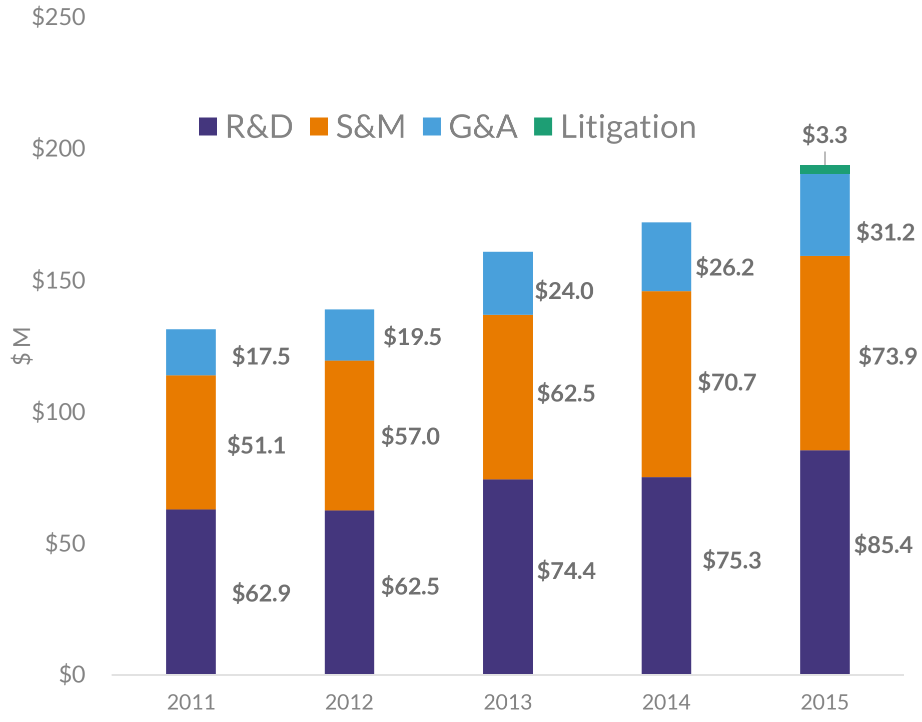
Gross margin drive towards 50% long-term model

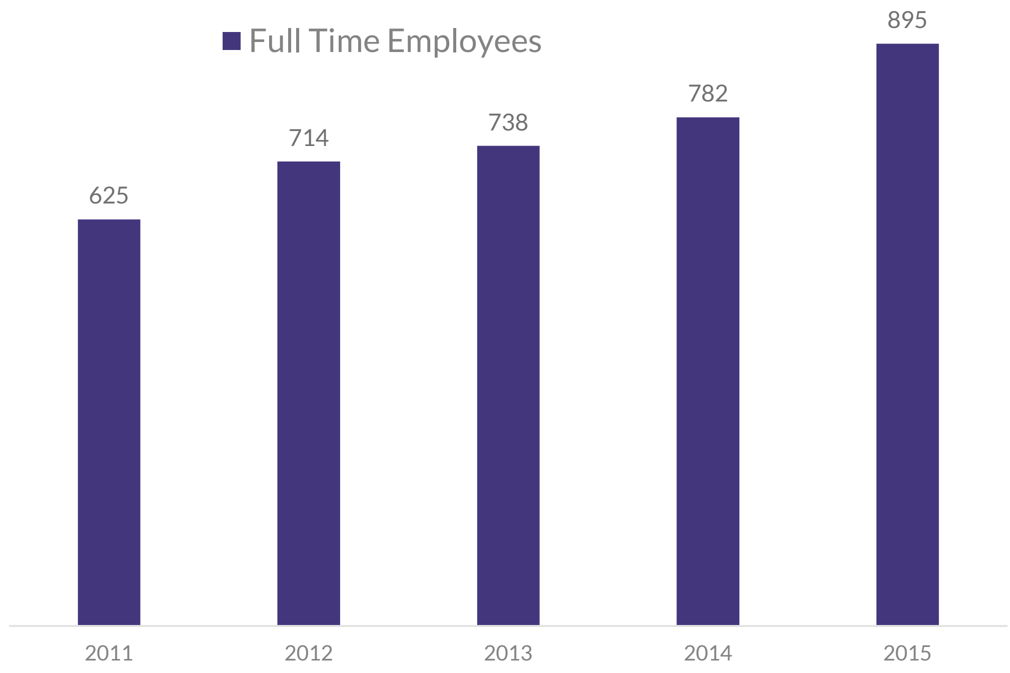
2016 marks a period of pause towards this target



Operating expense increase reflects headcount

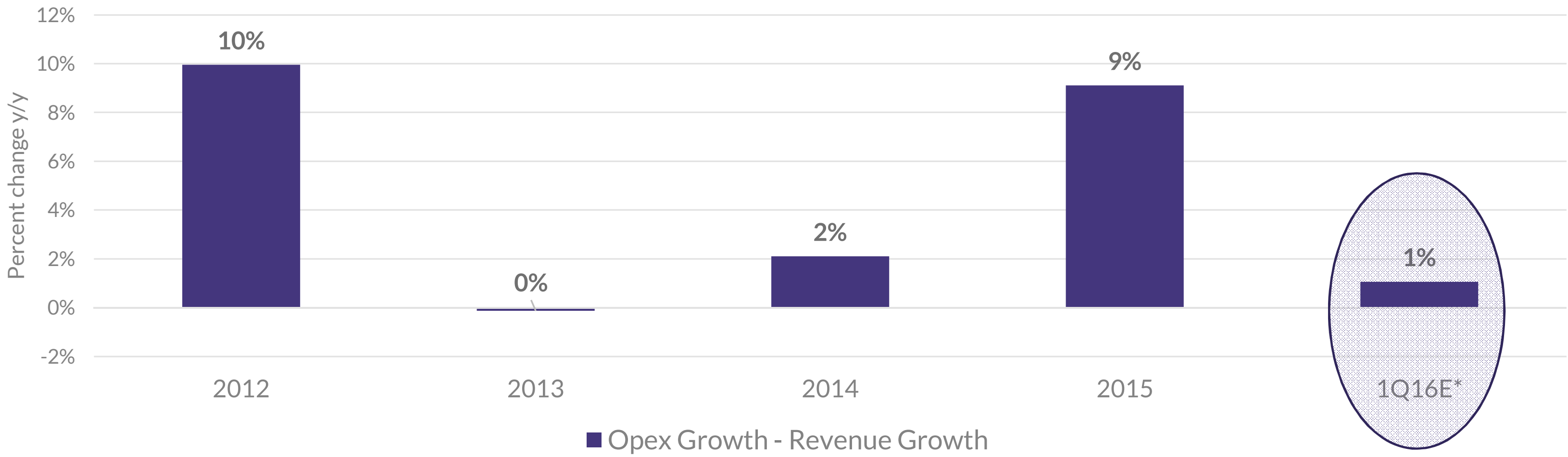
Significant investments to accelerate revenue growth





Slowing rate of growth in operating expenses

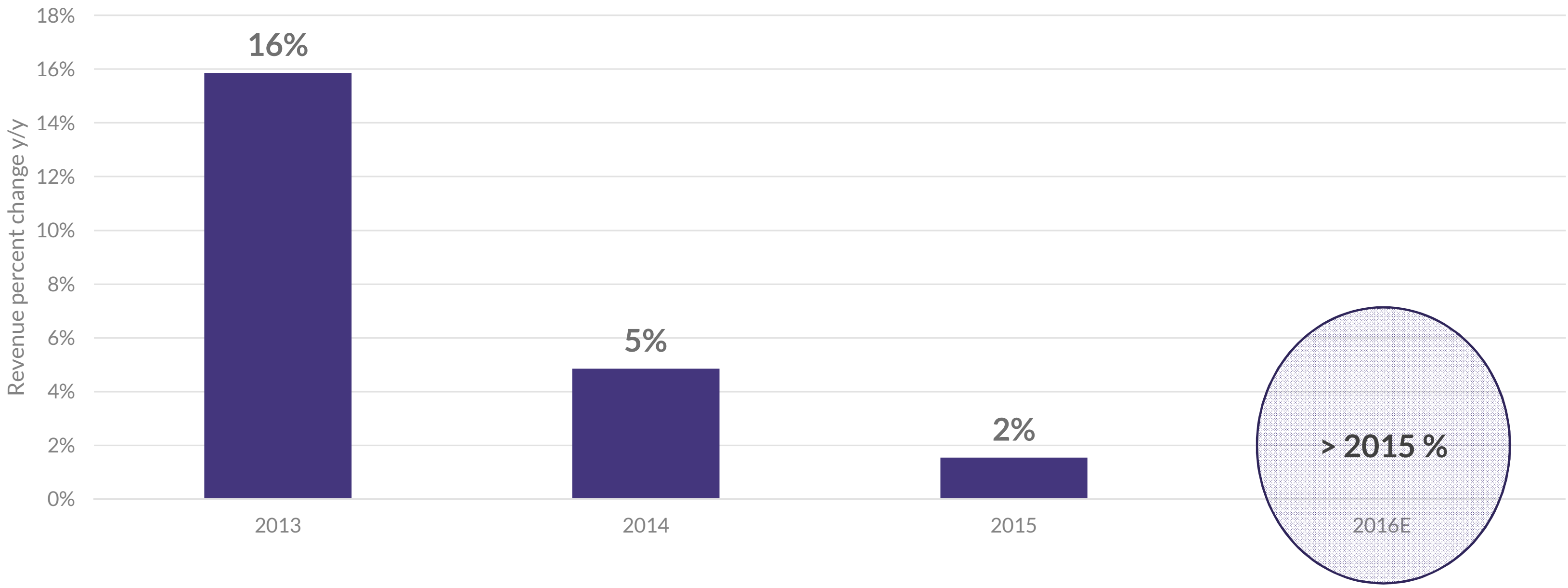
Operating income leverage as the y/y change in operating expenses decreases



*Mid-point of guidance as issued on February 9, 2016 excluding litigation expense of $2.6M

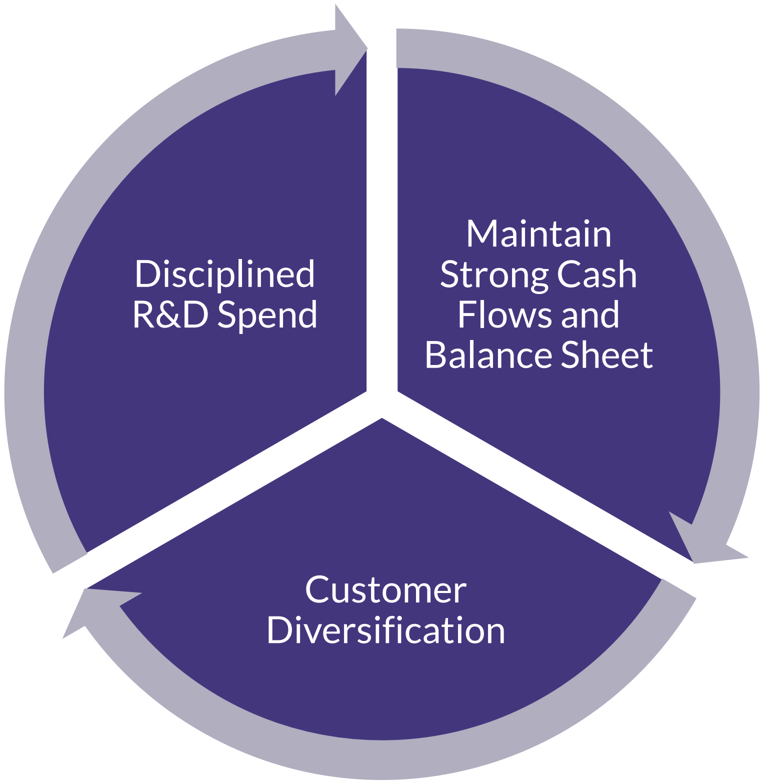
Accelerated Growth Rate

2016 revenue growth > 2015 revenue growth



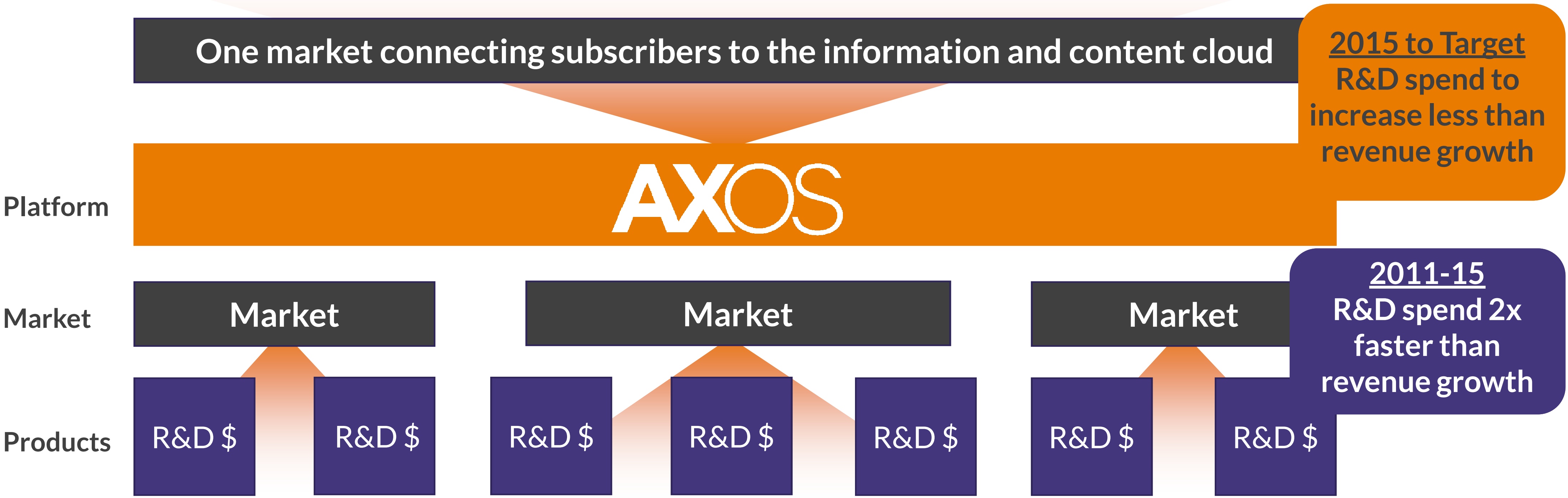
Cornerstone principles to accelerate growth

Led by technology transitions and increased broadband deployments



Platform increases leverage

Shift from product-driven spend to platform-driven investment



History of strong cash flow generation

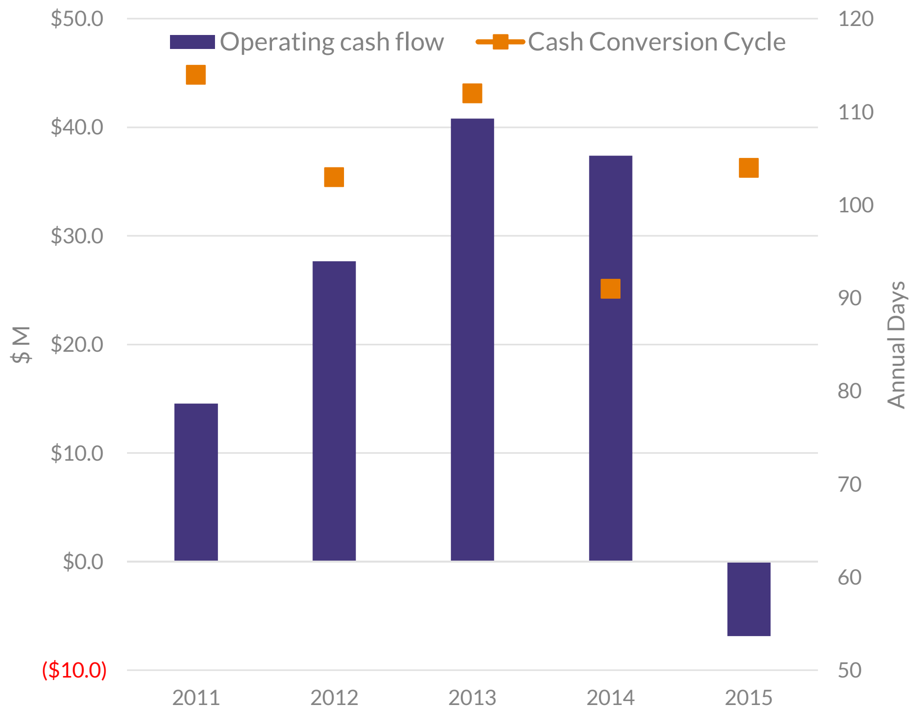
Working capital velocity drives cash flow in 2016

2011-15 Operating cash flow generation

- Cumulative operating cash flow of more than $110M or more than $2.25 per share
- 2015 cash flow negatively impacted by timing of shipments

Cash conversion cycle drives cash flow

- Historic cash conversion cycle just over 100 days
- Working capital excluding cash averages less than 10% of revenues

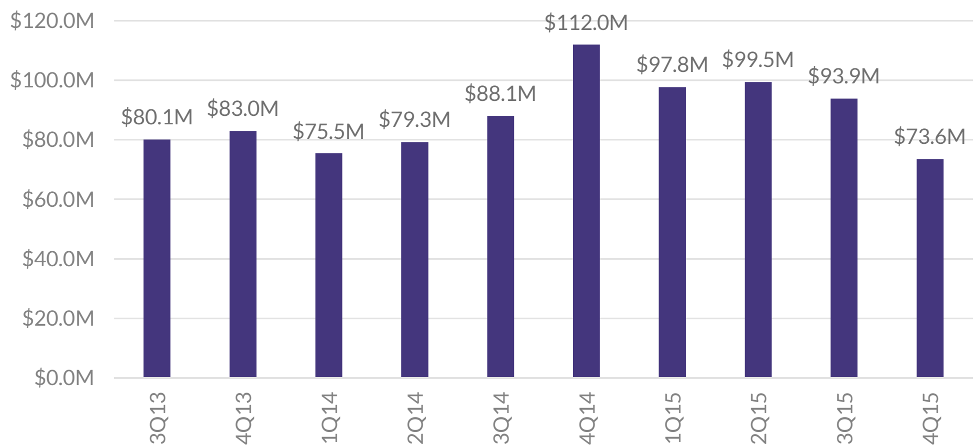


Cash Conversion Cycle = Days Sales Outstanding plus Days Sales in Inventory less Days Sales in Payables

Balance sheet and cash flow highlights (2015)

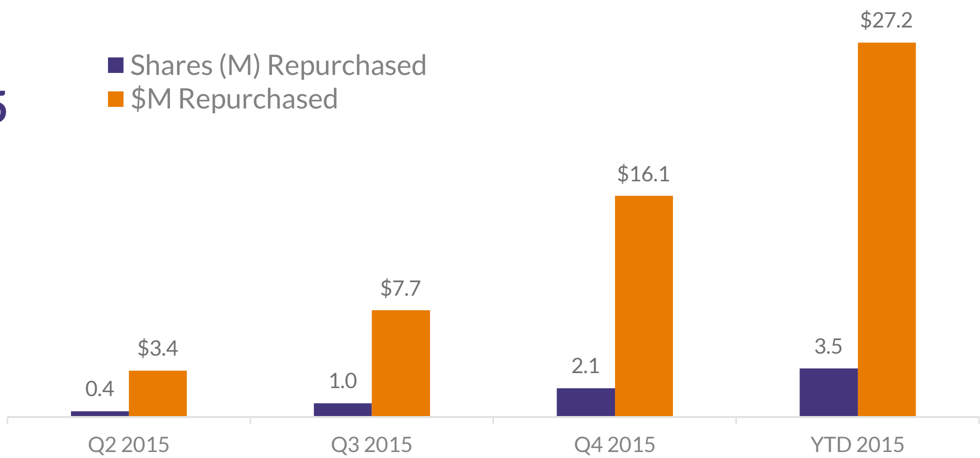
Cash and equivalents of $73.6M ($1.45/share)

- Debt-free balance sheet with undrawn $50M revolving line of credit (expires September 2018)
- More than 90% of cash is domestic cash



Buyback activity accelerated throughout 2015

- Primary usage of cash in 2015 was stock repurchase activity
- In 2015, repurchased 3.5M shares and $12.8M remains on original $40M buyback authorization with no time limit on purchases



Focus on customer diversification

Expect continued growth among core customer base

Increased market share within existing medium and large accounts

- Turnkey network improvement projects
- CAF II related professional services engagements
- Next generation copper and optical technologies on the AXOS platform
- Subscriber edge device adoption combined with Compass suite

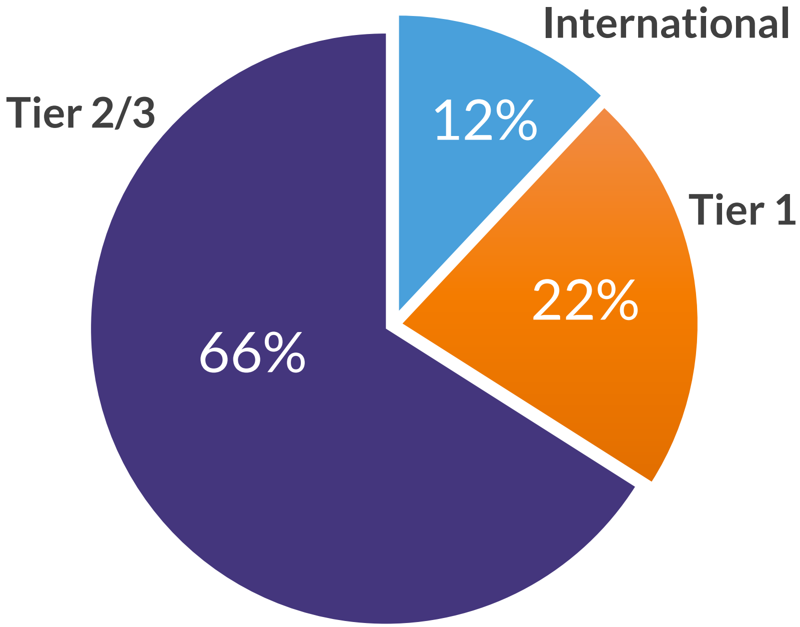
Opportunities with new medium and large accounts

- Next generation copper and optical technologies on the AXOS platform
- Subscriber edge device adoption combined with Compass suite
- Leverage Ericsson partnership for both international and domestic opportunities

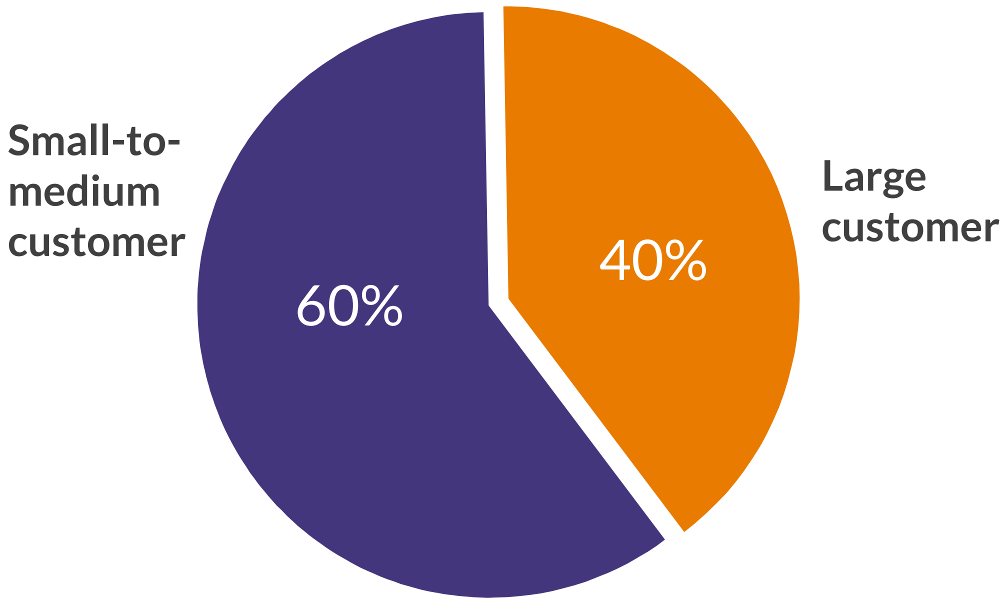
Target Financial Model

Customer mix drives target model

Industry and location no longer the key distinction between customers



2015 Customer Mix



Target Customer Mix

Target Financial Model

($ in millions, except per share amounts)	2015	Long-Term Target
Revenues	$407.5	$600.0
Non-GAAP gross margin	49.0%	>50%
Non-GAAP operating expenses (%)	47.4%	38-42%
Non-GAAP operating margin	1.5%	>10%
Non-GAAP EPS	$0.12	>$1.25

Three key financial takeaways

Predictable performance

Higher level of profitability and accelerated growth rate

We are the innovation pure play connecting the subscriber to the cloud

Q&A

Calix

ACCESS INNOVATION