



Dear Calix Stockholder,

2010 was a landmark year for Calix, and our fiscal results can be summed up in one word: Execution.

At the time of our initial public offering, we believed our business to be at an inflection point, driven by a variety of positive tailwinds and the potential for improving margins driven by increased scale, continued value engineering within our products, and tighter market fit facilitated by new product and feature introductions. Solid execution proved our beliefs to be correct, and fiscal year 2010 financial results showed solid year-over-year improvements in revenue (23%), as well as in non-GAAP gross margin (625 basis points) and non-GAAP net income (up 344%).

Complementing these financial accomplishments, we also executed well strategically. From our successful initial public offering, to establishing leadership in securing Broadband Stimulus vendor selections, to completing our purchase of Occam Networks, our first corporate acquisition as a public company, we set clear strategic goals and executed each systematically. Moreover, these accomplishments have set the stage for future growth.

As we look to 2011, we again can sum up our objectives in one word: Acceleration.

We believe the tailwinds behind our business have only grown stronger, and the acquisition of Occam Networks has provided us with a spinnaker to take advantage of these opportunities. New engineering resources are allowing us to accelerate our Unified Access network vision, providing the powerful tools our customers require to both meet broadband demand in their networks and to run their businesses more efficiently. New sales and support resources are allowing us to better cultivate our expansive footprint of over 900 communications service providers worldwide, as well as to expand into new geographies and adjacent markets.

The opportunity in front of Calix continues to strengthen as digital content continues to move to the cloud and broadband enabled devices continue to proliferate among consumers and businesses. We believe Calix sits squarely between these two trends, providing communications service providers with both an expansive portfolio of systems and software that allows them to connect their subscribers to this growing array of rich content, as well as a business model that is designed to encourage their success.

We executed well in 2010, and we believe we've put the pieces in place for acceleration in 2011. We thank you for your support as we take the opportunity to build a great company.

Sincerely,

A handwritten signature in black ink, appearing to read "CRusso", written in a cursive style.

Carl Russo, President and CEO, Calix