CALIX, INC
Form 424B3
December 15, 2010
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Registration No. 333-170282

The accompanying proxy statement/prospectus is dated December 14, 2010, and is first being mailed to Occam stockholders on or about December 17, 2010.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Occam Networks, Inc. Stockholders:

The board of directors of Occam Networks, Inc. (Occam) has unanimously adopted and approved an Agreement and Plan of Merger and Reorganization in which a direct, wholly owned subsidiary of Calix, Inc. (Calix) will merge with Occam, with Occam continuing as the interim surviving entity. Immediately thereafter, Occam will merge with a second direct, wholly owned subsidiary of Calix, with such subsidiary continuing as the final surviving entity. The first merger is referred to herein as the first-step merger, the second merger is referred to herein as the second-step merger, and the first-step merger and second-step merger are collectively referred to herein as the merger transaction. We are sending you the accompanying proxy statement/prospectus to notify you of the special meeting of Occam stockholders being held to vote on the adoption of the merger agreement and related matters and to ask you to vote at the special meeting in favor of the adoption of the merger agreement.

If the merger agreement is adopted by our stockholders and the merger transaction is completed, for each share of Occam common stock that you hold as of the effective time of the first-step merger, which we refer to as the effective time, you will be entitled to receive (i) 0.2925 shares of Calix common stock and (ii) $3.8337 in cash. We refer to this combination of cash and stock together as the merger consideration.

Calix s common stock trades on the New York Stock Exchange under the symbol CALX, and Occam s common stock trades on the NASDAQ Global Market under the symbol OCNW.

For a discussion of risk factors that you should consider in evaluating the merger transaction and the other matters on which you are being asked to vote, see Risk Factors beginning on page 26 of the enclosed proxy statement/prospectus. The market price of Calix common stock will continue to fluctuate following the date of the stockholder vote on the merger proposal at the special meeting. Consequently, at the time of the stockholder vote, the value of the stock consideration will not yet be determined.

We cannot complete the merger transaction without the approval of holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting. A failure to vote on the proposal to adopt the merger agreement has the same effect as a vote by you AGAINST the adoption of the merger agreement. Therefore, your vote is very important, regardless of the number of shares of common stock you own, and we urge you to take the time to vote by following the instructions on your proxy card regardless of whether you plan to attend the special meeting.

You will also have an opportunity to vote to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are an insufficient number of votes at the time of such adjournment to adopt the merger agreement, referred to as the adjournment proposal.

The special meeting will be held at 10:00 a.m. (local time) on January 27, 2011, at Occam s offices at 3185 Laurelview Court, Fremont, California 94538.

The Occam board of directors unanimously recommends that you vote FOR the adoption of the merger agreement and FOR the adjournment proposal.

Sincerely,

Robert L. Howard-Anderson

President and Chief Executive Officer

Occam Networks, Inc.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

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ADDITIONAL INFORMATION

The accompanying proxy statement/prospectus incorporates important business and financial information about Calix and Occam from other documents that are not included in or delivered with the proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain documents in this proxy statement/prospectus or filed as exhibits to the registration statement of which this proxy statement/prospectus is a part, without charge, by requesting them in writing or by telephone from the appropriate company at the following addresses:

Calix, Inc. 1035 N. McDowell Boulevard Petaluma, California 94954 Attn: Investor Relations Tel: (415) 445-3232	Occam Networks, Inc. 6868 Cortona Drive Santa Barbara, California Attn: Investor Relations Tel: (805) 692-2957

In addition, if you have questions about the merger transaction or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Innisfree M&A Incorporated, Occam s proxy solicitor, at the address and telephone number listed below. You will not be charged for any of such documents that you request.

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll-Free: (888) 750-5834

Banks & Brokers May Call Collect: (212) 750-5833

To obtain timely delivery of the documents in advance of the special meeting of stockholders, you must request the information no later than January 20, 2011 (which is five business days prior to the date of the special meeting).

For more information, see Where You Can Find More Information beginning on page 284.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 27, 2011

To the Stockholders of Occam Networks, Inc.:

A special meeting of the stockholders of Occam Networks, Inc., a Delaware corporation (Occam), will be held on January 27, 2011, starting at 10:00 a.m., local time, at Occam s offices at 3185 Laurelview Court, Fremont, California 94538, for the following purposes:

1. to consider and vote upon the proposal to adopt the Agreement and Plan of Merger and Reorganization, dated as of September 16, 2010 (as it may be amended from time to time prior to the date hereof, the merger agreement), by and among Calix, Inc., Ocean Sub I, Inc., Ocean Sub II, LLC and Occam, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice, which proposal is referred to as the merger proposal; and

2. to consider and vote upon any proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies if there are an insufficient number of votes at the time of such adjournment to adopt the merger agreement, which proposal is referred to as the adjournment proposal.

Occam s board of directors has designated the close of business on December 13, 2010 as the record date that will determine the stockholders who are entitled to receive notice of, and to vote at, the special meeting or at any adjournment or postponement of the special meeting. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement thereof. The list of stockholders entitled to vote at the special meeting will be available for inspection at 6868 Cortona Drive, Santa Barbara, California 93117, beginning 10 days prior to the date of the special meeting and continuing through the special meeting. The list will also be available for inspection at the special meeting.

At a meeting duly called and held, Occam s board of directors has (i) unanimously determined that the merger agreement and the transactions contemplated thereby are fair to, advisable and in the best interests of Occam s stockholders, (ii) unanimously approved and adopted the merger agreement and the transactions contemplated thereby and (iii) unanimously resolved to recommend adoption of the merger agreement and the other transactions contemplated thereby by the stockholders of Occam.

THE BOARD OF DIRECTORS OF OCCAM UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE MERGER PROPOSAL AND FOR THE ADJOURNMENT PROPOSAL.

Your vote is very important. The affirmative vote of the holders of a majority of the outstanding shares of Occam entitled to vote at the special meeting is required to adopt the merger agreement. Accordingly, a failure to vote, or an abstention from voting, will have the same effect as a vote AGAINST the adoption of the merger agreement.

Whether or not you plan to attend the special meeting in person, we urge you to submit your proxy as promptly as possible (1) through the Internet, (2) by telephone or (3) by marking, signing and dating the enclosed proxy card and returning it in the pre-addressed postage-paid envelope provided. You may revoke your proxy at any time before it is voted at the special meeting. If you attend the special meeting and wish to vote in person, then you may revoke your proxy and vote in person. If your shares are held in street name by your bank, broker or other nominee, only that bank, broker or other nominee can vote your shares and a vote cannot be cast unless you provide such bank, broker or other nominee with instructions or obtain a legal proxy from them. You should follow the directions provided by your bank, broker or other nominee regarding how to instruct them to vote your shares.

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Please review the proxy statement/prospectus accompanying this notice for more complete information regarding the merger transaction, the merger agreement and the other matters to be considered at the special meeting. We urge you to read the accompanying proxy statement/prospectus and its annexes carefully and in their entirety.

By Order of the Board of Directors of
Occam Networks, Inc.

Robert L. Howard-Anderson
President and Chief Executive Officer

December 14, 2010

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QUESTIONS AND ANSWERS ABOUT THE MERGER TRANSACTION AND THE SPECIAL MEETING

Set forth below are commonly asked questions and answers about the merger transaction, the merger agreement and the special meeting of Occam stockholders called in connection with the merger transaction. These questions and answers do not address all questions that may be important to you as an Occam stockholder. For a more complete description of the legal and other terms of the merger transaction, please read carefully this entire proxy statement/prospectus, including the annexes. See Where You Can Find More Information beginning on page 284.

All references in this proxy statement/prospectus to Calix refer to Calix, Inc., a Delaware corporation; all references in this proxy statement/prospectus to Occam refer to Occam Networks, Inc., a Delaware corporation; all references in this proxy statement/prospectus to Ocean Sub I refer to Ocean Sub I, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Calix; all references to Ocean Sub II refer to Ocean Sub II, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Calix; all references to the merger agreement refer to the Agreement and Plan of Merger and Reorganization, dated as of September 16, 2010, by and among Calix, Ocean Sub I, Ocean Sub II and Occam, as it may be amended from time to time, and all references to the merger transaction refer to the first-step merger and the second-step merger contemplated by the merger agreement taken together. Throughout this proxy statement/prospectus, we refer to Calix s registered shares, par value $0.025 per share, as Calix common shares or Calix shares or Calix common stock; and Occam common stock, $0.001 par value per share, as Occam common stock or Occam shares.

Questions About the Merger Transaction

Q: Why am I receiving this document?

A: Calix has agreed to acquire Occam pursuant to the terms of the merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger transaction, Occam stockholders must adopt the merger agreement. Occam is holding a special meeting of stockholders to obtain this stockholder approval.

This proxy statement/prospectus contains important information about the merger transaction and the special meeting of the stockholders of Occam, and you should read it carefully and in its entirety. The enclosed voting materials allow you to vote your shares without attending the special meeting in person.

Your vote is very important. We encourage you to vote as soon as possible. For more information on how to vote your shares, please see the section entitled The Special Meeting of Occam Stockholders beginning on page 69.

Q: What vote is required to adopt the merger agreement?

A: The affirmative vote of holders of a majority of the issued and outstanding shares of Occam common stock is the only vote of the holders of any Occam common stock necessary to adopt the merger agreement and thereby approve the merger transaction. **Because the vote required to adopt the merger agreement is based upon the total number of outstanding shares of Occam common stock entitled to vote, the failure to submit a proxy card (or the failure to submit a proxy by telephone or over the Internet or to vote in person at the special meeting), the failure to instruct your bank, broker or other nominee how to vote, or the abstention from voting by a stockholder will have the same effect as a vote AGAINST the merger agreement.**

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Q: What will happen in the merger transaction?

A: As the first step in the transaction, a direct, wholly owned subsidiary of Calix will merge with Occam, with Occam continuing as the surviving entity. Immediately thereafter, Occam will merge with a second direct, wholly owned subsidiary of Calix, with such second subsidiary continuing as the surviving company. The first-step merger is referred to herein as the first-step merger, the second merger is referred to herein as the second-step merger, the first-step merger and the second-step merger are collectively referred to herein as the merger transaction and the effective time of the first-step merger is referred to herein as the effective time. For more information, please see the sections titled Proposal One The Merger and The Merger Agreement beginning on pages 73 and 117, respectively.

Q: What will I receive for my shares of Occam common stock in the merger transaction?

A: If the merger transaction is completed, each share of Occam common stock, other than dissenting shares, if any, and shares owned by Calix, Occam or any of their respective subsidiaries (which will be cancelled), will be converted into the right to receive (i) 0.2925 shares of Calix common stock and (ii) $3.8337 in cash.

For further information, please see the section titled The Merger Agreement Merger Consideration beginning on page 117.

Q: Is the merger transaction taxable to the Occam stockholders for U.S. federal income tax purposes?

A: The merger transaction has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, and the consummation of the merger transaction is conditioned on the receipt by Occam of an opinion from its counsel to the effect that the merger transaction will so qualify. Assuming the merger transaction qualifies as a reorganization, for U.S. federal income tax purposes, U.S. stockholders of Occam will recognize gain (but not loss) with respect to their Occam common stock in an amount equal to the lesser of (i) any gain realized with respect to that stock or (ii) the amount of cash received with respect to that stock (other than any cash received instead of a fractional share of Calix common stock); and will recognize gain (or loss) to the extent any cash received instead of a fractional share of Calix common stock exceeds (or is less than) the basis of the fractional share.

The tax consequences of the merger transaction to each stockholder will depend on such stockholder s own situation. Occam stockholders are urged to read the discussion in the section titled Proposal One The Merger Material U.S. Federal Income Tax Consequences of the Merger Transaction beginning on page 113 of this proxy statement/prospectus and to consult their tax advisors as to the U.S. federal income tax consequences of the merger transaction, as well as the effects of state, local and non-U.S. tax laws.

Q: What conditions must be satisfied to consummate the merger transaction?

A: In addition to the Occam stockholder approval described above, the consummation of the first-step merger is subject to a number of conditions. These conditions include:

- the adoption of the merger agreement by the required vote of the Occam stockholders;
- expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act, or the HSR Act, and any other applicable antitrust laws in the United States and the receipt of any required clearances, consents, approvals, orders and authorizations required by any antitrust laws in the United States;

the absence of any temporary restraining order, preliminary or permanent injunction, or any other order, decree or law, in each case, issued, enacted or adopted by any governmental authority of a competent jurisdiction in the United States making consummation of the merger illegal;

the declaration of the effectiveness of the registration statement on Form S-4 (of which this proxy statement/prospectus forms a part) under the Securities Act of 1933, as amended, and the absence of any stop order or proceeding seeking a stop order affecting such registration statement;

the representations and warranties of each party to the merger agreement remaining true at signing and the effective time, subject, in certain instances, to materiality qualifiers described in further detail in this proxy statement/prospectus;

the performance or compliance by each party to the merger agreement in all material respects with its obligations and covenants under the merger agreement;

the absence of any continuing material adverse effect concerning the business, assets, liabilities, operations or financial condition of the parties since the date of the agreement;

the receipt of a written opinion from Wilson Sonsini Goodrich & Rosati, P.C. to the effect that, for U.S. federal income tax purposes, the merger transaction will qualify as a reorganization within the meaning of Section 368(a) of the Code;

the absence of any proceeding (pending or threatened) by a governmental authority or competent jurisdiction that (i) challenges or seeks to prohibit the merger transaction, (ii) would limit Calix s ability to exercise ownership rights with respect to Occam, (iii) would materially and adversely affect Calix s ability to own the assets or operate the business of Occam or (iv) seeks to compel any party to dispose of or hold separate any material assets as a result of the merger transaction; and

the Calix common shares deliverable to Occam stockholders in connection with the merger transaction shall have been authorized for listing on the New York Stock Exchange, upon official notice of issuance.

Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010. For additional information, please see the section titled The Merger Agreement Conditions to the Merger beginning on page 128.

Q: Am I entitled to appraisal rights in connection with the merger transaction?

A: Under the Delaware General Corporation Law, referred to as the DGCL, Occam stockholders who do not vote for the adoption of the merger agreement have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the first-step merger is completed, but only if they comply with all requirements of the DGCL, which are summarized in this proxy statement/prospectus. This appraisal amount could be more than, the same as, or less than the amount an Occam stockholder would be entitled to receive under the merger agreement. Any Occam stockholder intending to exercise appraisal rights, among other things, must submit a written demand for appraisal to Occam prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Failure to follow exactly the procedures specified under the DGCL will result in the loss of appraisal rights. Because of the complexity of the DGCL relating to appraisal rights, if you are considering exercising your appraisal right, we encourage you to seek the advice of your own legal counsel.

For additional information, please see the section titled Proposal One The Merger Appraisal Rights beginning on page 110.

Q: How do I exchange my Occam shares for merger consideration?

A: As soon as reasonably practicable after the effective time, instructions for exchanging your Occam certificates and book-entry shares for the merger consideration will be mailed to you. You should read these instructions carefully. Assuming the merger transaction closes and provided that you complete and submit any documentation in accordance with the instructions and include your certificates, if any, representing your Occam shares, you will not need to take any further action in order to receive the merger consideration, which the exchange agent will forward to you promptly following such time. Any Calix common shares you receive in the merger transaction will be issued in book-entry form.

Q: How will I receive the merger consideration to which I am entitled?

A: After receiving the proper documentation from you, the exchange agent will forward to you the cash and Calix common shares to which you are entitled. More information on the documentation you are required to deliver to the exchange agent may be found under the section titled Proposal One The Merger Manner and Procedure for Exchanging Shares of Occam Common Stock beginning on page 109. Occam stockholders will not receive any fractional Calix common shares in the merger transaction and will instead receive cash in lieu of any such fractional Calix common shares.

Q: Are there any risks in the merger transaction that I should consider?

A: Yes. There are risks associated with all business combinations, including the merger transaction. These risks are discussed in more detail in the section titled Risk Factors beginning on page 26.

Questions About the Special Meeting of Occam Stockholders

Q: When and where will the special meeting be held?

A: The special meeting is scheduled to be held at Occam s offices at 3185 Laurelview Court, Fremont, California 94538 on Thursday, January 27, 2011 at 10:00, local time.

Q: On what am I being asked to vote?

A: Occam stockholders are being asked to vote on the following:

- to adopt the merger agreement; and
- to approve the adjournment proposal.

Q: How does the Board of Directors of Occam recommend that I vote regarding the merger agreement?

A: After careful consideration, the board of directors of Occam, which we refer to in this proxy statement/prospectus as the Occam board, unanimously recommends that Occam stockholders vote FOR the adoption of the merger agreement and FOR the adjournment proposal. For a description of the reasons underlying the recommendation of the Occam board, please see the section entitled Proposal One The Merger Occam s Reasons for the Merger; Recommendation of the Occam Board of Directors beginning on page 90 of this proxy statement/prospectus.

Q: Are there any other matters to be addressed at the special meeting?

A: We know of no other matters to be brought before the special meeting, but if other matters are brought before the special meeting or at any adjournment or postponement of the special meeting, the officers named in your proxy intend to take such action as in their judgment is in the best interest of Occam and its stockholders.

Q. Who is entitled to vote at the special meeting?

A: All holders of issued and outstanding shares of Occam common stock who hold shares at the close of business on the record date (December 13, 2010) are entitled to receive notice of and to vote at the special meeting and any adjournment or postponement thereof provided that such shares remain outstanding on the date of the special meeting.

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Q: How do I vote my shares at the special meeting?

A: If you are a registered stockholder, you may vote in person at the special meeting. However, to ensure that your shares are represented at the special meeting, you are recommended to vote promptly by proxy by taking any of the following steps, even if you plan to attend the special meeting in person:

By Internet: Go to the website specified on your proxy card and follow the instructions.

By Telephone: Call the toll-free number specified on your proxy card from a touch-tone telephone in the United States or Canada and follow the instructions on your proxy card and the voice prompts on the telephone.

By Mail: Mark your vote, sign and date your proxy card and return it in the pre-addressed postage-paid envelope provided. If you received more than one proxy card (which means that you have shares in more than one account), you must mark, sign, date and return each proxy card or use an alternative voting method. Any proxy card mailed must actually be received prior to the special meeting.

If you are not a registered stockholder, but instead hold your shares in street name through a bank, broker or other nominee, please follow the instructions provided to you by your bank, broker or other nominee to vote by proxy and ensure your shares are represented at the special meeting. If you want to vote in person at the special meeting, you must provide a proxy executed in your favor from your bank, broker or other nominee. For more information on how to vote your shares, please see the section titled The Special Meeting of Occam Stockholders Voting of Proxies by Holders of Record beginning on page 70.

Q: What happens if I do not vote or submit a proxy, or do not instruct my bank, broker or other nominee to vote, or abstain from voting?

A: If you fail to submit a proxy or attend the meeting in person, it will be more difficult for us to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit a proxy or to vote in person, your failure to instruct your bank, broker or other nominee how to vote, or your abstention from voting, will have the same effect as a vote AGAINST the adoption of the merger agreement.

Q: What constitutes a quorum for the special meeting?

A: A majority of the shares of Occam common stock issued and outstanding and entitled to vote at the special meeting being present constitutes a quorum for the purpose of considering the proposals to be voted upon at the special meeting.

Q: What should I do if I want to change my vote?

A: If you submit your proxy through the Internet, by telephone or by mail, you may revoke your proxy at any time before the vote is taken at the special meeting in any one of the following ways:

through the Internet or by telephone before the deadlines for voting described above;

- by submitting a later-dated proxy by mail that is actually received by the Occam Corporate Secretary prior to the special meeting;

- by sending written notice of revocation to the Occam Corporate Secretary that is actually received by the Occam Corporate Secretary prior to the special meeting; or

- by voting in person at the special meeting.

Your attendance at the special meeting does not automatically revoke your proxy. If you are not a registered stockholder, but instead hold your shares in street name through a bank, broker or other nominee, the above-described options for revoking your proxy do not apply. Instead, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy and submit new voting instructions.

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Q: What happens if I sell my shares after the record date but before the special meeting?

A: The record date of the special meeting is earlier than the date of the special meeting and the date that the merger transaction is expected to be completed. If you transfer your shares of Occam after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided that such shares remain outstanding on the date of the special meeting), but you will not have the right to receive the merger consideration to be received by Occam stockholders in the merger transaction. In order to receive the merger consideration, you must hold your shares through completion of the merger transaction.

Q: Who may attend the special meeting?

A: Occam stockholders as of the record date (or their authorized representatives) and invited guests of Occam may attend the special meeting. Verification of share ownership will be required at the meeting. If you own your shares in your own name or hold them through a broker (and can provide documentation showing ownership such as a letter from your broker or a recent account statement) at the close of business on the record date (December 13, 2010), you will be permitted to attend the special meeting. Stockholders may call the Occam corporate office at (805) 692-2900 to obtain directions to Occam s offices at 3185 Laurelview Court, Fremont, California 94538.

Q: Will a proxy solicitor be used?

A: Yes. Occam has retained Innisfree M&A Incorporated to assist in the distribution and solicitation of proxies for the special meeting and will pay Innisfree M&A Incorporated a fee of up to $75,000 plus reimbursement of out-of-pocket expenses. In addition, Occam s directors, officers and employees may solicit proxies in person or by telephone, e-mail, facsimile transmission or other means of communication, but no additional compensation will be paid to them.

Q: Whom should I call with questions?

A: Occam stockholders should call Innisfree M&A Incorporated, Occam s proxy solicitor, toll-free at (888) 750-5834, and banks & brokers should call collect at (212) 750-5833 with any questions about the merger transaction and the other matters to be voted on at the special meeting, or to obtain additional copies of this proxy statement/prospectus or additional proxy cards.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. You are urged to carefully read the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger transaction and the other matters being considered at the special meeting. For additional information, see Where You Can Find More Information beginning on page 284. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

Information about the Companies (page 135)

Calix, Inc.

Calix Inc., or Calix, is a leading provider in North America of broadband communications access systems and software for copper- and fiber-based network architectures that enable communications service providers, or CSPs, to connect to their residential and business subscribers. Calix develops and sells carrier-class hardware and software products, which is referred to as the Unified Access portfolio, designed to enhance and transform CSP access networks to meet the changing demands of subscribers rapidly and cost-effectively. The Unified Access portfolio consists of Calix s two core platforms, the C-Series multiservice, multiprotocol access platform, or C-Series platform, and the E-Series Ethernet service access platforms and nodes, or E-Series platforms and nodes, along with complementary P-Series optical network terminals, or ONTs, and the Calix Management System, or CMS, network management software. Calix also offers installation, training, post-sales software support and extended warranty services. Calix s principal executive offices are located at 1035 N. McDowell Blvd, Petaluma, California 94954 and its telephone number is (707) 766-3000.

Ocean Sub I, Inc.

Ocean Sub I, Inc., or Ocean Sub I, is a direct, wholly owned subsidiary of Calix. Ocean Sub I has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger transaction. Ocean Sub I s principal executive offices are located at 1035 N. McDowell Blvd, Petaluma, California 94954 and its telephone number is (707) 766-3000.

Ocean Sub II, LLC

Ocean Sub II, LLC, or Ocean Sub II, is a direct, wholly owned subsidiary of Calix. Ocean Sub II has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger transaction. Ocean Sub II s principal executive offices are located at 1035 N. McDowell Blvd, Petaluma, California 94954 and its telephone number is (707) 766-3000.

Occam Networks, Inc.

Occam Networks, Inc., or Occam, develops, markets and supports innovative broadband access products designed to enable telecom service providers to offer bundled voice, video and high speed internet, or Triple Play, services over both copper and fiber optic networks. Occam s core product line is the Broadband Loop Carrier, or BLC, an integrated hardware and software platform that uses Internet Protocol, or IP, and Ethernet technologies to increase the capacity of local access networks, enabling the delivery of advanced Triple Play services. Occam also offers a family of ONTs for fiber optic networks, remote terminal cabinets and professional services. Occam s principal executive offices are located at 6868 Cortona Drive, Santa Barbara, California 93117, and its telephone number is (805) 692-2900.

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The Merger (page 73)

Calix and Occam agreed to the acquisition of Occam by Calix upon the terms and subject to the conditions in the merger agreement that is described in this proxy statement/prospectus. As the first step in the transaction, Ocean Sub I will merge with Occam, with Occam continuing as the surviving entity. Immediately thereafter, Occam will merge with Ocean Sub II, with Ocean Sub II continuing as the surviving corporation. The first merger is referred to as the first-step merger, the second merger is referred to as the second-step merger, the first-step merger and second-step merger are collectively referred to as the merger transaction and the effective time of the first-step merger is referred to as the effective time. For more information, please see the sections titled Proposal One The Merger and The Merger Agreement beginning on pages 73 and 117, respectively.

Merger Consideration (page 117)

At the effective time, each share of Occam common stock, other than shares owned by Calix, Occam or any of their respective subsidiaries (which will be cancelled), will be converted into the right to receive (i) 0.2925 shares of Calix common stock and (ii) $3.8337 in cash.

Treatment of Occam Options and Other Equity Awards (page 117)

Stock Options and Restricted Stock Units. Immediately prior to the effective time, (a) each outstanding Occam stock option or restricted stock unit as of immediately prior to the effective time which was or shall become vested as of the effective time with a per share exercise price that is less than (i) $3.8337 plus (ii) 0.2925 multiplied by the average volume weighted average trading price of Calix common stock during the five consecutive trading days ending on the trading day that is one day before the effective time, such amount being referred to as the cash-out consideration, (b) certain additional Occam options or restricted stock units that may be included, depending on the number of shares of Calix common stock issuable pursuant to the merger agreement and (c) unless determined otherwise by Calix, any Occam options or restricted stock units held by persons who are not Occam employees or consultants immediately prior to the effective time will be automatically cancelled and extinguished and the vested portion thereof will be automatically converted into the right to receive the cash-out consideration for the aggregate number of shares of Occam common stock that were issuable upon the exercise of such stock options or restricted stock units, less any applicable per share exercise price. If additional equity awards are cancelled in accordance with (b) above, equity awards with the highest exercise price will be cashed out first, and for these purposes a restricted stock unit is treated as having a $0 exercise price.

Unvested portions of each outstanding Occam stock option or restricted stock unit held by employees who continue to be employed by Calix or its subsidiaries after the effective time that are not cancelled as described above will be, at the effective time, automatically converted into options or restricted stock units, as the case may be, for Calix common stock, subject to adjustments in accordance with the compensatory award exchange ratio, and will otherwise be subject to the terms and conditions of such award prior to the effective time, including vesting and exercisability.

Restricted Stock. Immediately prior to the effective time, the restrictions on each restricted stock award held by a non-employee director shall lapse and the underlying Occam common stock shall be treated in the merger in the same manner as other shares of Occam common stock.

Risk Factors (page 26)

There are risks associated with the merger transaction, which are described in the section titled Risk Factors beginning on page 26. You should carefully read and consider these risks, which include, without limitation, the following:

- because the market price of Calix common shares will fluctuate, you cannot be assured of the market value of Calix common shares that you will receive in the merger transaction;

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- the merger transaction is subject to the adoption of the merger agreement by Occam stockholders;
- future results of the combined company may differ materially from the unaudited pro forma combined financial statements presented in this proxy statement/prospectus and the financial forecasts provided to Calix s and Occam s financial advisors in connection with discussions concerning the merger transaction;
- the pendency of the merger transaction could materially adversely affect the future business and operations of Calix and Occam or result in a loss of Occam employees;
- directors and executive officers of Occam have interests in the merger transaction that are different from, or in addition to, the interests of Occam stockholders generally;
- the failure to complete the merger transaction could negatively impact the stock prices and the future business and financial results of Calix and Occam; and
- the Calix common shares to be received by Occam stockholders as a result of the merger transaction will have different rights from shares of Occam common stock.

Special Meeting of Occam Stockholders (page 69)

Date, Time and Place. The special meeting of Occam stockholders will be held on January 27, 2011 at 10:00 a.m., local time, at Occam s offices at 3185 Laurelview Court, Fremont, California 94538.

Purpose. At the special meeting, Occam stockholders will be asked to consider and vote upon:

- adoption of the merger agreement; and
- approval of the adjournment proposal.

Record Date and Quorum. Only holders of record of Occam common stock at the close of business on December 13, 2010, the record date, are entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. You will have one vote for each share of Occam common stock that you owned on the record date. As of the record date, there were 21,551,376 shares of Occam common stock outstanding and entitled to vote at the special meeting. A majority of the shares of Occam common stock issued and outstanding and entitled to vote at the special meeting being present constitutes a quorum for the purpose of considering the proposals to be voted upon at the special meeting.

Vote Required. Occam cannot complete the merger transaction unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of Occam common stock entitled to vote at the special meeting. The adjournment proposal must be approved by the affirmative vote of the holders of a majority of the votes cast at the special meeting on such proposal.

Occam s Reasons for the Merger; Recommendation of the Occam Board of Directors (page 90)

At a meeting duly called and held, the Occam board has (i) unanimously determined that the merger agreement and the transactions contemplated thereby are fair to, advisable and in the best interests of the Company s stockholders, (ii) unanimously approved and adopted the merger agreement and the transactions contemplated thereby and (iii) unanimously resolved to recommend adoption of the merger agreement and the other transactions contemplated thereby by the stockholders of Occam.

In determining whether to adopt the merger agreement and approve the transactions contemplated thereby, the Occam board considered the factors described under Proposal One The Merger Occam s Reasons for the Merger; Recommendation of the Occam Board of Directors beginning on page 90.

Opinion of Occam s Financial Advisor (page 95)

Occam retained Jefferies & Company, Inc., which we refer to in this proxy statement/prospectus as Jefferies, to act as its financial advisor in connection with the merger transaction and to render to the Occam board an opinion as to the fairness of the consideration to be received by the holders of Occam common stock pursuant to the merger agreement. At the meeting of the Occam board on September 15, 2010, Jefferies rendered its opinion to the Occam board to the effect that, as of that date, and based upon and subject to the various considerations set forth in its opinion, the consideration to be received by holders of Occam common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

Jefferies opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. Jefferies opinion was directed to the Occam board and addresses only the fairness, from a financial point of view and as of the date of the opinion, of the consideration to be received by holders of Occam common stock. It does not address any other aspects of the merger transaction and does not constitute a recommendation as to how any holder of Occam common stock should vote on the merger transaction or any matter related thereto.

The full text of the written opinion of Jefferies is attached to this proxy statement/prospectus as Annex B. Occam encourages its stockholders to read Jefferies opinion carefully and in its entirety.

Interests of Certain Persons in the Merger (page 106)

Occam s executive officers and directors have financial interests in the merger transaction that are different from, or in addition to, their interests as Occam stockholders generally. The independent members of the Occam board were aware of and considered these interests, among other matters, in evaluating the merger agreement, and in recommending that the Occam stockholders adopt the merger agreement.

Each of Occam s executive officers are parties to change in control severance agreements with Occam, which provide severance and other benefits in the case of qualifying terminations of employment following a change in control, including completion of the merger transaction that may result in the receipt by such executive officers of cash severance payments and other benefits with a total value of approximately $1,413,987 (collectively, not individually, and excluding the value of any accelerated vesting of stock awards) and the acceleration of stock awards held by those officers.

In addition, for Occam s executive officers and non-employee directors, the completion of the merger transaction will result in, among other things, the conversion of vested stock options or restricted stock units into the right to receive the cash-out consideration less any applicable per share exercise price, the accelerated vesting and conversion of restricted stock into the right to receive merger consideration and the conversion of outstanding but unvested Occam stock options and restricted stock units into stock options and restricted stock units of Calix, subject to the compensatory award exchange ratio and which will remain subject to the vesting terms specified in the applicable award agreement. Occam s officers and directors also have rights to indemnification and directors and officers liability insurance that will survive completion of the merger transaction.

For further information, including a discussion of the approximate value of the potential benefits that could be received by the executive officers and the directors of Occam upon completion of the merger transaction, please see Proposal One The Merger Interests of Certain Persons in the Merger beginning on page 106.

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Outstanding Stock Entitled to Vote held by Certain Stockholders and the Vote Required to Adopt the Merger Agreement

As of November 30, 2010, all directors and executive officers of Occam, together with their affiliates, beneficially owned approximately 27% of the shares of Occam common stock. The affirmative vote of the holders of a majority of the shares of Occam common stock issued and outstanding is required for approval of the merger proposal.

Certain stockholders of Occam who collectively held approximately 27% of Occam s common stock as of November 30, 2010 have entered into a support agreement pursuant to which Occam stockholders have agreed to vote their shares of Occam common stock in favor of the adoption of the merger agreement and have also agreed to certain limitations on the ability to transfer their Occam shares and to exercise other stockholder rights. This support agreement is discussed in greater detail in the section entitled Support Agreement in this proxy statement/prospectus.

Regulatory Approvals Required for the Merger (page 109)

Calix and Occam agreed to use their reasonable best efforts to obtain all governmental and regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval under the Hart-Scott-Rodino Act, or the HSR Act. Under the HSR Act, and the rules promulgated by the Federal Trade Commission, or the FTC, the merger transaction may not be completed until (1) certain information and materials are furnished to the Department of Justice, or the DOJ, and the FTC and (2) the applicable waiting period under the HSR Act is terminated or expires. Calix and Occam filed the required HSR notification and report forms with the FTC on September 27, 2010. Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

Calix and Occam also intend to make all required filings under the Securities Act of 1933, as amended, or the Securities Act, and the Securities Exchange Act of 1934, as amended, or the Exchange Act, relating to the merger transaction, and obtain all other approvals and consents which may be necessary to give effect to the merger transaction.

Appraisal Rights (page 110)

Under the Delaware General Corporation Law, referred to as the DGCL, Occam stockholders who do not vote for the adoption of the merger agreement have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the first-step merger is completed, but only if they comply with all requirements of the DGCL, which are summarized in this proxy statement/prospectus. This appraisal amount could be more than, the same as, or less than the amount an Occam stockholder would be entitled to receive under the merger agreement. Any Occam stockholder intending to exercise appraisal rights, among other things, must submit a written demand for appraisal to Occam prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement . Failure to follow exactly the procedures specified under the DGCL will result in the loss of appraisal rights. Because of the complexity of the DGCL relating to appraisal rights, if you are considering exercising your appraisal right, we encourage you to seek the advice of your own legal counsel.

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NYSE Listing of Calix Common Stock (page 116)

Calix s common shares currently trade on the New York Stock Exchange, or NYSE, under the stock symbol CALX. It is a condition to completion of the merger transaction that the Calix common shares to be issued by Calix to Occam stockholders in connection with the merger transaction be approved for listing on the NYSE, subject to official notice of issuance. Calix has agreed to use all reasonable best efforts to cause the Calix common shares issuable in connection with the merger transaction, including those shares to be reserved for issuance upon the exercise or conversion of equity awards described above, to be authorized for listing on the NYSE and expects to obtain the NYSE s approval to list such shares prior to completion of the merger transaction, subject to official notice of issuance.

Delisting and Deregistration of Occam Common Stock (page 116)

Shares of Occam common stock currently trade on the NASDAQ Global Market under the stock symbol OCNW. Upon completion of the merger transaction, all shares of Occam common stock will cease to be listed for trading on the NASDAQ Global Market and will be deregistered under the Exchange Act.

Conditions to the Merger (page 128)

The obligations of each of Occam, Calix and Ocean Sub I to consummate the first-step merger are subject to the satisfaction of the following conditions:

- the merger agreement having been adopted by the required vote of the Occam stockholders;
- expiration or termination of any applicable waiting period (and any extension thereof) under the HSR Act and any other applicable antitrust laws in the United States, and receipt of any required clearances, consents, approvals, orders and authorizations required by any antitrust laws in the United States;
- the absence of any temporary restraining order, preliminary or permanent injunction, or any other order, decree or law, in each case, issued, enacted or adopted by any governmental authority of a competent jurisdiction in the United States making consummation of the merger transaction illegal; and
- declaration of effectiveness of the registration statement on Form S-4 (of which this proxy statement/prospectus forms a part) under the Securities Act and the absence of any stop order or proceeding seeking a stop order affecting the registration statement.

Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

In addition, the obligations of Occam to consummate the first-step merger are subject to the satisfaction of the following conditions:

- the continued accuracy of the representations and warranties made by Calix, Ocean Sub I, and Ocean Sub II, under the merger agreement, at signing and at closing, subject to certain materiality qualifications and limitations described in further detail on page 128;
- Calix, Ocean Sub I, and Ocean Sub II, having complied in all material respects with their respective obligations and covenants under the merger agreement;

the absence of any continuing material adverse effect concerning the business, assets, liabilities, operations or financial condition of Calix and its subsidiaries since the date of the agreement;

the receipt by Occam of an executed closing certificate from Calix;

the receipt by Occam of the written opinion of Wilson Sonsini Goodrich & Rosati, P.C. to the effect that, for U.S. federal income tax purposes, the merger transaction will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or the Code; and

- the Calix common shares deliverable to Occam stockholders in connection with the merger transaction shall have been authorized for listing on the NYSE, upon official notice of issuance.

The obligation of Calix, Ocean Sub I, and Ocean Sub II, to complete the merger transaction is subject to the following conditions in addition to those described above:

- the continued accuracy of the representations and warranties made by Occam under the merger agreement, subject in certain instances to materiality qualifications and limitations described in further detail on page 129;

- Occam having complied in all material respects with its obligations and covenants under the merger agreement;

- the absence of any continuing material adverse effect concerning the business, assets, liabilities, operations or financial condition of Occam and its subsidiaries since the date of the agreement;

- Occam s delivery to Calix of (i) an executed closing certificate; and (ii) written resignations of all the Occam directors and officers, which, in each case, shall be in full force and effect; and

- the absence of any proceeding (pending or threatened) that (i) challenges or seeks to prohibit the merger transaction, (ii) would limit Calix s ability to exercise ownership rights with respect to Occam, (iii) would materially and adversely affect Calix s ability to own the assets or operate the business of Occam or (iv) seeks to compel any party to dispose of or hold separate any material assets as a result of the transaction.

Expected Timing of the Merger (page 110)

Calix and Occam currently expect to complete the merger transaction in the first quarter of 2011, subject to the receipt of required stockholder and regulatory approvals and the satisfaction or waiver of the other conditions to completion of the merger transaction. Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010. Because many of the conditions to completion of the merger transaction are beyond the control of Calix and Occam, the exact timing for completion of the merger transaction cannot be predicted with any amount of certainty.

No Solicitation of Offers by Occam (page 125)

The merger agreement contains detailed provisions that restrict Occam, its subsidiaries and their respective representatives from soliciting, initiating or knowingly encouraging, or taking other actions intended to facilitate, the submission of any other acquisition proposal. The merger agreement also contains restrictions on Occam, its subsidiaries and their respective representatives from participating in any discussions or negotiations regarding any other acquisition proposal. The merger agreement does not, however, prohibit the Occam board from considering and recommending to Occam stockholders an alternative transaction with a third party if specified conditions are met, including, in certain circumstances, the payment of a termination fee required by the merger agreement.

Termination of the Merger Agreement (page 129)

The merger agreement may be terminated at any time prior to the completion of the first-step merger by mutual consent of Occam and Calix. The merger agreement may also be terminated, subject to certain conditions, by either Occam or Calix if:

- the merger transaction has not been consummated on or before March 15, 2011;

by mutual agreement of Calix and Occam, if the merger transaction has not been consummated by December 15, 2010 and if Calix and Occam make a mutual good-faith determination that certain conditions relating to antitrust approval are not likely to be satisfied on or before March 15, 2011;

- any final and non-appealable order, injunction or decree issued by any governmental authority of competent jurisdiction in the United States permanently prohibits the merger transaction; or

- Occam stockholders do not adopt the merger agreement at the special meeting.

provided, with the exception of the circumstances described in the second bullet in the above list, no party may terminate the merger agreement for any of the circumstances stated above if such party s breach of the merger agreement resulted in the occurrence of any circumstances. Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

Calix may terminate the merger agreement, subject to certain conditions, if:

- certain triggering events relating to other acquisition proposals occur at any time prior to the adoption of the merger agreement by Occam stockholders; or

- any of Occam s representations and warranties are inaccurate or if Occam has breached any of its covenants or obligations (in each case, if such breach is not cured within 30 days written notice thereof), such that the required conditions to Calix s obligations to close would not be satisfied (provided that Calix, Ocean Sub I or Ocean Sub II are not then in material breach of the merger agreement).

Occam may terminate the merger agreement, subject to certain conditions, if:

- prior to Occam stockholder approval, the Occam board recommends, accepts or agrees to enter into a superior proposal (as defined in the merger agreement and described in further detail in the section titled The Merger Agreement No Solicitation of Offers by Occam beginning on page 125; or

- any of Calix s representations and warranties are inaccurate or Calix has breached any of its covenants or obligations (in each case, if such breach is not cured within 30 days written notice thereof), such that the required conditions to Occam s obligations to close would not be satisfied (provided that Occam is not then in material breach of the merger agreement).

Termination Fees and Expenses (page 130)

Occam has agreed to pay Calix a termination fee of $5,200,000 if:

- (i) the merger agreement is terminated because Occam stockholders do not adopt the merger agreement at the Occam stockholder meeting; and (ii) at or prior to the Occam stockholder meeting, an acquisition proposal involving a third party is publicly announced or becomes publicly known and has not been withdrawn; and (iii) within twelve months following the termination of the merger agreement pursuant to (i) above, Occam enters into a definitive agreement to effect an acquisition of Occam and such transaction is subsequently consummated;

- the merger agreement (i) is terminated (A) by mutual agreement of Calix and Occam between December 15, 2010 and March 15, 2011 or (B) by either Calix or Occam after March 15, 2011, in each case, as a result of the antitrust conditions not being likely to be satisfied or not being met by March 15, 2011 and (ii) at or prior to such termination an acquisition proposal involving a third party is publicly announced or becomes publicly known and such acquisition proposal has not been withdrawn and (iii) within six months following such termination Occam enters into a definitive agreement to effect an acquisition of Occam with such third party and such transaction is subsequently consummated;

the merger agreement is terminated by Calix because certain triggering events relating to other acquisition proposals occur prior to the adoption of the merger agreement by Occam stockholders; or

the merger agreement is terminated by Occam, prior to Occam stockholder adoption of the merger agreement, because the Occam board recommends to its stockholders a superior proposal and is entering into an agreement with respect to such superior proposal.

Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

Calix has agreed to pay Occam a termination fee of $5,000,000 if the merger agreement is terminated:

by mutual agreement of Calix and Occam, if the merger transaction has not been consummated by December 15, 2010 and if Calix and Occam make a mutual good-faith determination that certain conditions relating to antitrust approval are not likely to be satisfied on or before March 15, 2011, and if on such date, all of the merger transaction closing conditions, other than those relating to antitrust approval, are reasonably capable of being satisfied. Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

Calix has agreed to pay Occam a termination fee of $10,000,000 if the merger agreement is terminated:

by either Occam or Calix because the merger transaction has not been consummated on or before March 15, 2011, and if on such date all of the merger transaction closing conditions have been satisfied or waived other than conditions that, by their nature, can only to be satisfied at the closing or those relating to antitrust approval. Calix and Occam were granted early termination of the waiting period under the HSR Act effective November 16, 2010.

Accounting Treatment (page 113)

In accordance with accounting principles generally accepted in the United States, or GAAP, Calix will account for the merger transaction using the purchase method of accounting for business combinations.

Material U.S. Federal Income Tax Consequences of the Merger Transaction (page 113)

The merger transaction has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Code, and the consummation of the merger transaction is conditioned on the receipt by Occam of an opinion from its counsel to the effect that the merger transaction will so qualify. Assuming the merger transaction qualifies as a reorganization, for U.S. federal income tax purposes, U.S. stockholders of Occam will recognize gain (but not loss) with respect to their Occam common stock in an amount equal to the lesser of (i) any gain realized with respect to that stock or (ii) the amount of cash received with respect to that stock (other than any cash received instead of a fractional share of Calix common stock); and will recognize gain (or loss) to the extent any cash received instead of a fractional share of Calix common stock exceeds (or is less than) the basis of the fractional share.

The tax consequences of the merger transaction to each stockholder will depend on such stockholder s own situation. Occam stockholders are urged to read the discussion in the section titled Proposal One The Merger Material U.S. Federal Income Tax Consequences of the Merger Transaction beginning on page 113 of this proxy statement/prospectus and to consult their tax advisors as to the U.S. federal income tax consequences of the merger transaction, as well as the effects of state, local and non-U.S. tax laws.

Management of Calix Following the Merger

Upon the effective time and subject to the review and approval of Calix s board, one member of the Occam board who is not an employee of Occam, which individual shall be mutually and reasonably agreed to by Calix and Occam, will be appointed to the Calix board and will be nominated by the Calix board for election at Calix s next annual meeting of stockholders. As of the date of this proxy statement/prospectus, no determination has been made as to the identity of the designee who will be appointed to the Calix board. There are currently no changes to Calix s executive officers contemplated in connection with the merger transaction. Information about the Calix directors and executive officers who will continue to be Calix directors and executive officers after the

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effective time is set forth below in the section Management Following the Merger Management of Calix, and information about members of the Occam board who are not employees of Occam, one of whom will be appointed to the Calix board after the effective time, is set forth below in the section Management Following the Merger Non-Employee Directors of Occam.

Comparison of Rights of Calix Stockholders and Occam Stockholders (page 273)

The rights of Occam stockholders are currently governed by the Occam certificate of incorporation, the Occam bylaws and the DGCL. Occam stockholders, who will receive a portion of the merger consideration in Calix common shares, will become stockholders of Calix upon completion of the merger transaction. Thereafter, their rights will be governed by the Calix certificate of incorporation, the Calix bylaws and the DGCL. As a result, these Occam stockholders will have different rights once they become stockholders of Calix due to the differences in the governing documents of Calix and Occam. The key differences are described in the section titled Comparison of Rights of Calix Stockholders and Occam Stockholders beginning on page 273 of this proxy statement/prospectus.

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SELECTED HISTORICAL AND UNAUDITED PRO FORMA

CONDENSED COMBINED FINANCIAL DATA

Selected Historical Financial Data of Calix

The following tables summarize Calix s financial data. The statements of operations data for the nine months ended September 26, 2009 and September 25, 2010 and the balance sheet data as of September 25, 2010 are derived from Calix s unaudited financial statements and related notes. The statements of operations data for the years ended December 31, 2007, 2008 and 2009 and the balance sheet data as of December 31, 2008 and 2009 are derived from Calix s audited financial statements and related notes, which are included elsewhere in this proxy statement/prospectus. The statements of operations data for the years ended December 31, 2005 and 2006 and the balance sheet data as of December 31, 2005, 2006 and 2007 are derived from Calix s audited financial statements and related notes, which are not included in this proxy statement/prospectus. Historical results are not indicative of the results that should be expected in the future.

	Years Ended December 31,					Nine Months Ended	
						September 26,	September 25,
	2005	2006	2007	2008	2009	2009	2010
	(in thousands, except per share data)					(unaudited, in thousands, except per share data)	
Consolidated Statements of Operations Data:							
Revenue	$ 133,516	$ 203,590	$ 193,819	$ 250,463	$ 232,947	$ 144,588	$ 195,348
Cost of revenue:							
Products and services(1)	92,527	138,651	128,025	165,925	150,863	93,584	117,194
Amortization of existing technologies		4,987	5,440	5,440	5,440	4,080	4,080
Total cost of revenue	92,527	143,638	133,465	171,365	156,303	97,664	121,274
Gross profit	40,989	59,952	60,354	79,098	76,644	46,924	74,074
Operating expenses:							
Research and development(1)	30,312	43,469	44,439	44,348	46,132	33,187	39,232
Sales and marketing(1)	20,632	29,852	28,439	31,627	33,486	23,691	29,014
General and administrative(1)	6,541	8,938	12,103	15,253	15,613	11,629	19,515
Acquisition-related costs							2,137
Amortization of acquired intangible assets		2,378	740	740	740	555	555
In-process research and development		9,000					
Total operating expenses	57,485	93,637	85,721	91,968	95,971	69,062	90,453
Loss from operations	(16,496)	(33,685)	(25,367)	(12,870)	(19,327)	(22,138)	(16,379)
Other income (expense), net	1,468	14,331	530	(130)	(3,466)	(3,097)	(1,001)
Net loss before provision (benefit) from income taxes	(15,028)	(19,354)	(24,837)	(13,000)	(22,793)	(25,235)	(17,380)
Provision (benefit) from income taxes	27	105	102	(81)	(352)	51	435
Net loss before cumulative effect of change in accounting principle	(15,055)	(19,459)	(24,939)	(12,919)	(22,441)	(25,286)	(17,815)
Cumulative effect of change in accounting principle	(8,278)						
Net loss	(23,333)	(19,459)	(24,939)	(12,919)	(22,441)	(25,286)	(17,815)
Preferred stock dividends			1,016	4,065	3,747	3,041	900

Net loss attributable to common stockholders	$ (23,333)	$ (19,459)	$ (25,955)	$ (16,984)	$ (26,188)	$ (28,327)	$ (18,715)

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	Years Ended December 31,					Nine Months Ended	
	2005	2006	2007	2008	2009	September 26, 2009	September 25, 2010
	(in thousands, except per share data)					(unaudited, in thousands, except per share data)	
Net loss per common share:							
Basic and diluted	$ (10.86)	$ (6.25)	$ (6.96)	$ (4.27)	$ (6.48)	$ (7.03)	$ (0.70)
Pro forma basic and diluted (unaudited)(2)					$ (0.77)		$ (0.50)
Weighted average number of shares used to compute net loss per share:							
Basic and diluted	2,149	3,111	3,727	3,975	4,040	4,029	26,751
Pro forma basic and diluted (unaudited)(2)					28,991		35,540

(1) Includes stock-based compensation as follows:

	2005	2006	2007	2008	2009	September 26, 2009	September 25, 2010
Cost of revenue	$ 164	$ 277	$ 379	$ 619	$ 581	$ 516	$ 1,152
Research and development	259	824	1,852	3,189	2,657	1,969	4,014
Sales and marketing	427	659	1,285	1,998	1,840	1,287	3,034
General and administrative	1,248	1,053	2,738	4,134	4,118	2,918	9,282
	$ 2,098	$ 2,813	$ 6,254	$ 9,940	$ 9,196	$ 6,690	$ 17,482

(2) Pro forma weighted average shares outstanding reflects the conversion of Calix s convertible preferred stock (using the if-converted method) into common stock as though the conversion had occurred on the original dates of issuance.

	As of December 31,					As of
	2005	2006	2007	2008	2009	September 25, 2010
	(In thousands)					(In thousands, unaudited)
Consolidated Balance Sheet Data:						
Cash, cash equivalents and marketable securities	$ 11,926	$ 11,750	$ 29,645	$ 23,214	$ 68,049	$ 109,243
Working capital (deficit)	(6,268)	(11,637)	15,465	41,403	77,999	127,102
Total assets	54,437	203,530	202,677	189,455	241,116	262,066
Current and long-term loans payable	4,262	23,262	16,512	21,000	20,000	
Preferred stock warrant liabilities	16,023	3,195	1,561	232	195	
Convertible preferred stock	281,262	379,316	422,337	426,403	479,628	
Common stock and additional paid-in capital	22,357	26,062	33,307	43,597	52,841	608,602
Total stockholders equity (deficit)	(282,990)	(296,993)	(315,676)	(322,397)	(339,358)	197,785

Selected Consolidated Historical Financial Data of Occam

The following tables summarize Occam s financial data. The statements of operations data for the nine months ended September 30, 2009 and September 30, 2010 and the balance sheet data as of September 30, 2010 are derived from Occam s unaudited financial statements and related notes. The consolidated financial data set forth below as of December 31, 2008 and December 31, 2009 and for the years ended December 31, 2007, December 31, 2008 and December 31, 2009 are derived from, and qualified by reference to, Occam s audited consolidated financial statements, which are included elsewhere in this proxy statement/prospectus. The statements of operations data for the years ended December 25, 2005 and December 31, 2006 and the balance sheet data as of December 25, 2005 and December 31, 2006 and 2007 are derived from Occam s audited financial statements and related notes, which are not included in this proxy statement/prospectus. Historical results are not indicative of the results that should be expected in the future. The consolidated financial data set forth below for and as of the year ended December 25, 2005 has been restated as a result of Occam s audit committee review as described below.

On October 16, 2007, Occam announced that the audit committee of the Occam board had completed its previously announced internal review of its revenue recognition practices. Among other matters, Occam s audit committee, assisted by independent forensic accountants and legal advisors, reviewed its practices relating to the following:

- commitments to provide customers with software, hardware and software maintenance, hardware and software upgrades, training, and other services in connection with customers purchases of Occam s network equipment;
- sales to value added resellers; and
- use of intermediate shipping vendors in connection with shipments of product at the end of quarters falling on weekends.

As a result of Occam s audit committee s review, Occam identified errors in its previous recognition of revenue and determined that Occam recognized approximately $33.0 million of revenue prematurely during fiscal years 2004 through 2006. As a result, Occam restated its consolidated financial statements for the following fiscal periods: (i) the fiscal years ended December 25, 2005 and December 26, 2004; (ii) each of the interim quarterly periods in the fiscal years ended December 25, 2005 and December 26, 2004; and (iii) each of the interim quarterly periods ended March 26, June 25, and September 24, 2006.

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All references to earnings and the number of shares of Occam s common stock have been retroactively restated to reflect the 1-for-40 reverse stock split effected on March 10, 2006.

	Fiscal Year Ended					Nine Months Ended	
	December 25, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	September 30, 2009	September 30, 2010
	(in thousands except per share data)					(unaudited, in thousands except per share data)	
Statement of Operations Data:							
Revenue	$ 39,597	$ 68,203	$ 75,149	$ 99,268	$ 84,046	$ 62,120	$ 75,930
Cost of revenue(1)	27,736	42,473	46,137	56,877	50,019	36,970	44,396
Gross margin	11,861	25,730	29,012	42,391	34,027	25,150	31,534
Operating expenses							
Research and product development(1)	7,440	9,584	13,321	18,964	16,091	12,186	11,549
Sales and marketing(1)	8,349	11,222	14,650	19,855	17,588	13,404	14,200
General and administrative(1)	3,420	4,095	11,823	10,812	7,940	6,179	5,702
Restructuring charges					213	213	
Loss on legal settlement					1,700	1,700	
In-process research and development			2,180				
Merger related expenses							2,840
Total operating expenses	19,209	24,901	41,974	49,631	43,532	33,682	34,291
Income (loss) from operations	(7,348)	829	(12,962)	(7,240)	(9,505)	(8,532)	(2,757)
Other income (expense), net				(342)	147	147	
Interest income (expense), net	(259)	470	2,632	1,120	227	274	8
Income (loss) before provision for (benefit from) income taxes	(7,607)	1,299	(10,330)	(6,462)	(9,131)	(8,111)	(2,749)
Provision for (benefit from) income taxes		64	56	256	(206)	(35)	32
Net income (loss)	(7,607)	1,235	(10,386)	(6,718)	(8,925)	(8,076)	(2,781)
Beneficial conversion feature	(1,822)	(3,437)					
Net loss attributable to common stockholders	$ (9,429)	$ (2,202)	$ (10,386)	$ (6,718)	$ (8,925)	$ (8,076)	$ (2,781)
Basic and diluted net loss per share	$ (1.40)	$ (0.24)	$ (0.53)	$ (0.34)	$ (0.44)	$ (0.40)	$ (0.13)
Shares used to compute basic and diluted net loss per share	6,759	9,020	19,760	19,874	20,259	20,214	20,820
(1)Stock-based compensation included in:							
Cost of revenue	$	$ 288	$ 233	$ 377	$ 504	$ 326	$ 234
Research and product development	519	748	754	1,128	1,152	778	594
Sales and marketing	70	476	558	731	1,002	692	560
General and administrative	6	390	546	811	1,370	889	644
Total stock-based compensation	$ 595	$ 1,902	$ 2,091	$ 3,047	$ 4,028	$ 2,685	$ 2,032

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	As of					
	December 25, 2005	December 31, 2006	December 31, 2007 (in thousands)	December 31, 2008	December 31, 2009	September 30, 2010 (unaudited, in thousands)
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 6,571	$ 59,219	$ 37,637	$ 30,368	$ 39,268	$ 44,174
Restricted cash	3,749	4,378	13,103	13,771	5,721	1,804
Working capital	12,225	66,096	51,765	47,953	45,521	46,356
Total assets	30,638	87,758	90,885	92,734	83,162	90,305
Total debt and capital lease obligation	2,557		64	67	46	
Total liabilities	17,645	19,615	30,619	35,563	30,312	36,875
Convertible preferred stock and warrants	34,942					
Total stockholders equity (deficit)	(21,949)	68,143	60,266	57,171	52,850	53,430

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Selected Unaudited Pro Forma Condensed Combined Financial Data

The following selected unaudited pro forma condensed combined financial data was prepared using the purchase method of accounting. The Calix and Occam selected unaudited pro forma condensed combined balance sheet data as of September 25, 2010 assume that the merger transaction took place on September 25, 2010, and combines the Calix historical balance sheet at September 25, 2010 with Occam s historical consolidated balance sheet at September 30, 2010. The Calix and Occam selected unaudited pro forma condensed combined statement of operations data assume that the merger transaction took place as of January 1, 2009. The selected unaudited pro forma condensed combined statement of operations data for the year ended December 31, 2009 combines the Calix historical statement of operations data for the year ended December 31, 2009 with the Occam historical statement of operations data for the year ended December 31, 2009. The selected unaudited pro forma condensed combined statement of operations data for the nine months ended September 25, 2010 combines the Calix historical statement of operations data for the nine months ended September 25, 2010 with the Occam historical statement of operations data for the nine months ended September 30, 2010.

The unaudited pro forma condensed combined financial statements assume that, at the effective time of the first-step merger, each outstanding share of Occam common stock (other than those with respect to which appraisal rights are available, properly exercised and not withdrawn) will be converted into the right to receive (a) $3.8337 per share in cash plus (b) 0.2925 of a validly issued, fully paid and non-assessable share of Calix s common stock.

The selected unaudited pro forma condensed combined financial data is based on estimates and assumptions that are preliminary, presented for illustrative purposes only and is not necessarily indicative of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during these periods. The selected unaudited pro forma condensed combined financial data as of and for the nine months ended September 25, 2010 and for the year ended December 31, 2009 are derived from the unaudited pro forma condensed combined financial statements included elsewhere in this proxy statement/prospectus and should be read in conjunction with those statements and the related notes. See Unaudited Pro Forma Condensed Combined Financial Statements in this proxy statement/prospectus.

	Year Ended December 31, 2009	Nine Months Ended September 25, 2010[1]
	(in thousands)	
Unaudited Pro Forma Condensed Combined Statement of Operations Data:		
Revenue	$ 299,381	$ 258,243
Gross profit	101,159	98,773
Loss from operations	(53,900)	(32,696)
Net loss attributable to common stockholders	(59,805)	(34,717)
Net loss per common share:		
Basic and diluted	$ (5.87)	$ (1.06)
Pro forma combined basic and diluted[2]	$ (1.60)	$ (0.81)
Weighted average common shares outstanding:		
Basic and diluted	10,189	32,900
Pro forma combined basic and diluted[2]	35,140	41,689

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	As of September 25, 2010
Unaudited Pro Forma Condensed Combined Balance Sheet Data:	
Cash, cash equivalents and marketable securities	$ 64,551
Working capital	88,384
Total assets	371,387
Accumulated deficit	(410,897)
Total stockholders equity	280,059

(1) Includes the historical results of Occam for the nine months ended September 30, 2010.

(2) Pro forma combined weighted average shares outstanding reflects the conversion of Calix convertible preferred stock (using the if-converted method) into common stock as though the conversion had occurred on the original dates of issuance.

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Comparative Historical and Unaudited Pro Forma Combined Per Share Data

The following table contains certain historical per share data of Calix and Occam and combined per share data on an unaudited pro forma combined basis after giving effect to the merger using the purchase method of accounting.

The unaudited pro forma combined per share data was derived from financial information of Calix and Occam included elsewhere in this proxy statement/prospectus. The information in the table should be read in conjunction with the historical financial statements of Calix and Occam and related notes, which are included elsewhere in this proxy statement/prospectus. The unaudited pro forma combined data is based on estimates and assumptions that Calix and Occam believe are reasonable. It is not necessarily indicative of the consolidated financial position or results of income in future periods or the results that actually would have been realized had Calix and Occam been a combined company as of the beginning of the periods presented.

Calix:	**As of and for the Year Ended December 31, 2009(1)**	**As of and for the Nine Months Ended September 25, 2010(1)**
Book value per share		
Historical	$ 4.85	$ 5.57
Pro forma combined	NA	$ 8.51
Basic and diluted net loss per share		
Historical	$ (0.77)	$ (0.50)
Pro forma combined	$ (1.60)	$ (0.81)

(1) The historical and pro forma combined per share data for the year ended December 31, 2009 and nine months ended September 25, 2010 reflects the conversion of all outstanding shares of Calix convertible preferred stock (using the if-converted method) into shares of common stock as though the conversion had occurred on the original dates of issuance and the reclassification of Calix preferred stock warrant liabilities to additional paid-in capital, immediately prior to the completion of Calix s initial public offering.

Occam:	**As of and for the Year Ended December 31, 2009(1)**	**As of and for the Nine Months Ended September 30, 2010**
Book value per share		
Historical	$ 2.56	$ 2.52
Pro forma combined equivalent	NA	$ 2.49
Basic and diluted net loss per share		
Historical	$ (0.44)	$ (0.13)
Pro forma combined equivalent	$ (0.47)	$ (0.24)

(1) Occam s equivalent pro forma amounts per share are calculated by multiplying the Calix pro forma combined share amounts by the assumed exchange ratio of 0.2925.

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Comparative Per Share Market Price Data

Calix common stock is listed on the NYSE under the symbol CALX, and Occam common stock is listed on the NASDAQ Global Market under the symbol OCNW. The following table shows the closing sales prices of the Calix common stock and Occam common stock as reported on the NYSE and the NASDAQ Global Market on September 15, 2010, the last trading day before the merger agreement was announced, and on December 13, 2010, the latest practicable date prior to the date of this proxy statement/prospectus.

The table also shows the implied value of the merger consideration proposed for each share of Occam common stock, which was calculated by adding $3.8337 to the product of the closing price on the NYSE of Calix common shares as of the respective date and the exchange ratio. The actual value of the Calix common stock a stockholder will receive on the date of the merger transaction may be higher or lower than the prices set forth below.

	Calix Common Stock	Occam Common Stock	Merger Consideration per share of Occam
September 15, 2010	$ 13.30	$ 5.29	$ 7.724
December 13, 2010	$ 15.90	$ 8.34	$ 8.484

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RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, including the matters addressed in the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 67, you should carefully consider the following risks before deciding whether to vote for the adoption of the merger agreement. In addition, you should read and consider the risks associated with each of the businesses of Occam and Calix. With respect to Calix or the combined company if the merger transaction is completed, these risks can be found in the section titled Risk Factors Risks Related to Calix (and the Combined Company in the event the Merger Transaction is Completed). With respect to Occam in the event Occam continues as a standalone company, these risks can be found in the section titled Risk Factors Risks Related to Occam. For further information, please see the section titled Where You Can Find More Information beginning on page 284.

Risks Related to the Merger

Because the market price of Calix common shares will fluctuate, Occam stockholders cannot be sure of the market value of Calix common shares that they will receive in the merger transaction.

At the effective time of the merger transaction, each share of Occam common stock, other than dissenting shares, if any, and shares owned by Calix, Occam or any of their respective subsidiaries (which will be cancelled), will be converted into the right to receive $3.8337 in cash, without interest and 0.2925 shares of Calix common stock. There will be a time lapse between the date on which Occam stockholders vote on the adoption of the merger agreement and the date on which Occam stockholders will actually receive such shares. The market value of Calix common shares will fluctuate during this period. These fluctuations may be caused by changes in the businesses, operations, results and prospects of both Calix and Occam, market expectations of the likelihood that the merger transaction will be completed and the timing of its completion, the effect of any of the conditions or restrictions imposed on or proposed with respect to the merging parties by regulatory agencies, general market and economic conditions or other factors, including those risks discussed elsewhere in this proxy statement/prospectus. The actual market value of Calix common shares, when received by Occam stockholders, will depend on the market value of those shares on that date. This market value may be less than the value used to determine the number of shares to be received, as that determination was made as of September 15, 2010.

The failure to successfully combine the businesses of Calix and Occam in the expected time frame may adversely affect Calix s future results, which may adversely affect the value of the Calix common shares that Occam stockholders may receive in the merger transaction.

The success of the merger transaction will depend, in part, on the ability of a post-merger Calix to realize the anticipated benefits from combining the businesses of Calix and Occam, including integrating Occam into Calix s business. To realize these anticipated benefits, Calix s business and Occam s business must be successfully combined. If Calix is unsuccessful in combining Calix s business and Occam s business in the expected timeframe, the anticipated benefits of the merger transaction may not be realized fully or at all or may take longer to realize than expected. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger transaction.

Calix and Occam, including their respective subsidiaries, have operated and, until the completion of the merger transaction, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies. Any or all of those occurrences could adversely affect Calix s ability to maintain relationships with customers and employees after the merger transaction or to achieve the anticipated benefits of the merger transaction. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on the combined company.

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Future results of the combined company may differ materially from the unaudited pro forma combined financial statements presented in this proxy statement/prospectus and the financial forecasts provided to Calix s and Occam s financial advisors in connection with discussions concerning the merger transaction and the potential benefits of the merger transaction may not be realized.

The future results of the combined company may be materially different from those shown in the unaudited pro forma combined financial statements presented in this proxy statement/prospectus, which show only a combination of the historical results of Calix and Occam and the financial forecasts provided to Calix s and Occam s financial advisors in connection with discussions concerning the merger transaction. Calix expects to incur significant costs associated with the completion of the merger transaction and combining the operations of the two companies, the exact magnitude of which is not yet known. In addition, these costs may decrease the capital that the combined company could use for revenue-generating investments in the future. Furthermore, potential growth, expected financial results, perceived synergies and anticipated opportunities may not be realized through the completion of the merger transaction.

Whether or not the merger transaction is completed, the announcement and pendency of the merger transaction could cause disruptions and materially adversely affect the future business and operations of Calix and Occam or result in a loss of Occam employees.

In connection with the announcement or pendency of the merger transaction, it is possible that some customers, suppliers and other persons with whom Calix or Occam have a business relationship may delay or defer certain business decisions, or determine to purchase a competitor s products. In particular, customers could be reluctant to purchase the products of Calix and/or Occam due to uncertainty about the direction of their respective technology and products, and uncertainty regarding the willingness of the combined company to support and service existing products after the merger transaction. If Calix s or Occam s customers, suppliers or other persons, delay or defer business decisions, or purchase a competitor s products, it could negatively impact revenues, earnings and cash flows of Calix or Occam, as well as the market prices of Calix common shares or Occam common stock, regardless of whether the merger transaction is completed.

Similarly, current and prospective employees of Occam may experience uncertainty about their future roles with Occam and Calix following completion of the merger transaction. These potential distractions of the merger may adversely affect Occam s ability to attract, motivate and retain executives and key employees and keep them focused on the strategies and goals of the combined company. Any failure by Occam to retain and motivate executives and key employees during the period prior to the completion of the merger transaction could seriously harm its business, as well as the business of the combined company.

Directors and executive officers of Occam have interests in the merger transaction that are different from, or in addition to, the interests of Occam stockholders generally, and Occam stockholders should consider these interests in connection with their votes on the merger agreement.

Some of the directors and executive officers of Occam have interests in the merger transaction that are different from, or in addition to, the interests of Occam stockholders generally. These interests include:

- the vesting and settlement or conversion of Occam equity awards into awards for Calix common shares held by Occam directors and executive officers;

- executive officers receipt of specified benefits under their change in control agreements, if certain terminations of employment occur in connection with the merger transaction; and

- Calix s agreement to indemnify directors and officers against certain claims and liabilities and to continue such indemnification for a period of six years from the effective time.

Occam stockholders should consider these interests in connection with their votes on the merger agreement. For more information, please see the section titled Proposal One The Merger Interests of Certain Persons in the Merger beginning on page 106.

Failure to complete the merger transaction could negatively impact the stock prices and future businesses and financial results of Calix and Occam.

If the merger transaction is not completed, neither Calix nor Occam would realize any anticipated benefits from being a part of the combined company. In addition, Calix and/or Occam may experience negative reactions from the financial markets, which could cause a decrease in the market price of their stock, particularly if the market price reflects a market assumption that the merger will be completed. Calix and Occam may also experience negative reactions from their respective customers, employees and dealers. Such reactions may have an adverse effect on Calix s and/or Occam s business. Calix and/or Occam also could be subject to litigation related to any failure to complete the merger transaction or to enforcement proceedings commenced against Calix and/or Occam to perform their respective obligations under the merger agreement.

In addition, if the merger transaction is not completed, the ongoing businesses of Calix and Occam may be adversely affected and Calix and Occam will be subject to several risks and consequences, including the following:

- Occam may be required, under certain circumstances, to pay Calix a termination fee of $5.2 million under the merger agreement;

- Calix may be required, under certain circumstances, to pay Occam a termination fee of $5.0 million or $10.0 million under the merger agreement;

- Occam may not be able to find another buyer willing to pay an equivalent or higher price in an alternative transaction than the price that would be paid pursuant to the merger transaction;

- under the merger agreement, Occam is subject to certain restrictions on the conduct of its business prior to completing the merger transaction which may adversely affect its ability to execute certain of its business strategies;

- Occam and Calix will be required to pay certain costs relating to the merger transaction, whether or not the merger transaction is completed, such as legal, accounting, financial advisor and printing fees; and

- matters relating to the merger transaction may require substantial commitments of time and resources by Calix and Occam management, which could otherwise have been devoted to other opportunities that may have been beneficial to Calix and Occam as independent companies.

Occam s obligation to pay a termination fee under certain circumstances and the restrictions on its ability to solicit other acquisition proposals may discourage other companies from trying to acquire Occam.

Until the merger transaction is completed or the merger agreement is terminated, with limited exceptions, the merger agreement prohibits Occam from entering into or soliciting any acquisition proposal or offer for a merger or other business combination with a party other than Calix. Occam has agreed to pay Calix a termination fee of $5.2 million under specified circumstances. These provisions could discourage other companies from trying to acquire Occam for a higher price.

A different set of factors and conditions affect Calix common shares and could have a negative impact on its stock price.

Upon completion of the merger transaction, Occam stockholders will become holders of Calix common shares. The businesses and segments of Calix and the other companies it has acquired and may acquire in the future, are different from those of Occam. There is a risk that various factors, conditions and developments which

would not affect the price of Occam s common stock could negatively affect the price of Calix s common shares. Please see the section titled Risk Factors Risks Related to Calix (and the Combined Company in the event the Merger Transaction is completed) beginning on page 30 and the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 67 for a summary of some of the key factors that might affect Calix and the prices at which Calix common shares may trade from time to time.

The Calix common shares to be received by Occam stockholders as a result of the merger transaction will have different rights from shares of Occam common stock.

Following completion of the merger transaction, Occam stockholders will no longer be stockholders of Occam but will instead be stockholders of Calix. There are important differences between the rights of Occam stockholders and the rights of Calix stockholders. See Comparison of Rights of Calix Stockholders and Occam Stockholders beginning on page 273 for a discussion of the different rights associated with Calix common shares and Occam common stock.

Occam stockholders will own a smaller percentage of Calix than they currently own in Occam.

After completion of the merger transaction, Occam stockholders will own a smaller percentage of Calix than they currently own in Occam. Occam stockholders, in the aggregate, will own between approximately 14.1% and 15.9% of Calix s outstanding shares of common stock immediately after completion of the merger transaction (such ownership percentages are based on the number of Calix shares of common stock outstanding as of September 14, 2010 and will vary based upon the actual number of Calix and Occam shares outstanding as of the effective time).

Four purported class action lawsuits, as well as an additional lawsuit, have been filed against Occam and its directors challenging the merger, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the merger, result in substantial costs or both.

On September 17, 2010, September 20, 2010 and September 21, 2010, three purported class action complaints were filed by three purported stockholders of Occam in the California Superior Court for Santa Barbara County: Kardosh v. Occam Networks, Inc., et al. (Case No. 1371748), or the Kardosh complaint; Kennedy v. Occam Networks, Inc., et al. (Case No. 1371762), or the Kennedy complaint; and Moghaddam v. Occam Networks, Inc., et al. (Case No. 1371802), or the Moghaddam complaint, respectively. The Kardosh, Kennedy and Moghaddam complaints, which are referred to collectively as the California class action complaints, are substantially similar. Each of the California class action complaints names Occam, the members of the Occam board and Calix as defendants. The Kennedy complaint also names Calix s merger subsidiaries, Ocean Sub I and Ocean Sub II, as defendants.

The California class action complaints generally allege that the members of the Occam board breached their fiduciary duties in connection with the proposed acquisition of Occam by Calix, by, among other things, engaging in an allegedly unfair process and agreeing to an allegedly unfair price for the proposed merger transaction. The California class action complaints further allege that Occam and the other entity defendants aided and abetted the alleged breaches of fiduciary duty. The plaintiffs in the California class action complaints seek injunctive relief directing the individual defendants to comply with their fiduciary duties and enjoining the proposed merger transaction, and rescinding the merger transaction and awarding damages in an unspecified amount in the event the merger transaction closes, as well as plaintiffs costs, attorney s fees, and other relief. On November 19, 2010, the California Superior Court issued an order staying the California class actions in favor of a substantively identical stockholder class action pending in the Delaware Court of Chancery (see below).

On October 6, 2010, a purported class action complaint was filed by purported stockholders of Occam in the Delaware Court of Chancery: Steinhardt v. Howard-Anderson, et al. (Case No. 5878-VCL). On November 24, 2010, these purported stockholders filed an amended complaint, or the amended Steinhardt complaint. The amended Steinhardt complaint names Occam and the members of the Occam board as defendants. The amended Steinhardt complaint does not name Calix as a defendant.

Like the California class action complaints, the amended Steinhardt complaint generally alleges that the members of the Occam board breached their fiduciary duties in connection with the proposed acquisition of Occam by Calix, by, among other things, engaging in an allegedly unfair process and agreeing to an allegedly unfair price for the proposed merger transaction. The amended Steinhardt complaint also alleges that Occam and the members of the Occam board breached their fiduciary duties by failing to disclose certain allegedly material facts about the proposed merger in the preliminary Form S-4 Registration Statement that Calix filed with the SEC on November 2, 2010. The amended Steinhardt complaint seeks injunctive relief enjoining the proposed merger, or rescinding the merger transaction and awarding damages in an unspecified amount in the event the merger transaction closes, as well as plaintiffs costs, attorney s fees, and other relief.

On November 12, 2010, a complaint was filed by two purported stockholders of Occam in the U.S. District Court for the Central District of California: Kennedy and Moghaddam v. Occam Networks, Inc., et al. (Case No. CV10-8665), or the Federal complaint. The Federal complaint names Occam, the members of the Occam board, Calix, Ocean Sub I, and Ocean Sub II as defendants. The Federal complaint generally alleges that the defendants violated sections 14(a) and 20(a) of the Securities Exchange Act of 1934 in connection with the proposed acquisition of Occam by Calix, by, among other things, making material misstatements and omissions about the proposed merger in the preliminary Form S-4 Registration Statement that Calix filed with the SEC on November 2, 2010, and/or aiding and abetting the issuance of the allegedly misleading registration statement. The plaintiffs in the Federal complaint seek injunctive relief enjoining the proposed merger transaction, as well as plaintiffs costs, attorney s fees, and other relief.

Occam s management believes that the allegations in the California actions, the Delaware action, and the Federal action are without merit and intends to vigorously contest the actions. However, there can be no assurance that the defendants will be successful in their defense. In addition, Occam has obligations, under certain circumstances, to hold harmless and indemnify each of the defendant directors against judgments, fines, settlements and expenses related to claims against such directors and otherwise to the fullest extent permitted under Delaware law and Occam s bylaws and certificate of incorporation. Such obligations may apply to these lawsuits. An unfavorable outcome in these lawsuits could prevent or delay the consummation of the merger, result in substantial costs to Occam or both.

Risks Related to Calix (and the Combined Company in the event the Merger Transaction is Completed)

Risks Related to Calix s Business and Industry

Calix s markets are rapidly changing and the company has a limited operating history, which make it difficult to predict future revenue and plan expenses appropriately.

Calix was incorporated in August 1999 and shipped its first product in December 2001. Calix has a limited operating history and competes in markets characterized by rapid technological change, changing needs of communications service providers, or CSPs, evolving industry standards and frequent introductions of new products and services. Calix has limited historical data and has had a relatively limited time period in which to implement and evaluate its business strategies as compared to companies with longer operating histories. In addition, Calix likely will be required to reposition its product and service offerings and introduce new products and services as the company encounters rapidly changing CSP requirements and increasing competitive pressures. Calix may not be successful in doing so in a timely and responsive manner, or at all. As a result, it is difficult to forecast the future revenues and plan the operating expenses of Calix appropriately, which also makes it difficult to predict the future operating results of Calix.

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Calix has a history of losses and negative cash flow, and the company may not be able to generate positive operating income and cash flows in the future.

Calix has experienced net losses in each year of its existence. For the nine months ended September 25, 2010 and September 26, 2009, the company incurred net losses of $17.8 million and $25.3 million, respectively. As of September 25, 2010, Calix had an accumulated deficit of $410.9 million.

Calix expects to continue to incur significant expenses for research and development, sales and marketing, customer support and general and administrative functions as the company expands its operations. Given the rapid growth rate and the intense competitive pressures the company faces, Calix may be unable to control its operating costs.

Calix cannot guarantee that it will achieve profitability in the future. The revenue growth trends in prior periods may not be sustainable. In addition, the company will have to generate and sustain significantly increased revenue, while continuing to control expenses, in order to achieve and then maintain profitability. Calix may also incur significant losses in the future for a number of reasons, including the risks discussed in this Risk Related to Calix (and the Combined Company in the event the Merger Transaction is Completed) section and factors that the company cannot anticipate. If Calix is unable to generate positive operating income and cash flow from operations, its liquidity, results of operations and financial condition will be adversely affected.

Fluctuations in quarterly and annual operating results may make it difficult to predict Calix s future performance, which could cause Calix s operating results to fall below investor or analyst expectations, which could adversely affect the trading price of Calix common stock.

A number of factors, many of which are outside of the control of Calix, may cause or contribute to significant fluctuations in quarterly and annual operating results. These fluctuations may make financial planning and forecasting difficult. Comparing the company s operating results on a period-to-period basis may not be meaningful, and you should not rely on Calix s past results as an indication of its future performance. If Calix s revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance the company may provide to the market, the price of Calix common stock would likely decline. Moreover, Calix may experience delays in recognizing revenue under applicable revenue recognition rules, particularly from government-funded contracts, such as those funded by the United States Department of Agriculture s Rural Utility Service, or RUS. The extent of these delays and their impact on company revenues can fluctuate over a given time period depending on the number and size of purchase orders under these contracts during such time period. In addition, unanticipated decreases in the company s available liquidity due to fluctuating operating results could limit growth and delay implementation of Calix s expansion plans.

In addition to the other risk factors listed in this Risk Related to Calix (and the Combined Company in the event the Merger Transaction is Completed) section, factors that may contribute to the variability of Calix s operating results include:

- the company s ability to predict its revenue and plan its expenses appropriately;
- the capital spending patterns of CSPs and any decrease or delay in capital spending by CSPs due to economic, regulatory or other reasons;
- the impact of government-sponsored programs on the company s customers;
- intense competition;
- the ability to develop new products or enhancements that support technological advances and meet changing CSP requirements;

the company s ability to achieve market acceptance of its products and CSPs willingness to deploy the new products;

the concentration of the company s customer base;

the length and unpredictability of the company s sales cycles;

the focus on CSPs with limited revenue potential;

the lack of long-term, committed-volume purchase contracts with the company s customers;

the ability to increase sales to larger North American as well as international CSPs;

the company s exposure to the credit risks of its customers;

fluctuations in the company s gross margin;

the interoperability of products with CSP networks;

the dependence on sole and limited source suppliers;

the ability to manage relationships with the company s contract manufacturers;

the ability to forecast manufacturing requirements and manage inventory;

the company s products compliance with industry standards;

the ability to expand international operations;

the ability to protect the company s intellectual property and the cost of doing so;

the quality of the company s products, including any undetected hardware errors or bugs in its software;

the ability to estimate future warranty obligations due to product failure rates;

the company s ability to obtain necessary third-party technology licenses;

any obligation to issue performance bonds to satisfy requirements under RUS contracts;

the attraction and retention of qualified employees and key personnel; and

the company s ability to maintain proper and effective internal controls.

Calix s business is dependent on the capital spending patterns of CSPs, and any decrease or delay in capital spending by CSPs, in response to recent economic conditions or otherwise, would reduce revenues and harm the company s business.

Demand for Calix s products depends on the magnitude and timing of capital spending by CSPs as they construct, expand and upgrade their access networks. For the nine months ended September 25, 2010, CenturyLink, Inc., hereafter referred to as CenturyLink, purchased a significant amount of Calix s access systems and software. However, the company cannot anticipate the level of CenturyLink s purchases in the future. In April 2010, CenturyLink announced their pending merger with Qwest Communications. If the pending merger is completed, this could create uncertainty for Calix as to whether it will be chosen as a preferred network equipment vendor for the combined company. In addition, the recent economic downturn has contributed to a slowdown in telecommunications industry spending, including in the specific geographies and markets in which Calix operates. In response to reduced consumer spending, challenging capital markets or declining liquidity trends, capital spending for network infrastructure projects of CSPs could be delayed or cancelled. In addition, capital spending is cyclical in the industry and sporadic among individual CSPs, and can change on short notice. As a result, Calix may not have visibility into changes in spending behavior until nearly the end of a given quarter. CSP spending on network construction, maintenance, expansion and upgrades is also affected by seasonality in their purchasing cycles, reductions in their budgets and delays in their purchasing cycles.

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Many factors affecting Calix s results of operations are beyond the company s control, particularly in the case of large CSP orders and network infrastructure deployments involving multiple vendors and technologies where the achievement of certain thresholds for acceptance is subject to the readiness and performance of the customer or other providers, and changes in customer requirements or installation plans. Further, CSPs may not pursue infrastructure upgrades that require the company s access systems and software. Infrastructure improvements may be delayed or prevented by a variety of factors including cost, regulatory obstacles, mergers, lack of consumer demand for advanced communications services and alternative approaches to service delivery. Reductions in capital expenditures by CSPs may slow Calix s rate of revenue growth. As a consequence, the company s results for a particular quarter may be difficult to predict, and its prior results are not necessarily indicative of results likely in future periods.

Government-sponsored programs could impact the timing and buying patterns of CSPs, which may cause fluctuations in Calix s operating results.

Many of Calix s customers are Independent Operating Companies, or IOCs, which have revenues that are particularly dependent upon interstate and intrastate access charges, and federal and state subsidies. The Federal Communications Commission, or FCC, and some states are considering changes to such payments and subsidies, and these changes could reduce IOC revenues. Furthermore, many IOCs use or expect to use, government-supported loan programs or grants, such as RUS loans and grants and the Broadband Stimulus programs under the American Recovery and Reinvestment Act of 2009, or ARRA, to finance capital spending. Changes to these programs could reduce the ability of IOCs to access capital and reduce Calix s revenue opportunities.

The company believes that uncertainties related to Broadband Stimulus programs may be delaying investment decisions by IOCs. In addition, to the extent that the company s customers do receive grants or loans under these stimulus programs, those customers may be encouraged to accelerate their network development plans and purchase substantial quantities of products, from Calix or other suppliers, while the programs and funding are in place. Customers may thereafter substantially curtail future purchases of products as ARRA funding winds down or because all purchases have been completed. Award grants under the Broadband Stimulus programs were issued between December 2009 and September 2010. Funded projects must be two-thirds complete within two years of the award and complete within three years of the award.

Therefore, all funds that are awarded are expected to be allocated by September 2013. The revenue recognition guidelines related to the sales of Calix s access systems to CSPs who have received Broadband Stimulus funds may create uncertainties around the timing of the company s revenue, which could harm financial results. In addition, any decision by CSPs to reduce capital expenditures caused by changes in government regulations and subsidies would have an adverse effect on Calix s operating results and financial condition.

Calix faces intense competition that could reduce the company s revenue and adversely affect its financial results.

The market for Calix products is highly competitive, and the company expects competition from both established and new companies to increase. Competitors include companies such as ADTRAN, Inc., Alcatel- Lucent S.A., Enablence Technologies Inc., Huawei Technologies Co., Ltd., LM Ericsson Telephone Company, or Ericsson, Motorola, Inc., Occam Networks, Inc., Tellabs, Inc. and Zhone Technologies, Inc.

Calix s ability to compete successfully depends on a number of factors, including:

- the successful development of new products;
- the ability to anticipate CSP and market requirements and changes in technology and industry standards;
- the ability to differentiate Calix products from its competitors offerings based on performance, cost-effectiveness or other factors;

- the ability to gain customer acceptance of its products; and
- the ability to market and sell its products.

The market for broadband access equipment is dominated primarily by large, established vendors. In addition, some of Calix s competitors have merged, made acquisitions or entered into partnerships or other strategic relationships with one another to offer more comprehensive solutions than they individually had offered. Examples include the merger of Alcatel S.A. with Lucent Technologies, Inc. in November 2006, Ericsson s acquisitions of Redback Networks Inc. in January 2007 and Entrisphere Inc. in February 2007, Ciena Corporation s acquisition of World Wide Packets, Inc. in 2008, Nortel s Metro Ethernet Networks business in March 2010 and Enablence Technologies, Inc. s acquisition of Teledata Networks, Ltd. in June 2010. Calix expects this trend to continue as companies attempt to strengthen or maintain their market positions in an evolving industry. Many of the company s current or potential competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than Calix does and are better positioned to acquire and offer complementary products and services technologies. Many of Calix s competitors have broader product lines and can offer bundled solutions, which may appeal to certain customers. Such competitors may invest additional resources in developing more compelling product offerings. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features, because the products that Calix and its competitors offer require a substantial investment of time and funds to install. In addition, as a result of these transition costs, competition to secure contracts with potential customers is particularly intense. Some of Calix s competitors may offer substantial discounts or rebates to win new customers. If the company is forced to reduce prices in order to secure customers, it may be unable to sustain gross margins at desired levels or achieve profitability. Competitive pressures could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share, any of which could reduce revenue and adversely affect the company s financial results.

Product development is costly and if Calix fails to develop new products or enhancements that meet changing CSP requirements, the company could experience lower sales.

Calix s market is characterized by rapid technological advances, frequent new product introductions, evolving industry standards and unanticipated changes in subscriber requirements. The company s future success will depend significantly on its ability to anticipate and adapt to such changes, and to offer, on a timely and cost-effective basis, products and features that meet changing CSP demands and industry standards.

Calix intends to continue making significant investments in developing new products and enhancing the functionality of its existing products. Developing products is expensive, complex and involves uncertainties. The company may not have sufficient resources to successfully manage lengthy product development cycles. For the nine months ended September 25, 2010 and September 26, 2009, Calix s research and development expenses were $39.2 million, or 20% of revenue, and $33.2 million, or 23% of revenue, respectively. The company believes that it must continue to dedicate a significant amount of resources to its research and development efforts to maintain a competitive position. These investments may take several years to generate positive returns, if ever. In addition, the company may experience design, manufacturing, marketing and other difficulties that could delay or prevent the development, introduction or marketing of new products and enhancements. If Calix fails to meet its development targets, demand for its products will decline.

In addition, the introduction of new or enhanced products also requires that the company manage the transition from older products to these new or enhanced products in order to minimize disruption in customer ordering patterns, fulfill ongoing customer commitments and ensure that adequate supplies of new products are available for delivery to meet anticipated customer demand. If Calix fails to maintain compatibility with other software or equipment found in its customers existing and planned networks, the company may face substantially reduced demand for its products, which would reduce revenue opportunities and market share.

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Moreover, as customers complete infrastructure deployments, they may require greater levels of service and support than Calix has provided in the past. Calix may not be able to provide products, services and support to compete effectively for these market opportunities. If the company is unable to anticipate and develop new products or enhancements to its existing products on a timely and cost-effective basis, it could experience lower sales which would harm Calix s business.

Calix s new products are early in their life cycles and are subject to uncertain market demand. If customers are unwilling to install Calix products or deploy new services or the company is unable to achieve market acceptance of its new products, business and financial results will be harmed.

Calix s new products are early in their life cycles and are subject to uncertain market demand. They also may face obstacles in manufacturing, deployment and competitive response. Potential customers may choose not to invest the additional capital required for initial system deployment. In addition, demand for products is dependent on the success of Calix s customers in deploying and selling services to their subscribers. Calix s products support a variety of advanced broadband services, such as high-speed Internet, Internet protocol television, mobile broadband, high-definition video and online gaming, and basic voice and data services. If subscriber demand for such services does not grow as expected or declines, or if Calix customers are unable or unwilling to deploy and market these services, demand for the company s products may decrease or fail to grow at anticipated rates.

Calix s strategy includes developing products for the access network that incorporate Internet protocol and Ethernet technologies. If these technologies are not widely adopted by CSPs for use in their access networks, demand for the company s products may decrease or not grow. As a result, Calix may be unable to sell its products to recoup its expenses related to the development of these products and results of operations would be harmed. The company may also be delayed in recognizing revenue related to its new products and related services and may be required to recognize costs and expenses for such products before it can recognize the related revenue.

Calix s customer base is concentrated, and there are a limited number of potential customers for its products. The loss of any of key customers, a decrease in purchases by those key customers or Calix s inability to grow its customer base would adversely impact its revenues.

Historically, a large portion of Calix s sales have been to a limited number of customers. For example, for the year ended December 31, 2009, CenturyLink accounted for 38% of Calix s revenue. In 2008, CenturyLink and one other customer accounted for 25% and 11% of revenue, respectively. In 2007, CenturyLink and another different customer accounted for 22% and 15% of revenue, respectively.

Calix anticipates that a large portion of its revenues will continue to depend on sales to a limited number of customers. In addition, some larger customers may demand discounts and rebates or desire to purchase their access systems and software from multiple providers. As a result of these factors, the company s future revenue opportunities may be limited and its margins could be reduced, and profitability may be adversely impacted. The loss of, or reduction in, orders from any key customer would significantly reduce Calix s revenues and harm its business.

Furthermore, in recent years, the CSP market has undergone substantial consolidation. Industry consolidation generally has negative implications for equipment suppliers, including a reduction in the number of potential customers, a decrease in aggregate capital spending, and greater pricing leverage on the part of CSPs over equipment suppliers. Continued consolidation of the CSP industry, including the pending merger between CenturyLink and Qwest Communications, and among the Incumbent Local Exchange Carrier, or ILEC, and IOC customers, who represent a large part of Calix s business, could make it more difficult for the company to grow its customer base, increase sales of its products and maintain adequate gross margins.

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Calix s sales cycles can be long and unpredictable, and its sales efforts require considerable time and expense. As a result, sales are difficult to predict and may vary substantially from quarter to quarter, which may cause the company s operating results to fluctuate significantly.

The timing of Calix s revenues is difficult to predict. Sales efforts often involve educating CSPs about the use and benefits of the company s products. CSPs typically undertake a significant evaluation process, which frequently involves not only Calix products but also those of its competitors and results in a lengthy sales cycle. Calix spends substantial time, effort and money in its sales efforts without any assurance that such efforts will produce any sales. In addition, product purchases are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. If sales expected from a specific customer for a particular quarter are not realized in that quarter or at all the company may not achieve its revenue forecasts and the business could be harmed.

Calix s focus on CSPs with relatively small networks limits its revenues from sales to any one customer and makes future operating results difficult to predict.

Calix currently focuses a large portion of its sales efforts on IOCs, cable multiple system operators and selected international CSPs. In general, the company s current and potential customers generally operate small networks with limited capital expenditure budgets. Accordingly, Calix believes the potential revenues from the sale of its products to any one of these customers is limited. As a result, the company must identify and sell products to new customers each quarter to continue to increase its sales. In addition, the spending patterns of many of its customers are characterized by small and sporadic purchases. As a consequence, Calix has limited backlog and will likely continue to have limited visibility into future operating results.

Calix does not have long-term, committed-volume purchase contracts with its customers, and therefore has no guarantee of future revenue from any customer.

Calix s sales are made predominantly pursuant to purchase orders, and typically the company has not entered into long-term, committed-volume purchase contracts with its customers, including its key customers which account for a material portion of the company s revenues. As a result, any of its customers may cease to purchase Calix products at any time. In addition, Calix s customers may attempt to renegotiate the terms of its agreements, including price and quantity. If any key customers stop purchasing Calix s access systems and software for any reason, business and results of operations would be harmed.

The company s efforts to increase its sales to larger North American as well as international CSPs may be unsuccessful.

Calix s sales and marketing efforts have been focused on CSPs in North America. A part of its long-term strategy is to increase sales to larger North American as well as international CSPs. Calix will be required to devote substantial technical, marketing and sales resources to the pursuit of these CSPs, who have lengthy equipment qualification and sales cycles, without any assurance of generating sales. In particular, sales to these CSPs may require the company to upgrade its products to meet more stringent performance criteria, develop new customer-specific features or adapt its product to meet international standards. If Calix is unable to successfully increase sales to larger CSPs, its operating results and long-term growth may be negatively impacted.

Calix s exposure to the credit risks of its customers may make it difficult to collect accounts receivable and could adversely affect operating results and financial condition.

In the course of its sales to customers, Calix may encounter difficulty collecting accounts receivable and could be exposed to risks associated with uncollectible accounts receivable. The recent challenging economic conditions have impacted some of Calix s customers ability to pay their accounts payable. While the company attempts to monitor these situations carefully and attempts to take appropriate measures to collect accounts

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receivable balances, the company has written down accounts receivable and written off doubtful accounts in prior periods and may be unable to avoid accounts receivable write-downs or write-offs of doubtful accounts in the future. Such write-downs or write-offs could negatively affect Calix s operating results for the period in which they occur, and could harm its operating results.

Calix s gross margin may fluctuate over time and its current level of product gross margins may not be sustainable.

Calix s current level of product gross margins may not be sustainable and may be adversely affected by numerous factors, including:

- changes in customer, geographic or product mix, including the mix of configurations within each product group;
- increased price competition, including the impact of customer discounts and rebates;
- the ability to reduce and control product costs;
- loss of cost savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand;
- introduction of new products;
- changes in shipment volume;
- changes in distribution channels;
- increased warranty costs;
- excess and obsolete inventory and inventory holding charges;
- expediting costs incurred to meet customer delivery requirements; and
- liquidated damages relating to customer contractual terms.

The company s products must interoperate with many software applications and hardware products found in its customers networks. If Calix is unable to ensure that its products interoperate properly, its business would be harmed.

Calix products must interoperate with its customers existing and planned networks, which often have varied and complex specifications, utilize multiple protocol standards, software applications and products from multiple vendors and contain multiple generations of products that have been added over time. As a result, the company must continually ensure that its products interoperate properly with these existing and planned networks. To meet these requirements, Calix must undertake development efforts that require substantial capital investment and employee resources. The company may not accomplish these development efforts quickly or cost-effectively, if at all. If Calix fails to maintain compatibility with other software or equipment found in its customers existing and planned networks, the company may face substantially reduced demand for its products, which would reduce its revenue opportunities and market share.

Calix has entered into interoperability arrangements with a number of equipment and software vendors for the use or integration of their technology with Calix products. These arrangements give the company access to, and enable interoperability with, various products that it does not otherwise offer. If these relationships fail, Calix may have to devote substantially more resources to the development of alternative products and processes, and its efforts may not be as effective as the combined solutions under its current arrangements. In some cases, these other vendors are either companies that Calix competes with directly, or companies that have extensive relationships with Calix s existing and potential customers and may have influence over the purchasing decisions of those customers. Some of the company s competitors have stronger relationships with some of Calix s existing and potential other vendors and, as a result, its ability to have successful interoperability arrangements with these companies may be harmed. Calix s failure to establish or maintain key relationships with third-party equipment and software vendors may harm the company s ability to successfully sell and market its products.

As Calix does not have manufacturing capabilities, the company depends upon a small number of outside contract manufacturers and the company does not have supply contracts with these manufacturers. Its operations could be disrupted if Calix encounters problems with these contract manufacturers.

Calix does not have internal manufacturing capabilities, and relies upon a small number of contract manufacturers to build its products. In particular, the company relies on Flextronics International Ltd., or Flextronics, for the manufacture of most of its products. Calix s reliance on a small number of contract manufacturers makes it vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules, manufacturing yields and costs. The company does not have supply contracts with Flextronics or its other manufacturers. Consequently, these manufacturers are not obligated to supply products to Calix for any specific period, in any specific quantity or at any certain price. In addition, Calix has limited control over its contract manufacturers quality systems and controls, and therefore may not be able to ensure levels of quality manufacture suitable for its customers.

The revenues that Flextronics generates from the company s orders represent a relatively small percentage of Flextronics overall revenues. As a result, fulfilling Calix s orders may not be considered a priority in the event Flextronics is constrained in its ability to fulfill all of its customer obligations in a timely manner. In addition, a substantial part of the company s manufacturing is done in Flextronics facilities which are located outside of the United States. Calix believes that the location of these facilities outside of the United States increases supply risk, including the risk of supply interruptions or reductions in manufacturing quality or controls.

If Flextronics or any of its other contract manufacturers were unable or unwilling to continue manufacturing Calix s products in required volumes and at high quality levels, the company would have to identify, qualify and select acceptable alternative contract manufacturers. An alternative contract manufacturer may not be available to Calix when needed or may not be in a position to satisfy the company s production requirements at commercially reasonable prices and quality. Any significant interruption in manufacturing would require Calix to reduce the supply of products to its customers, which in turn would reduce revenues and harm the company s relationships with its customers.

Calix depends on sole source and limited source suppliers for key components and products. If the company were unable to source these components on a timely basis, Calix would not be able to deliver its products to customers.

Calix depends on sole source and limited source suppliers for key components of its products. For example, certain of its application-specific integrated circuits processors and resistor networks are purchased from sole source suppliers. Calix may from time to time enter into original equipment manufacturer, or OEM, or original design manufacturer, or ODM, agreements to manufacture and/or design certain products in order to enable the company to offer products into key markets on an accelerated basis. For example, a third party assisted in the design of and manufactures Calix s E5-100 platform family. Any of the sole source and limited source suppliers, OEMs and ODMs upon whom the company relies could stop producing Calix components or products, cease operations or be acquired by, or enter into exclusive arrangements with, the company s competitors. Calix generally does not have long-term supply agreements with its suppliers, and its purchase volumes are currently too low for the company to be considered a priority customer by most of its suppliers. As a result, most of these suppliers could stop selling to Calix at commercially reasonable prices, or at all. Any such interruption or delay may force the company to seek similar components or products from alternative sources, which may not be available. Switching suppliers, OEMs or ODMs may require that the company redesign its products to accommodate new components, and may potentially require Calix to re-qualify its products with customers, which would be costly and time-consuming. Any interruption in the supply of sole source or limited source components for its products would adversely affect Calix s ability to meet scheduled product deliveries to its customers, could result in lost revenue or higher expenses and would harm the business.

If Calix fails to forecast its manufacturing requirements accurately and manage its inventory with contract manufacturers, the company could incur additional costs, experience manufacturing delays and lose revenue.

Calix bears inventory risk under its contract manufacturing arrangements. Lead times for the materials and components that Calix orders through its contract manufacturers vary significantly and depend on numerous factors, including the specific supplier, contract terms and market demand for a component at a given time. Lead times for certain key materials and components incorporated into Calix products are currently lengthy, requiring the company or its contract manufacturers to order materials and components several months in advance of manufacture. If Calix overestimates its production requirements, the contract manufacturers may purchase excess components and build excess inventory. If the company s contract manufacturers, at its request, purchase excess components that are unique to Calix products or build excess products, the company could be required to pay for these excess parts or products and recognize related inventory write-down costs. Historically, Calix has reimbursed its primary contract manufacturer for inventory purchases when the inventory has been rendered obsolete, for example due to manufacturing and engineering change orders resulting from design changes, manufacturing discontinuation of parts by the company s suppliers, or in cases where inventory levels greatly exceed projected demand. If Calix experiences excess inventory write-downs associated with excess or obsolete inventory, this would have an adverse effect on the company s gross margins, financial condition and results of operations. Calix has experienced unanticipated increases in demand from customers which resulted in delayed shipments and variable shipping patterns. If the company underestimates its product requirements, the contract manufacturers may have inadequate component inventory, which could interrupt manufacturing of Calix products and result in delays or cancellation of sales.

If Calix fails to comply with evolving industry standards, sales of its existing and future products would be adversely affected.

The markets for Calix products are characterized by a significant number of standards, both domestic and international, which are evolving as new technologies are deployed. The company s products must comply with these standards in order to be widely marketable. In some cases, Calix is compelled to obtain certifications or authorizations before its products can be introduced, marketed or sold. In addition, the ability to expand Calix s international operations and create international market demand for products may be limited by regulations or standards adopted by other countries that may require the company to redesign its existing products or develop new products suitable for sale in those countries. Although the company believes its products are currently in compliance with domestic and international standards and regulations in countries in which they currently sell, Calix may not be able to design its products to comply with evolving standards and regulations in the future. Accordingly, this ongoing evolution of standards may directly affect the company s ability to market or sell its products. Further, the cost of complying with the evolving standards and regulations, or the failure to obtain timely domestic or foreign regulatory approvals or certification such that the company may not be able to sell its products where these standards or regulations apply, would result in lower revenues and lost market share.

Calix may be unable to successfully expand its international operations. In addition, the company s international expansion plans, if implemented, will subject it to a variety of risks that may harm its business.

Calix currently generates almost all of its sales from customers in North America and the Caribbean, and has very limited experience marketing, selling and supporting its products and services outside North America and the Caribbean or managing the administrative aspects of a worldwide operation. While Calix intends to expand its international operations, the company may not be able to create or maintain international market demand for its products. In addition, as it expands its operations internationally, the company s support

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organization will face additional challenges including those associated with delivering support, training and documentation in languages other than English. If Calix invests substantial time and resources to expand its international operations and is unable to do so successfully and in a timely manner, the business, financial condition and results of operations will suffer.

In the course of expanding its international operations and operating overseas, Calix will be subject to a variety of risks, including:

- differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, custom duties or other trade restrictions;
- greater difficulty supporting and localizing its products;
- different or unique competitive pressures as a result of, among other things, the presence of local equipment suppliers;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, compensation and benefits and compliance programs;
- limited or unfavorable intellectual property protection;
- risk of change in international political or economic conditions; and
- restrictions on the repatriation of earnings.

Calix may have difficulty managing growth, which could limit its ability to increase sales.

Calix has experienced significant growth in sales and operations in recent years. The company expects to continue to expand its research and development, sales, marketing and support activities. The company s historical growth has placed, and planned future growth is expected to continue to place, significant demands on Calix s management, as well as its financial and operational resources, to:

- manage a larger organization;
- expand its manufacturing and distribution capacity;
- increase sales and marketing efforts;
- broaden customer support capabilities;
- implement appropriate operational and financial systems; and

maintain effective financial disclosure controls and procedures.

If Calix cannot grow, or fails to manage its growth effectively, the company may not be able to execute its business strategies and the business, financial condition and results of operations would be adversely affected.

Calix may not be able to protect its intellectual property, which could impair the ability to compete effectively.

Calix depends on certain proprietary technology for its success and ability to compete. As of September 25, 2010, Calix held 25 U.S. patents expiring between 2015 and 2028, and had 31 pending U.S. patent applications. Two of the U.S. patents are also covered by granted international patents, one in five countries and the other in three countries. The company currently has no pending international patent applications. Calix relies on intellectual property laws, as well as nondisclosure agreements, licensing arrangements and confidentiality provisions, to establish and protect its proprietary rights. U.S. patent, copyright and trade secret laws afford the company only limited protection, and the laws of some foreign countries do not protect proprietary rights to the same extent. Calix s pending patent applications may not result in issued patents, and its issued patents may not be enforceable. Any infringement of Calix s proprietary rights could result in significant litigation costs. Further, any failure by the company to adequately protect its proprietary rights could result in Calix s competitors offering similar products, resulting in the loss of competitive advantage and decreased sales.

Despite efforts to protect the company s proprietary rights, attempts may be made to copy or reverse engineer aspects of Calix s products or to obtain and use information that the company regards as proprietary. Accordingly, Calix may be unable to protect its proprietary rights against unauthorized third-party copying or use. Furthermore, policing the unauthorized use of its intellectual property would be difficult for the company. Litigation may be necessary in the future to enforce Calix s intellectual property rights, to protect its trade secrets or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources and could harm Calix s business.

On December 28, 2009, Calix filed a lawsuit against Wi-LAN Inc., or Wi-LAN, of Ontario, Canada, in the federal court in the Northern District of California, seeking declaratory relief that the company does not infringe U.S. Patents Nos. 5,956,323 and 6,763,019, allegedly owned by Wi-LAN. Wi-LAN withdrew a motion to dismiss or to transfer the Calix lawsuit to the Eastern District of Texas, where Wi-LAN had filed a separate subsequent action accusing Calix of infringement of the two patents. On December 6, 2010, the court in the Eastern District of Texas granted Calix s motion to transfer that action to the Northern District of California. Both parties have filed extensive written discovery requests in the California action. The company intends to continue to vigorously pursue the lawsuit and defend against all Wi-LAN claims and counterclaims. While Calix believes it has substantial and meritorious arguments and defenses, neither the outcome of the litigation nor the amount and range of potential damages or exposure associated with the litigation can be assessed with certainty, and the company is not currently able to estimate the loss, if any, that may result from the claims against it. If Wi-LAN is successful in obtaining injunctive relief, it could force the company to stop or alter certain of its business activities.

Calix could become subject to litigation regarding intellectual property rights that could harm its business.

Calix may be subject to intellectual property infringement claims that are costly to defend and could limit the company s ability to use some technologies in the future. Third parties may assert patent, copyright, trademark or other intellectual property rights to technologies or rights that are important to Calix s business. Such claims may involve patent holding companies or other adverse patent owners who have no relevant product revenue, and therefore the company s own issued and pending patents may provide little or no deterrence. Calix has received in the past and expects that in the future it may receive, particularly as a public company, communications from competitors and other companies alleging that the company may be infringing their patents, trade secrets or other intellectual property rights and/or offering licenses to such intellectual property or threatening litigation. In addition, Calix has agreed, and may in the future agree, to indemnify its customers for any expenses or liabilities resulting from claimed infringements of patents, trademarks or copyrights of third parties. Any claims asserting that Calix s products infringe, or may infringe on, the proprietary rights of third parties, with or without merit, could be time-consuming, resulting in costly litigation and diverting the efforts of the engineering teams and management. These claims could also result in product shipment delays or require the company to modify its products or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available to Calix on acceptable terms, if at all.

The quality of Calix s support and services offerings is important to its customers, and if the company fails to continue to offer high quality support and services Calix could lose customers which would harm the business.

Once Calix s products are deployed within its customers networks, they depend on the company s support organization to resolve any issues relating to those products. A high level of support is critical for the successful marketing and sale of its products. If Calix does not effectively assist its customers in deploying its products, succeed in helping them quickly resolve post-deployment issues or provide effective ongoing support, it could adversely affect the ability to sell Calix products to existing customers and harm the company s reputation with potential new customers. As a result, the failure to maintain high quality support and services could result in the loss of customers which would harm Calix s business.

Calix s products are highly technical and may contain undetected hardware errors or software bugs, which could harm the company s reputation and adversely affect its business.

Calix s products are highly technical and, when deployed, are critical to the operation of many networks. The company s products have contained and may contain undetected errors, bugs or security vulnerabilities. Some errors in its products may only be discovered after a product has been installed and used by customers, and may in some cases only be detected under certain circumstances or after extended use. Any errors, bugs, defects or security vulnerabilities discovered in its products after commercial release could result in loss of revenues or delay in revenue recognition, loss of customer goodwill and customers and increased service and warranty cost, any of which could adversely affect the business, operating results and financial condition. In addition, Calix could face claims for product liability, tort or breach of warranty. Calix s contracts with customers contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. Defending a lawsuit, regardless of its merit, is costly and may divert management s attention and adversely affect the market s perception of the company and its products. In addition, if Calix s business liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, the business, operating results and financial condition could be adversely impacted.

Calix s estimates regarding future warranty obligations may change due to product failure rates, shipment volumes, field service obligations and rework costs incurred in correcting product failures. If the estimates change, liability for warranty obligations may be increased, impacting future cost of goods sold.

Calix s products are highly complex, and the product development, manufacturing and integration testing may not be adequate to detect all defects, errors, failures and quality issues. Quality or performance problems for products covered under warranty could adversely impact the company s reputation and negatively affect its operating results and financial position. The development and production of new products with high complexity often involves problems with software, components and manufacturing methods. If significant warranty obligations arise due to reliability or quality issues arising from defects in software, faulty components or manufacturing methods, Calix s operating results and financial position could be negatively impacted by:

- cost associated with fixing software or hardware defects;
- high service and warranty expenses;
- high inventory obsolescence expense;
- delays in collecting accounts receivable;
- payment of liquidated damages for performance failures; and
- declining sales to existing customers.

Calix s use of open source software could impose limitations on the company s ability to commercialize its products.

Calix incorporates open source software into its products. Although the company closely monitors its use of open source software, the terms of many open source software licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on Calix s ability to sell its products. In such event, Calix could be required to make its proprietary software generally available to third parties, including competitors, at no cost, to seek licenses from third parties

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in order to continue offering its products, to re-engineer products or to discontinue the sale of products in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could adversely affect the company s revenues and operating expenses.

If Calix is unable to obtain necessary third-party technology licenses, the company s ability to develop new products or product enhancements may be impaired.

While Calix s current licenses of third-party technology relate to commercially available off-the-shelf technology, the company may in the future be required to license additional technology from third parties to develop new products or product enhancements. These third-party licenses may be unavailable to Calix on commercially reasonable terms, if at all. Calix s inability to obtain necessary third-party licenses may force the company to obtain substitute technology of lower quality or performance standards or at greater cost, any of which could harm the competitiveness of its products and result in lost revenues.

Calix may pursue acquisitions, which involve a number of risks. If the company is unable to address and resolve these risks successfully, such acquisitions could disrupt the business.

In February 2006, Calix acquired Optical Solutions, Inc. in order to support the expansion of its product and service offerings. On September 16, 2010, the company entered into a definitive agreement to acquire Occam Networks, Inc., which is discussed further in the report on Form 8-K that Calix filed on September 16, 2010 and in this proxy statement/prospectus. Calix may in the future acquire businesses, products or technologies to expand its product offerings and capabilities, customer base and business. Calix has evaluated, and expects to continue to evaluate, a wide array of potential strategic transactions. The company has limited experience making such acquisitions. Any of these transactions could be material to its financial condition and results of operations. The anticipated benefit of acquisitions may never materialize. In addition, the process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures. Some of the areas where Calix may face acquisition-related risks include:

- diversion of management time and potential business disruptions;
- expenses, distractions and potential claims resulting from acquisitions, whether or not they are completed;
- retaining and integrating employees from any businesses the company may acquire;
- issuance of dilutive equity securities or incurrence of debt;
- integrating various accounting, management, information, human resource and other systems to permit effective management;
- incurring possible write-offs, impairment charges, contingent liabilities, amortization expense or write-offs of goodwill;
- difficulties integrating and supporting acquired products or technologies;
- unexpected capital expenditure requirements;
- insufficient revenues to offset increased expenses associated with the acquisition;

opportunity costs associated with committing capital to such acquisitions; and

acquisition-related litigation.

Foreign acquisitions would involve risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Calix may not be able to address these risks successfully, or at all, without incurring significant costs, delays or other operating problems. The company s inability to address successfully such risks could disrupt the business.

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Calix s obligation to issue performance bonds to satisfy requirements under RUS contracts and ARRA-related contracts may negatively impact its working capital and financial condition.

The company is often required to issue performance bonds to satisfy requirements under its RUS contracts, and expects that it may also be required to issue such bonds under the terms of contracts required by the Broadband Stimulus programs under the American Recovery and Reinvestment Act of 2009, or ARRA. The performance bonds generally cover the full amount of the RUS contract, and may be the same for ARRA contracts. Upon Calix s performance under the contract and acceptance by the customer, the performance bond is released. The time period between issuing the performance bond and its release can be lengthy. Calix issues letters of credit under its existing credit facility to support these performance bonds. In the event the company does not have sufficient capacity under its credit facility to support these bonds, Calix will have to issue certificates of deposit, which could materially impact its working capital or limit its ability to satisfy such contract requirements. In the event that Calix is unable to issue such bonds, the company may lose business and customers who purchase under RUS and ARRA contracts. In addition, if Calix exhausts its credit facility or working capital reserves in issuing such bonds, the company may be required to eliminate or curtail expenditures to mitigate the impact on its working capital or financial condition.

Calix s use of and reliance upon development resources in China may expose the company to unanticipated costs or liabilities.

Calix operates a wholly foreign-owned enterprise in Nanjing, China, where a dedicated team of engineers performs quality assurance and cost reduction engineering. The company also outsources a portion of its software development to a team of software engineers based in Shenyang, China. This reliance upon development resources in China may not enable the company to achieve meaningful product cost reductions or greater resource efficiency. Further, the company s development efforts and other operations in China involve significant risks, including:

- difficulty hiring and retaining appropriate engineering resources due to intense competition for such resources and resulting wage inflation;

- the knowledge transfer related to Calix technology and exposure to misappropriation of intellectual property or confidential information, including information that is proprietary to the company, its customers and third parties;

- heightened exposure to changes in the economic, security and political conditions of China;

- fluctuation in currency exchange rates and tax risks associated with international operations; and

- development efforts that do not meet the company s requirements because of language, cultural or other differences associated with international operations, resulting in errors or delays.

Difficulties resulting from the factors above and other risks related to its operations in China could expose Calix to increased expense, impair its development efforts, harm the company s competitive position and damage its reputation.

Calix s customers are subject to government regulation, and changes in current or future laws or regulations that negatively impact its customers could harm the company s business.

The FCC has jurisdiction over all of Calix s U.S. customers. FCC regulatory policies that create disincentives for investment in access network infrastructure or impact the competitive environment in which the company s customers operate may harm its business. For example, future FCC regulation affecting providers of broadband Internet access services could impede the penetration of Calix s customers into certain markets or affect the prices they may charge in such markets. Furthermore, many of its customers are subject to FCC rate regulation of interstate telecommunications services, and are recipients of federal universal service fund payments, which are intended to subsidize telecommunications services in areas that are expensive to serve. In addition, many of the company s customers are subject to state regulation of intrastate telecommunications services, including rates for such services, and may also receive funding from state universal service funds. Changes in rate regulations or universal service funding rules, either at the federal or state level, could adversely affect its customers revenues and capital spending plans. In addition, various international regulatory bodies have jurisdiction over certain of Calix s non-U.S. customers. Changes in these domestic and international standards, laws and regulations, or judgments in favor of plaintiffs in lawsuits against CSPs based on changed standards, laws and regulations could adversely affect the development of broadband networks and services. This, in turn, could directly or indirectly adversely impact the communications industry in which Calix s customers operate. To the extent the company s customers are adversely affected by laws or regulations regarding their business, products or service offerings, Calix s business, financial condition and results of operations would suffer.

Calix may be subject to governmental export and import controls that could subject the company to liability or impair its ability to compete in additional international markets.

Calix s products may be or become subject to U.S. export controls that will restrict the company s ability to export them outside of the free-trade zones covered by the North American Free Trade Agreement, Central American Free Trade Agreement and other treaties and laws. Therefore, future international shipments of the company s products may require export licenses or export license exceptions. In addition, the import laws of other countries may limit Calix s ability to distribute its products, or Calix s customers ability to buy and the products, in those countries. Changes in the company s products or changes in export and import regulations may create delays in the introduction of Calix s products in international markets, prevent its customers with international operations from deploying the products or, in some cases, prevent the export or import of products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could negatively impact Calix s ability to sell its products to existing or potential international customers.

If Calix loses any of its key personnel, or is unable to attract, train and retain qualified personnel, the company s ability to manage its business and continue its growth would be negatively impacted.

Calix s success depends, in large part, on the continued contributions of its key management, engineering, sales and marketing personnel, many of whom are highly skilled and would be difficult to replace. None of the company s senior management or key technical or sales personnel is bound by a written employment contract to remain with Calix for a specified period. In addition, Calix does not currently maintain key man life insurance covering its key personnel. If the company loses the services of any key personnel, its business, financial condition and results of operations may suffer.

Competition for skilled personnel, particularly those specializing in engineering and sales, is intense. Calix cannot be certain that it will be successful in attracting and retaining qualified personnel, or that newly hired personnel will function effectively, both individually and as a group. In particular, the company must continue to expand its direct sales force, including hiring additional sales managers, to grow the customer base and increase sales. In addition, if Calix offers employment to personnel employed by competitors, the company may become subject to claims of unfair hiring practices, and incur substantial costs in defending itself against these claims, regardless of their merits. If the company is unable to effectively recruit, hire and utilize new employees, execution of its business strategy and its ability to react to changing market conditions may be impeded, and its business, financial condition and results of operations may suffer.

Volatility or lack of performance in the Calix common stock price may also affect the company s ability to attract and retain key personnel. Calix s executive officers have become, or will soon become, vested in a substantial amount of shares of common stock or stock options. Employees may be more likely to leave the company if the shares they own or the shares underlying their vested options have significantly appreciated in

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value relative to the original purchase prices of the shares or the exercise prices of the options, or if the exercise prices of the options that they hold are significantly above the market price of the company common stock. If Calix is unable to retain its employees, its business, operating results and financial condition will be harmed.

If Calix fails to maintain proper and effective internal controls, its ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect the company s operating results, its ability to operate its business and Calix s stock price.

Ensuring that Calix has adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. The company has in the past discovered, and may in the future discover, areas of its internal financial and accounting controls and procedures that need improvement.

Calix s management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The company s management does not expect that its internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within Calix will have been detected.

Calix expects that it will be required to comply with Section 404 of the Sarbanes-Oxley Act in connection with its annual report on Form 10-K for the year ending December 31, 2011. The company is expending significant resources in developing the necessary documentation and testing procedures required by Section 404. Calix cannot be certain that the actions it is taking to improve those internal controls over financial reporting will be sufficient, or that the company will be able to implement its planned processes and procedures in a timely manner. In addition, if Calix is unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of its financial statements, which could cause the market price of the company s common stock to decline and make it more difficult to finance its operations and growth.

Calix incurs significant increased costs as a result of operating as a public company, which may adversely affect its operating results and financial condition.

As a public company, Calix incurs significant accounting, legal and other expenses that it did not incur as a private company, including costs associated with public company reporting requirements. The company also anticipates that it will continue to incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as well as rules implemented by the Securities Exchange Commission, or SEC, and the New York Stock Exchange, or NYSE. Furthermore, these laws and regulations could make it more difficult or more costly for Calix to obtain certain types of insurance, including director and officer liability insurance, and the company may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for Calix to attract and retain qualified persons to serve on its board of directors, on board committees or as executive officers.

New laws and regulations as well as changes to existing laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and NYSE, would likely result in increased costs to Calix as it responds to their requirements. Calix is investing resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expense and a diversion of management s time and attention from revenue generating activities to compliance activities.

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Risks Related to Ownership of Calix s Common Stock

Calix s stock price may be volatile, and the value of an investment in the company s common stock may decline.

An active public market for Calix shares may not continue to develop or be sustained. Shares of the company s common stock were sold in an initial public offering in March 2010 at a price of $13.00 per share, and the common stock has subsequently traded as high as $18.00 and as low as $9.57. The trading price of Calix common stock could be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond the company s control. These factors include those discussed in this Risk Factors section of this proxy statement/prospectus and others such as:

- quarterly variations in Calix s results of operations or those of its competitors;
- changes in earnings estimates or recommendations by securities analysts;
- announcements by Calix or its competitors of new products, significant contracts, commercial relationships, acquisitions or capital commitments;
- developments with respect to intellectual property rights;
- the ability to develop and market new and enhanced products on a timely basis;
- the commencement of, or involvement in, litigation;
- changes in governmental regulations or in the status of regulatory approvals; and
- a slowdown in the communications industry or the general economy.

In recent years, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of Calix common stock, regardless of the company s actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against Calix, could result in substantial costs and a diversion of the management s attention and resources.

If securities or industry analysts do not publish research or reports about Calix s business or if they issue an adverse or misleading opinion regarding Calix s stock, the stock price and trading volume could decline.

The trading market for Calix s common stock will be influenced by the research and reports that industry or securities analysts publish about the company or its business. If any of the analysts who cover the company issue an adverse or misleading opinion regarding its stock, the stock price would likely decline. If one or more of these analysts cease coverage of Calix or fail to publish reports on the company regularly, it could lose visibility in the financial markets, which in turn could cause Calix s stock price or trading volume to decline.

Calix s directors, executive officers and principal stockholders and their respective affiliates will continue to have substantial influence over the company and could delay or prevent a change in corporate control.

As of December 7, 2010, Calix s directors, executive officers and holders of more than 5% of the company common stock at such time, together with their affiliates, beneficially own, in the aggregate, approximately 50.3% of Calix outstanding common stock. As a result, these stockholders, acting together, could have significant influence over the outcome of matters submitted to Calix stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of its assets. In addition, these stockholders, acting together, could have significant influence over the management and affairs of the company. Accordingly, this concentration of ownership might harm the market price of Calix common stock by:

delaying, deferring or preventing a change in corporate control;

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impeding a merger, consolidation, takeover or other business combination involving Calix; or

discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of Calix.

Future sales of shares by existing stockholders could cause Calix s stock price to decline.

Of the 38,537,854 shares of Calix s common stock outstanding as of December 7, 2010, approximately 27.0 million shares were held by non-affiliates of Calix and 11.6 million shares were held by Calix directors and officers and their affiliates, which may be sold by these existing stockholders from time to time. In addition, (i) the 3.7 million shares subject to RSUs, (ii) the 0.8 million shares subject to outstanding options under Calix s 1997 Long-Term Incentive and Stock Option Plan, 2000 Stock Plan, 2002 Stock Plan and 2010 Equity Incentive Award Plan and (iii) the 5.9 million shares reserved for future issuance under Calix s 2010 Equity Incentive Award Plan and Employee Stock Purchase Plan as of December 7, 2010 may become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. If these shares are sold, or if it is perceived that they will be sold, in the public market, the price of Calix s common stock could decline substantially.

Calix will continue to have broad discretion to determine how to use the funds raised in its recent initial public offering, and may use them in ways that may not enhance its operating results or the price of its common stock.

Calix s management will continue to have broad discretion over the use of proceeds from its recent initial public offering, and the company could spend the proceeds in ways its stockholders may not agree with or that do not yield a favorable return. Calix intends to use the net proceeds from the initial public offering for working capital, capital expenditures and other general corporate purposes. The company used a portion of the net proceeds to repay its credit facility and has allocated additional amounts to acquire complementary businesses, including Occam. Calix may in the future acquired other complementary businesses, products and technologies. If the company does not invest or apply the proceeds of the initial public offering in ways that improve its operating results, Calix may fail to achieve expected financial results, which could cause the stock price to decline.

Provisions in the Calix charter documents and under the DGCL could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

The Calix amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in company management without the consent of the board of directors. These provisions include:

a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of the board of directors;

no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;

the exclusive right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on the board of directors;

the ability of the board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;

a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of stockholders;

- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer or the board of directors, which may delay the ability of Calix stockholders to force consideration of a proposal or to take action, including the removal of directors; and

- advance notice procedures that stockholders must comply with in order to nominate candidates to the board of directors or to propose matters to be acted upon at a stockholders meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror s own slate of directors or otherwise attempting to obtain control of Calix.

Calix is also subject to certain anti-takeover provisions under the DGCL. Under the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. For a description of Calix capital stock, see the section titled Description of Calix Capital Stock beginning on page 269.

Calix may be unable to raise additional capital to fund its future operations, and any future financings or acquisitions could result in substantial dilution to existing stockholders.

Calix may need to raise additional capital to fund operations in the future. There is no guarantee that the company will be able to raise additional equity or debt funding when or if it is required. The terms of any financing, if available, could be unfavorable to the company and its stockholders and could result in substantial dilution to the equity and voting interests of stockholders. Any failure to obtain financing when and as required could force Calix to curtail operations which would harm its business.

Calix does not currently intend to pay dividends on its common stock and, consequently, stockholders ability to achieve a return on their investment will depend on appreciation in the price of Calix common stock.

Calix does not currently intend to pay any cash dividends on its common stock for the foreseeable future. The company currently intends to invest its future earnings, if any, to fund company growth. Additionally, the terms of Calix s credit facility restrict its ability to pay dividends. Therefore, stockholders are not likely to receive any dividends on their common stock for the foreseeable future.

Risks Related to Occam

Risks Related to Current Economic Environment and Occam s Future Revenues

Occam s business is substantially dependent on the capital spending patterns of telecom operators and has recently been adversely affected by reductions and delays in capital spending by its customers, primarily due to the economic recession. Any reductions in spending or delays in customer orders in response to macroeconomic conditions, availability of funding under government economic stimulus programs, or otherwise, would adversely affect Occam s business, operating results, and financial condition. Occam cannot predict the financial impact, if any, of government economic stimulus programs on capital spending by telecom operators.

Demand for Occam s products depends on the magnitude and timing of capital spending by telecom service providers as they construct, expand and upgrade their networks. In the fourth quarter of 2008, Occam identified a weakening in new order activity that continued throughout 2009 and into 2010. Occam believes this weakening relates to reductions in capital expenditures and capital equipment investment budgets resulting from the worldwide financial crisis and economic downturn. In addition, Occam believes that many of its customers, particularly those that participate in government funding initiatives such as the United States Department of Agriculture s RUS loan program, were delaying investment and purchase activity pending their analysis of the availability of funding under recently announced government economic stimulus programs. Although Occam expects that its customers will continue to carefully evaluate their capital investment decisions in light of continued economic uncertainties, governmental broadband funding initiatives should have a favorable impact on capital spending trends among telecommunication carriers for the balance of 2010 and into 2011. However, Occam cannot accurately predict the extent of financial impact, if any, that such government economic stimulus programs may have on its business. In addition, these programs may not result in a net increase in capital spending activity if telecom operators substitute spending under government stimulus programs for capital spending they would otherwise have made or if private capital spending decreases by more than the incremental increase attributable to government programs. Reductions, delays, or cancellations in order activity by Occam s customers would be expected to adversely affect Occam s future revenues by reducing the revenue Occam recognizes in any quarter from orders booked and shipped in that quarter and by reducing the amount of deferred revenues that may become recognizable in future periods upon satisfaction of revenue recognition criteria.

In addition to the impact of macroeconomic factors, Occam believes capital expenditures among IOCs have also been adversely affected as Occam s customers consider their investment and capital expenditure decisions in light of the industry transition from copper wire to fiber.

Other factors affecting the capital spending patterns of telecom service providers include the following:

- competitive pressures, including pricing pressures;
- consumer demand for new services;
- an emphasis on generating sales from services delivered over existing networks instead of new network construction or upgrades;
- the timing of annual budget approvals;
- evolving industry standards and network architectures;
- free cash flow and access to external sources of capital; and
- completion of major network upgrades.

Changes in government funding programs can also affect capital expenditures by IOCs. Because many of Occam s customers are IOCs, their revenues are particularly dependent upon intercarrier payments (primarily interstate and intrastate access charges) and federal and state universal service subsidies. The Federal Communications Commission, or FCC, and some states are considering changes to both intercarrier payments and universal service subsidies, and such changes could reduce IOC revenues, which would be expected to have an adverse impact on capital spending budgets. Furthermore, many IOCs use government supported loan programs or grants to finance capital spending. Changes to those programs, such as the Department of Agriculture s RUS loan program, could reduce the ability of IOCs to access capital. Any decision by telecom service providers to reduce capital expenditures, whether caused by the economic downturn, changes in government regulations and subsidies, or other reasons, would have a material adverse effect on Occam s business, consolidated financial condition and results of operations.

Occam s focus on independent telephone operating companies limits Occam s sales volume with individual customers and makes Occam s future operating results difficult to predict.

Occam currently focuses its sales efforts on IOCs in North America. These customers generally operate relatively small networks with limited capital expenditure budgets. Accordingly, Occam believes the total potential sales volume for its products at any individual IOC is limited, and Occam must identify and sell products to new IOC customers each quarter to continue to increase sales. In addition, the spending patterns of many IOCs are characterized by small and sporadic purchases. Moreover, because Occam s sales to IOCs are predominantly based on purchase orders rather than long-term contracts, Occam s customers may stop

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purchasing equipment from Occam with little advance notice. As a result, Occam has limited backlog, Occam s future operating results are difficult to predict and Occam will likely continue to have limited visibility into future operating results.

Occam has had limited experience selling to larger telecommunication companies, and its ability to recognize revenue, if any, from contracts with these companies may be difficult to predict. In addition, FairPoint Communications, Occam s only Tier-2 customer, recently filed for bankruptcy protection.

In early 2008, Occam announced that it had been selected as the lead access equipment provider for a substantial broadband upgrade by FairPoint Communications, Inc., or Fairpoint, in its network in Vermont, New Hampshire, and Maine. FairPoint acquired these networks through its acquisition of certain assets of Verizon Communications, Inc. FairPoint represented Occam s first customer who is considered Tier-2 based on the number of telephone lines serviced. Occam has limited experience selling or servicing Tier-2 customers, and Occam s ability to recognize substantial revenue from the FairPoint relationship or any other relationships Occam may establish with Tier-2 customers will depend on several factors, including, among others, the timing of orders and the terms and conditions of the orders, which can affect Occam s ability to satisfy revenue recognition criteria. Occam cannot currently predict with any accuracy the timing of orders from FairPoint, and any delays or termination of FairPoint s anticipated upgrade of its northern New England network could have a material adverse effect on Occam s future revenues and operating results.

On October 26, 2009, FairPoint announced that it had filed a bankruptcy petition under chapter 11 of the United States Bankruptcy Code. And on February 7, 2010, FairPoint filed its bankruptcy reorganization plan. Since filing for reorganization on October 26, 2009, FairPoint has operated under the supervision of the bankruptcy court. As of March 31, 2010, Occam had an outstanding receivable balance from FairPoint of \$2.1 million. Of this amount, \$1.7 million related to transactions that occurred before FairPoint filed its bankruptcy petition. FairPoint has remitted the entire balance of the \$1.7 million pre-bankruptcy petition claims and Occam has recognized revenue and related cost of revenue in the quarter ended June 30, 2010. As of September 30, 2010, Occam had an outstanding receivable balance from FairPoint of approximately \$1.8 million. There are no remaining pre-petition claims outstanding.

Fluctuations in Occam s quarterly and annual operating results may adversely affect Occam s business and prospects.

A number of factors, many of which are outside Occam s control, may cause or contribute to significant fluctuations in Occam s quarterly and annual operating results. These fluctuations may make financial planning and forecasting more difficult. In addition, these fluctuations may result in unanticipated decreases in Occam s available cash, which could limit Occam s growth and delay implementation of Occam s expansion plans. Factors that may cause or contribute to fluctuations in Occam s operating results include:

- fluctuations in demand for Occam s products, including the timing of decisions by Occam s target customers to upgrade their networks and deploy Occam s products;
- delays in customer orders as IOCs evaluate and consider their capital expenditures and investments in light of the industry transition from copper wire to fiber;
- increases in warranty accruals and other costs associated with remedying any performance problems relating to Occam s products;
- seasonal reductions in field work during the winter months and the impact of annual budgeting cycles;
- the size and timing of orders Occam receives and products Occ