

CALIX, INC  
Form DEF 14A  
April 02, 2019  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**(RULE 14A-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**CALIX, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**CALIX, INC.**

**2777 Orchard Parkway**

**San Jose, California 95134**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 22, 2019**

To the Stockholders of Calix, Inc.:

The Annual Meeting of Stockholders ( Annual Meeting ) of Calix, Inc. ( Calix ), will be held virtually, via live webcast at [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19), on Wednesday, May 22, 2019 at 9:00 a.m. Pacific Daylight Time. The Annual Meeting will be held for the following purposes:

1. To elect four directors to the Calix Board of Directors ( Board );
2. To approve the 2019 Equity Incentive Award Plan;
3. To approve the Amended and Restated Employee Stock Purchase Plan ( ESPP ) to increase the number of shares of common stock issuable under the ESPP by 2,500,000;
4. To approve, on a non-binding, advisory basis, the compensation of our named executive officers;
5. To ratify the selection of KPMG LLP as Calix's independent registered public accounting firm for the fiscal year ending December 31, 2019; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The above items of business are more fully described in the Proxy Statement. Only stockholders who owned Calix common stock at the close of business on March 25, 2019 can vote at this meeting or any adjournments that take place.

We have elected to use the Internet as our primary means of providing our proxy materials to stockholders. As a result, we are sending a Notice of Internet Availability of Proxy Materials ( Notice ) rather than mailing a paper copy of this Proxy Statement and our 2018 Annual Report on or about April 2, 2019 to our stockholders of record as of the close of business on March 25, 2019. We are also providing access to our proxy materials over the Internet beginning on or about April 2, 2019. Electronic delivery of our proxy materials minimizes printing and mailing costs and reduces the environmental impact of the proxy materials.

Edgar Filing: CALIX, INC - Form DEF 14A

The Notice contains instructions for accessing the proxy materials, including the Proxy Statement and our 2018 Annual Report, and provides information on how stockholders may obtain paper copies free of charge. The Notice also provides the date and time of the virtual Annual Meeting, the matters to be acted upon at the meeting and the Board's recommendation with regard to each matter and information on how to attend the virtual Annual Meeting and vote online.

You are cordially invited to attend the virtual Annual Meeting. Whether or not you expect to attend, you should vote and submit your proxy over the Internet following the voting procedures described in the Notice to ensure that your vote is recorded. If you have requested and received paper copies of proxy materials, you can also vote over the phone or by signing, dating and returning by mail the proxy card sent to you.

By Order of the Board of Directors

/s/ Suzanne Tom  
Suzanne Tom  
Corporate Secretary

San Jose, California

April 2, 2019

The Notice of Annual Meeting, Proxy Statement and Form of Proxy are being distributed and made available on or about April 2, 2019.

**Table of Contents**

**PROXY STATEMENT  
FOR 2019 ANNUAL MEETING OF STOCKHOLDERS**

**TABLE OF CONTENTS**

<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 22, 2019</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING</u>	2
<u>CORPORATE GOVERNANCE</u>	6
<u>Leadership Structure of the Board</u>	6
<u>Board Independence</u>	6
<u>Board Composition and Qualifications</u>	7
<u>Board Meetings and Committees</u>	8
<u>Annual Self-Assessment and Board Education</u>	11
<u>Board Oversight Over Risks</u>	11
<u>Communications with the Board</u>	12
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	13
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	14
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	15
<u>Nominees for Election to a Three-Year Term Expiring at the 2022 Annual Meeting of Stockholders</u>	16
<u>Current Directors Continuing in Office After the Annual Meeting</u>	18
<u>Executive Officers</u>	21
<u>Independence of the Board</u>	21
<u>PROPOSAL NO. 2 APPROVAL OF THE 2019 EQUITY INCENTIVE AWARD PLAN</u>	22
<u>PROPOSAL NO. 3 APPROVAL OF THE AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN</u>	29
<u>PROPOSAL NO. 4 APPROVAL ON A NON-BINDING, ADVISORY BASIS OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ( SAY-ON-PAY )</u>	33
<u>PROPOSAL NO. 5 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	34
<u>Principal Accountant Fees and Services</u>	34
<u>EXECUTIVE COMPENSATION</u>	35
<u>Compensation Discussion and Analysis</u>	35
<u>Summary Compensation Table</u>	45
<u>Grants of Plan-Based Awards in 2018</u>	46
<u>Outstanding Equity Awards at December 31, 2018</u>	46
<u>Option Exercises and Stock Vested in 2018</u>	47
<u>Potential Payments upon Termination or Change of Control</u>	48
<u>CEO PAY RATIO</u>	49
<u>DIRECTOR COMPENSATION</u>	50
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	52
<u>COMPENSATION COMMITTEE REPORT</u>	53
<u>AUDIT COMMITTEE REPORT</u>	54
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	55
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	55

<u>OTHER MATTERS</u>	55
<u>ANNUAL REPORTS</u>	56
<u>APPENDIX A: 2019 EQUITY INCENTIVE AWARD PLAN</u>	A-1
<u>APPENDIX B: AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN</u>	B-1
<u>APPENDIX C: RECONCILIATION OF GAAP TO NON-GAAP MEASURES</u>	C-1

**Table of Contents**

**CALIX, INC.**

**2777 Orchard Parkway**

**San Jose, California 95134**

**PROXY STATEMENT**

**FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 22, 2019**

The Board of Directors of Calix, Inc. is soliciting your proxy to vote at the virtual Annual Meeting of Stockholders to be held on May 22, 2019, at 9:00 a.m. Pacific Daylight Time, and any adjournment or postponement of that meeting ( Annual Meeting ). The Annual Meeting will be held via live webcast only at [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19).

We have elected to provide access to our proxy materials on the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials ( Notice ) to our stockholders of record as of March 25, 2019 ( Record Date ), while brokers and other nominees who hold shares on behalf of beneficial owners will be sending their own similar notice. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials. Instructions on how to request a printed copy by mail or email may be found in the Notice and on the website referred to in the Notice, including an option to request paper copies on an ongoing basis. On or about April 2, 2019, we are making this Proxy Statement available on the Internet and are mailing the Notice to all stockholders entitled to vote at the Annual Meeting. We intend to mail or email this Proxy Statement, together with a proxy card, to those stockholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials within three business days of request.

The only voting securities of Calix, Inc. are shares of common stock, \$0.025 par value per share ( common stock ), of which there were 54,163,829 shares outstanding as of the Record Date (excluding treasury shares). We need the holders of a majority of the outstanding shares of common stock, present or represented by proxy, to hold the Annual Meeting.

In this Proxy Statement, we refer to Calix, Inc. as the Company, Calix, we or us and the Board of Directors as the Board. When we refer to Calix's fiscal year, we mean the twelve-month period ending December 31 of the stated year.

Our 2018 Annual Report to Stockholders, which contains consolidated financial statements for fiscal year 2018, accompanies this Proxy Statement if you have requested and received a copy of the proxy materials in the mail. Stockholders who received the Notice can access this Proxy Statement and the 2018 Annual Report to Stockholders at the website referred to in the Notice. You also may obtain a copy of our 2018 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission ( SEC ), without charge, by writing to our Investor Relations department at the above address. Our 2018 Annual Report on Form 10-K and Proxy Statement are also available under Financials in the Investor Relations section of our website [at investor-relations.calix.com](http://investor-relations.calix.com) and at the SEC's web site at [www.sec.gov](http://www.sec.gov).





**Table of Contents**

**THE PROXY PROCESS AND STOCKHOLDER VOTING**

**QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 25, 2019 will be entitled to vote online at the Annual Meeting. At the close of business on March 25, 2019, there were 54,163,829 shares of common stock outstanding and entitled to vote.

***Stockholder of Record: Shares Registered in Your Name***

If, on March 25, 2019, your shares were registered directly in your name with Calix's transfer agent, Computershare, Inc., then you are a stockholder of record. As a stockholder of record, you may vote online at the Annual Meeting or vote by proxy. Whether or not you expect to attend, you should vote and submit your proxy over the Internet following the voting procedures described in the Notice to ensure that your vote is recorded. If you have requested and received paper copies of proxy materials, you can also vote over the phone or by signing, dating and returning by mail the proxy card sent to you.

***Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent***

If, on March 25, 2019, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in a street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also welcome to attend the Annual Meeting and to vote online.

**What do I need in order to be able to attend the Annual Meeting online?**

Any stockholder can attend the Annual Meeting live online at [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19). The webcast will start at 9:00 a.m. Pacific Daylight Time. Stockholders may vote and submit questions while attending the Annual Meeting online. In order to be able to participate in the online Annual Meeting, you will need the control number included on your Notice or, if you received a printed copy of the proxy materials, your proxy card if you are a stockholder of record, or included with your voting instruction card and voting instructions you received from your broker, bank or other agent if you hold your shares in a street name. Instructions on how to participate online are also posted online at [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19).

**Why is Calix hosting the Annual Meeting online?**

Among other reasons, Calix believes hosting the Annual Meeting online enables broader stockholder attendance and participation from any location around the world, minimizing travel time and cost. In designing our online format, we have taken measures to ensure our virtual meeting provides all stockholders with equal access to ask questions of our Board and management. Our virtual meeting allows participating stockholders to vote on proposals, access our Proxy Statement and 2018 Annual Report and engage in a live Q&A with our Board, management and auditors. In addition, a recording of our Annual Meeting is publicly available for a year following each annual meeting at [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19).

**What am I being asked to vote on?**

You are being asked to vote on:

election of four Class III directors to hold office until our 2022 Annual Meeting of Stockholders (Proposal No. 1);

approval of the 2019 Equity Incentive Award Plan (Proposal No. 2);

approval of the Amended and Restated Employee Stock Purchase Plan ( ESPP ) to increase the number of shares of common stock issuable under the ESPP by 2,500,000 (Proposal No. 3);

approval on a non-binding, advisory basis of the compensation of our named executive officers ( NEOs ) as disclosed in this Proxy Statement (Proposal No. 4); and

ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019 (Proposal No. 5).

In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.

**Table of Contents**

**How does the Board recommend I vote on the Proposals?**

The Board recommends that you vote:

**FOR** each of the Class III director nominees;

**FOR** approval of our 2019 Equity Incentive Award Plan;

**FOR** approval of the increase of the number of shares of common stock issuable under the ESPP by 2,500,000;

**FOR** approval, on a non-binding, advisory basis, of the compensation of our NEOs; and

**FOR** ratification of KPMG LLP as our independent registered public accounting firm.

**How do I vote?**

For election of directors, you may either vote For the four nominees or you may Withhold your vote for all or for any nominee you specify. For any other matter to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are as follows:

***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote in any of the following manners:

To vote during the Annual Meeting, follow the online instructions provided on the Notice of Internet Availability of Proxy Materials to login to [www.virtualshareholdermeeting.com/CALX19](http://www.virtualshareholdermeeting.com/CALX19) to cast your vote.

To vote over the Internet prior to the Annual Meeting, follow the instructions provided on the Notice of Internet Availability of Proxy Materials.

To vote by phone, call the toll-free number found on the proxy card, which you can request by following the instructions provided on the Notice of Internet Availability of Proxy Materials.

To vote by mail, complete, sign and date the proxy card, which you can request by following the instructions provided on the Notice of Internet Availability of Proxy Materials, and return it promptly by mail. As long as we receive your signed proxy card, or your vote by Internet or phone, by 11:59 p.m. Eastern Daylight Time on May 21, 2019, we will vote your shares as you direct.

Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy, phone or the Internet to ensure that your vote is counted. Even if you have submitted a proxy or voted by phone or the Internet before the Annual Meeting, you may still attend the Annual Meeting and vote online. In such case, your previously submitted proxy or vote will be disregarded.

***Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent***

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. You should complete and mail the voting instruction card to ensure that your vote is counted. You should follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy form. You may also vote online at the Annual Meeting.

**Who counts the votes?**

We have engaged Broadridge Financial Solutions, Inc. ( Broadridge ) as our independent agent to tabulate stockholder votes. If you are a stockholder of record, and you choose to vote over the Internet (either prior to or during the Annual Meeting) or by phone, Broadridge will access and tabulate your vote electronically, and if you have requested and received proxy materials via mail or email and choose to sign and mail your proxy card, your executed proxy card is returned directly to Broadridge for tabulation. As noted above, if you hold your shares through a broker, your broker (or its agent for tabulating votes of shares held in a street name ) returns one proxy card to Broadridge on behalf of all its clients.

**What is the required vote and how are votes counted?**

A majority of the outstanding shares of common stock must be present or represented by proxy at the Annual Meeting in order to have a quorum. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum.

## **Table of Contents**

With respect to Proposal No. 1, the election of directors, directors will be elected by a plurality of the votes cast, which means that the four nominees receiving the highest number of For votes will be elected. Abstentions and broker non-votes will have no effect with regard to this proposal, because approval of a percentage of shares present or outstanding is not required for this proposal.

With respect to Proposals No. 2, 3, 4 and 5, the affirmative vote of the holders of a majority in voting power of the shares of common stock present or by proxy and entitled to vote on the proposal is required for approval. Abstentions have the same effect as a vote against these proposals.

Because your vote on Proposal No. 4 is advisory, it will not be binding on us, our Board or our Compensation Committee. However, we value our stockholders' views on the effectiveness of our executive compensation program. Our Board and Compensation Committee consider the annual advisory vote of our stockholders when making decisions about executive compensation.

Under the New York Stock Exchange ( NYSE ) rules, brokers are permitted to vote their clients' proxies in their own discretion as to certain routine proposals. However, where a proposal is considered non-routine, a broker who has received no instructions from its client generally does not have discretion to vote its clients' uninstructed shares on that proposal. When a broker indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular proposal, the missing votes are referred to as broker non-votes. Those shares would be considered present for purposes of determining whether a quorum is present but would not be counted in determining the number of votes present for the proposal. Those shares would not be taken into account in determining the outcome of the non-routine proposal.

Under NYSE rules, Proposals No. 1 through No. 4 are non-routine matters while Proposal No. 5 is a routine matter. Because brokers cannot vote uninstructed shares on behalf of their customers for non-routine matters, it is important that stockholders vote their shares.

Broadridge will separately count For and Withhold votes with respect to Proposal No. 1, For and Against votes and abstentions, with respect to Proposal Nos. 2, 3 and 4, and For and Against votes, abstentions and broker non-votes with respect to Proposal No. 5.

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock you own as of March 25, 2019.

### **What if I return a proxy card but do not make specific choices?**

If you have properly requested and received a proxy card by mail or email, and we receive a signed and dated proxy card that does not specify how your shares are to be voted, your shares will be voted For the election of each of the four nominees for director and For Proposals No. 2, 3, 4 and 5. If any other matter is properly presented at the Annual Meeting, the individuals named as proxy holders on your proxy card will vote your shares in the manner recommended by the Board on all proposals presented in this Proxy Statement and as they may determine in their best judgment as to any other matters properly presented for vote at the Annual Meeting.

### **Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors, officers and employees may also solicit proxies in person, by phone or by other means of communication. Directors, officers

and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one Notice of Internet Availability of Materials or set of materials?**

If you receive more than one Notice of Internet Availability of Materials or more than one set of materials, your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must follow the instructions for voting on the Internet on all of the Notices of Internet Availability of Proxy Materials or proxy cards you receive via mail or email upon your request, which includes voting over the Internet, phone or by signing and returning all of the proxy cards you request and receive.

## **Table of Contents**

### **Can I change my vote after submitting my proxy or voting on the Internet or by phone?**

Yes. You can revoke your proxy or prior vote at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy or prior vote in any one of three ways:

You may submit another properly completed proxy with a later date or submit a new vote on the Internet or by phone using the same instructions followed when you submitted your prior vote.

You may send a written notice that you are revoking your proxy to Calix's Corporate Secretary at Calix, Inc., 2777 Orchard Parkway, San Jose, California 95134.

You may attend the Annual Meeting and vote online. Simply logging into the Annual Meeting will not, by itself, revoke your proxy or prior vote.

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

### **How will voting on any business not described in this Proxy Statement be conducted?**

We are not aware of any business to be considered at the Annual Meeting other than the items described in this Proxy Statement. If any other matter is properly presented for vote at the Annual Meeting and you are not attending the meeting in person but have voted by proxy, the individuals named as proxy holder on your proxy card will vote your shares as they may determine in their best judgment.

### **When are stockholder proposals due for next year's Annual Meeting?**

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by December 4, 2019, to Calix's Corporate Secretary at 2777 Orchard Parkway, San Jose, California 95134. If you wish to submit a proposal that is not to be included in next year's proxy materials under the SEC's shareholder proposal procedures or nominate a director, you must do so between January 23, 2020 and February 22, 2020; provided that if the date of the annual meeting is earlier than April 22, 2020 or later than July 21, 2020, you must give notice not later than the 90<sup>th</sup> day prior to the annual meeting date or, if later, the 10<sup>th</sup> day following the date on which public disclosure of the annual meeting date is first made. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote are present or represented by proxy at the Annual Meeting. On the Record Date, there were 54,163,829 shares outstanding and entitled to vote. Accordingly, 27,081,915 shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum if you submit a valid proxy vote or vote online at the Annual Meeting. Abstentions and broker non-votes also will be counted towards the quorum requirement. If there is no quorum, either the chairperson of the Annual Meeting or a majority in voting power of the stockholders entitled to



vote at the Annual Meeting, present or represented by proxy, may adjourn the Annual Meeting to another time or place.

**How can I find out the results of the voting at the Annual Meeting?**

Voting results will be announced by the filing of a Current Report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days of the day the final results are available.

**Table of Contents**

**CORPORATE GOVERNANCE**

**Overview**

Our Board is responsible for providing oversight over the Company's business and affairs, including the Company's strategic direction, as well as the management and financial and operational execution that can best perpetuate the success of the business and support the long-term interest of our stockholders. To effectively support its responsibilities, the Board has three principal board committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee that each carry out responsibilities set out in specific committee charters approved by the Board and consistent with applicable requirements of the NYSE and the SEC. The Board has also established a Cybersecurity Committee and a Strategic Committee, each with specific committee charters approved by the Board. The Board and each Board committee may at their discretion retain outside advisors at the Company's expense in carrying out their responsibilities.

Our Board is committed to good corporate governance practices and seeks to represent stockholder interests through the exercise of sound judgment. To this end, the Board has adopted Corporate Governance Guidelines ( Guidelines ) that provide specific provisions for the governance of the Board and Company. We have a Code of Business Conduct and Ethics ( Code of Conduct ) applicable to all directors, officers and employees that is approved and adopted by our Board representing our commitment to the highest standards of ethics and integrity in the conduct of our business. Our bylaws, together with the Guidelines, the Board committee charters and our Code of Conduct serve as the governance and compliance framework of the Company.

On an annual basis, the Board and its committees review the Guidelines, Board committee charters and our Code of Conduct. The Guidelines, the written charter for each of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Cybersecurity Committee, Strategic Committee and the Code of Conduct, as well as any amendments from time to time, may be found under Governance in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com). The referenced information on the Investor Relations section of our website is not a part of this Proxy Statement.

***Leadership Structure of the Board***

Under our bylaws, our Board appoints our corporate officers, including the chief executive officer. We separate the roles of chief executive officer and chairman of the Board in recognition of the differences between the two roles. Mr. Russo serves as president and chief executive officer and is responsible for setting the strategic direction for and the day-to-day leadership and performance of Calix, while Mr. Listwin serves as chairman and provides guidance to the chief executive officer and management, sets the agenda for Board meetings and presides over meetings of the full Board. The Board does not have a policy on whether the role of the chairman and chief executive officer should be separate and, if it is to be separate, whether the chairman should be selected from the non-employee directors or be an employee and if it is to be combined, whether a lead independent director should be selected. As president and chief executive officer, Mr. Russo is not independent under the rules of the NYSE. Mr. Listwin, Calix's chairman, is an independent director as defined under the rules of the NYSE and has significant executive leadership and strategic experience, including multiple executive leadership roles at large publicly-traded technology companies. The Board believes that the current board leadership structure is best for Calix and its stockholders at this time. Our Nominating and Corporate Governance Committee periodically reviews and recommends to the Board the leadership structure of the Board.

***Board Independence***

Among other considerations, the Board strongly values independent board oversight as an essential component of strong corporate performance. On at least an annual basis, the Board undertakes a review of the independence of each director and considers whether any director has a material relationship with Calix. The Board evaluates each director under the independence rules of the NYSE and the non-employee director and audit committee independence requirements of the SEC.

The NYSE rules require listed company boards have at least a majority of independent directors. Based on its evaluation, our Board determined that each of Messrs. Bowick, DeNuccio, Everett, Listwin, Matthews, Peters and Plants, and each of Mses. Crusco and Makagon, representing nine of Calix's ten current directors, are independent directors as defined under the NYSE rules. Mr. Russo, who has served as our president and chief executive office since 2002, is the only member of the Board who is not independent.

**Table of Contents**

Nine of the total ten current directors of our Board are independent under NYSE rules:

<b>Director</b>	<b>Independent</b>	<b>Director Since</b>
Christopher Bowick	Independent	2014
Kathy Crusco	Independent	2017
Kevin DeNuccio	Independent	2012
Mike Everett	Independent	2007
Don Listwin	Independent	2007
Kira Makagon	Independent	2017
Michael Matthews	Independent	2010
Kevin Peters	Independent	2014
J. Daniel Plants	Independent	2018
Carl Russo	Not Independent	1999

***Board Composition and Qualifications***

The Board assesses Board composition and qualifications at least annually. In assessing Board composition and qualifications, as well as in evaluating candidates for nomination or to fill vacancies on the Board, the Board seeks to maximize effectiveness of the Board and its committees to perpetuate the success of the Company, to best represent stockholder interests through the exercise of sound judgment and to assure continuity in the Board's oversight over the Company and management. The Board places significant emphasis on ensuring an appropriate mix of characteristics, skills and experience for the Board as a whole and as to each individual director. The Board, through its Nominating and Corporate Governance Committee, evaluates the skills and attributes of the Board as a whole and each individual director against the Company's needs and strategic direction. Among other considerations, the Board seeks to ensure an appropriate mix of expertise in executive and corporate leadership, diversity of background, perspective and experience (including diversity of gender, age and ethnicity), personal and professional integrity, ethics and values, financial and operational experience, as well as expertise and insights in technologies, industries and markets relevant to the Company's strategic plans.

Our Board believes the current mix of skills, backgrounds and attributes of our Board maximizes the effectiveness of our Board in its oversight responsibilities. In 2017, we added two new directors to our Board, with Ms. Makagon bringing substantial expertise in global platform strategy, technology, cybersecurity, operations and high-technology executive leadership to our Board and Ms. Crusco adding deep financial, accounting and operational expertise, public company leadership and governance experience to our Board. In 2018, we added Mr. Plants as a new director, bringing his expertise in corporate governance and leadership, as well as adding stockholder insight, to our Board. The Board values the board gender diversity, experience and perspective from the additions of Ms. Crusco and Makagon and Mr. Plants to the Board. A summary of the mix of key skills and attributes representative of our current Board is as follows:

**Table of Contents**

Our Board also considers board tenure in its review of Board composition. Our Board consists of a mix of board tenure. The average tenure of our independent directors is approximately six years, with three directors at tenures of less than three years, two directors at tenures of three to five years, two directors at five to ten years and two directors at ten or more years.

<b>Director</b>	<b>Date Joined</b>
Christopher Bowick	July 2014
Kathy Crusco	September 2017
Kevin DeNuccio	September 2012
Mike Everett	August 2007
Don Listwin	January 2007
Kira Makagon	July 2017
Michael Matthews	December 2010
Kevin Peters	October 2014
J. Daniel Plants	March 2018
Carl Russo	December 1999

**Board Meetings and Committees**

Our Board met seven times during fiscal year 2018. During 2018, each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he or she served. In addition, our Board met in executive session without management present during its four regularly scheduled in-person meetings in 2018. Our chairman of the Board presides over the executive sessions of the Board.

We encourage our directors to attend our annual meetings of stockholders. Messrs. Bowick, DeNuccio, Everett, Listwin, Matthews, Peters, Plants and Russo and Ms. Crusco each attended our 2018 annual meeting of stockholders.

The Board has established three principal Board committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. In June 2017, the Board established a fourth Board committee, the Cybersecurity Committee, and in June 2018, the Board established a fifth Board committee, the Strategic Committee. The membership of all five Board committees are composed entirely of independent directors.

## **Table of Contents**

### ***Audit Committee***

Our Audit Committee is established in accordance with Section 3(a)(58)(A) of the Exchange Act and is responsible for overseeing management of Calix's risks relating to accounting matters, financial reporting and legal and regulatory compliance. Each director serving on our Audit Committee is independent within the meaning of the NYSE listing standards and applicable rules and regulations of the SEC.

The current members of our Audit Committee are Mr. Everett, Ms. Crusco and Mr. Matthews, with Mr. Everett serving as the Audit Committee chair. Our Board has determined that Mr. Everett and Ms. Crusco are each an audit committee financial expert as defined under the SEC rules. During 2018, the Audit Committee met eleven times, and conducted private sessions with our independent registered public accounting firm, with individual members of management and with the committee members at each of its four regularly scheduled in-person meetings.

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, the Audit Committee evaluates the independent registered public accounting firm's qualifications, independence and performance; determines the engagement of the independent registered public accounting firm; reviews and approves the scope of the annual audit and the audit fees; discusses with management and the independent registered public accounting firm the results of the annual audit and the review of Calix's quarterly consolidated financial statements; approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on Calix's engagement team as required by law; reviews Calix's critical accounting policies and estimates; oversees the internal audit function and annually reviews the Audit Committee charter and the committee's performance. The Audit Committee operates under a written charter pursuant to applicable standards and rules of the SEC and the NYSE. The Audit Committee's written charter is available under Governance in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

In carrying out its responsibilities, the Audit Committee may at its discretion retain outside advisors at the Company's expense.

### ***Compensation Committee***

Our Compensation Committee is responsible for overseeing the management of risks relating to Calix's executive compensation plans and arrangements. Each director serving on our Compensation Committee is independent within the meaning of the NYSE listing standards and applicable rules and regulations of the SEC. Mr. Listwin joined the Compensation Committee on May 16, 2018 upon the retirement of Michael Flynn from our Board on May 16, 2018. Mr. Flynn was independent within the meaning of the applicable rules and regulations of the NYSE and SEC during his service on the Compensation Committee.

The current members of our Compensation Committee are Messrs. Bowick, DeNuccio and Listwin, with Mr. Bowick serving as the Compensation Committee chair. During 2018, the Compensation Committee met eight times.

Our Compensation Committee reviews and oversees policies relating to compensation and benefits of Calix executive officers and employees. The Compensation Committee reviews and approves corporate goals and objectives relevant to compensation of the chief executive officer and other executive officers, certifies performance against such corporate goals and objectives and sets the compensation of our executive officers. The Compensation Committee also administers Calix's stock-based compensation plans, including the issuance of stock options and other awards under Calix's equity incentive award plan. The Compensation Committee reviews and evaluates, at least annually, the performance of the Compensation Committee and its members, including compliance of the Compensation

Committee with its charter. In fulfilling its responsibilities, the Compensation Committee may delegate any or all of its responsibilities to a subcommittee of the Compensation Committee, but only to the extent consistent with Calix's certificate of incorporation and bylaws, NYSE rules and other applicable law. The Compensation Committee operates under a written charter pursuant to applicable standards and rules of the SEC and the NYSE. The Compensation Committee's written charter is available under "Governance" in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

In carrying out its responsibilities, the Compensation Committee may at its discretion retain outside advisors at the Company's expense.

*Compensation Committee Interlocks and Insider Participation*

Messrs. Bowick and DeNuccio served on Calix's Compensation Committee for the entirety of 2018. Mr. Flynn served on the Compensation Committee until May 16, 2018. Mr. Listwin has served on the Compensation Committee since May 16, 2018. None of the members of Calix's Compensation Committee is or was at any time during 2018 an officer or employee of Calix, was formerly an officer of Calix or has engaged in certain related transactions with Calix, as required to be disclosed by SEC regulations. None of Calix's executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving on Calix's Board or Compensation Committee.

## **Table of Contents**

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is responsible for overseeing management of Calix's risks associated with the independence of the Board and potential conflicts of interest. Each director serving on our Nominating and Corporate Governance Committee is independent within the meaning of the NYSE listing standards. Mr. DeNuccio joined the Nominating and Corporate Governance Committee on May 16, 2018 upon Mr. Flynn's retirement from our Board on May 16, 2018. Mr. Flynn was independent within the meaning of the applicable rules and regulations of the NYSE and SEC during his service on the Nominating and Corporate Governance Committee.

Our Nominating and Corporate Governance Committee currently consists of Messrs. DeNuccio, Listwin and Peters, with Mr. Listwin serving as the Nominating and Corporate Governance Committee chair. During 2018, the Nominating and Corporate Governance Committee met five times.

The Nominating and Corporate Governance Committee is responsible for making recommendations regarding candidates for directorships and the size and composition of the Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing Calix's Corporate Governance Guidelines and reporting and making recommendations concerning governance matters. The Nominating and Corporate Governance Committee operates under a written charter that satisfies the applicable standards of the SEC and the NYSE. The Nominating and Corporate Governance Committee's written charter is available under [Governance](#) in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

In carrying out its responsibilities, the Nominating and Corporate Governance Committee may at its discretion retain outside advisors at the Company's expense.

### ***Director Nominations***

The Nominating and Corporate Governance Committee considers director candidate recommendations from a variety of sources, including nominees recommended by stockholders. The Nominating and Corporate Governance Committee may also retain an executive search firm to assist in identifying, screening and facilitating the interview process of director candidates. The Nominating and Corporate Governance Committee may take into account minimum qualifications including, among other factors the Committee may deem appropriate: diversity of personal and professional background, perspective and experience, including diversity of gender, age and ethnicity; personal and professional integrity, ethics and values; experience in corporate management, operations or finance; experience relevant to the Company's industry and with relevant social policy concerns; experience as a board member or executive officer of another publicly held company; relevant academic expertise; practical and mature business judgment; promotion of a diversity of business or career experience relevant to the success of the Company; and any other relevant qualifications, attributes or skills, which will be evaluated in the context of the Board as a whole, with the objective of assembling a board that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In addition, the Nominating and Corporate Governance Committee expects any candidate for the Board to be able to represent the interests of the Company's stockholders as a whole rather than any special interest or constituency.

Each of our nominees standing for election at this 2019 Annual Meeting was recommended to the Board by the Nominating and Corporate Governance Committee based on the Committee's evaluation as set forth above.

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted director candidates recommended by stockholders. For a stockholder to make any nomination for election to the Board at an annual meeting, the stockholder must provide notice to Calix, which must be received at Calix's principal executive



office not less than 90 days and not more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, the stockholder's notice must be delivered not later than 90 days prior to the date of the annual meeting or, if later, the 10<sup>th</sup> day following the date on which public disclosure of the annual meeting date is first made. Further updates and supplements to such notice may be required at the times and in the forms required under our bylaws. As set forth in our bylaws, submissions must include the name and address of the proposed nominee, information regarding the proposed nominee that is required to be disclosed in a proxy statement or other filings in a contested election under Section 14(a) of the Exchange Act, information regarding the proposed nominee's indirect and direct interests in shares of Calix's common stock, and a completed and signed questionnaire, representation and agreement of the proposed nominee. Our bylaws also specify further requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to make a nomination for director review a copy of our bylaws, as amended and restated to date, which is available, without charge, from our Corporate Secretary at 2777 Orchard Parkway, San Jose, California 95134. The presiding officer at the applicable annual meeting may, if the facts warrant, determine that a nomination was not properly made in accordance with the foregoing, in which case the defective nomination may be disregarded.

## **Table of Contents**

### ***Cybersecurity Committee***

The Cybersecurity Committee was constituted by the Board in June 2017 as a Board committee of independent directors responsible for overseeing the management of enterprise security over cyber risks, overall data and security breach programs and readiness and our program for data and security breach response and management. Each director serving on our Cybersecurity Committee is independent within the meaning of the NYSE listing standards.

Calix's Cybersecurity Committee currently consists of Mr. Peters, Ms. Makagon and Mr. Matthews, with Mr. Peters serving as the Cybersecurity Committee chair. During 2018, the Cybersecurity Committee met four times.

Our Cybersecurity Committee oversees Calix's management of risks associated with cybersecurity threats and reviews with management at each meeting the Company's assessment of cybersecurity threats and risks, data security programs, and management and mitigation of potential and any actual cybersecurity and information technology risks and breaches. Among other responsibilities, the Cybersecurity Committee also reviews and provides oversight of: the effectiveness of Calix's data breach incident response plan; Calix's cybersecurity risk systems against industry benchmarks and best practices; and Calix's information security planning and resources to manage changes in Calix's cybersecurity threat landscape, including assessments of the potential impact of cybersecurity risk on Calix's business, operations and reputation. The Cybersecurity Committee's written charter is available under Governance in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

In carrying out its responsibilities, the Cybersecurity Committee may at its discretion retain outside advisors at the Company's expense.

### ***Strategic Committee***

The Board constituted a Strategic Committee in June 2018 as a committee of independent directors with responsibility to oversee our business strategy, strategic direction and objectives.

Our Strategic Committee currently consists of Ms. Crusco and Messrs. Listwin and Plants. Mr. Listwin has served as chair of the Strategic Committee from its formation until May 2019. Mr. Plants will serve as chair of the Strategic Committee commencing in May 2019.

Among other duties, the Strategic Committee provides oversight over our long-term strategic plan to support our objectives and to create long-term stockholder value and evaluates potential strategic actions and financing strategies. The Strategic Committee also works with management to monitor internal and external risks, threats and potential disruptions to our strategic plan. The Strategic Committee's written charter is available under Governance in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

In carrying out its responsibilities, the Strategic Committee may at its discretion retain outside advisors at the Company's expense.

### **Annual Self-Assessment and Board Education**

Annually, the Board and each Board committee conduct a self-assessment to assess the performance and effectiveness of the Board and Board committees, as well as to provide feedback on individual directors. The chairman of the Board leads discussions and actions related to the self-assessments. The Board is committed to the ongoing director education and advancement. To that end, the Company has a written Board education policy and provides its directors with membership in the National Association of Corporate Directors (NACD) to assist them in remaining current with

best practices and developments in board oversight and corporate governance, as well as opportunities to participate in NACD fellowship programs on leading boardroom practices and commitment to boardroom excellence.

### **Board Oversight Over Risks**

The Board has an active role, as a whole and also at the committee level, in overseeing management of Calix's risks, including financial risks, cybersecurity risks, credit and liquidity risks, legal and regulatory risks and operational risks. The Board is responsible for general oversight of risks and regularly reviews information from management who is responsible for the day-to-day processes and operations to manage risks.

The Audit Committee has primary responsibility for oversight over management's processes over financial, credit and liquidity, legal and regulatory risks, including the Company's compliance program; the Cybersecurity Committee oversees Calix's management of risks associated with cybersecurity and data breach threats; the Compensation Committee is responsible for risk assessments over Calix's compensation practices and policies; and the Strategic Committee has oversight over internal and external risks to our strategic plan. While Board committees have responsibility for evaluating certain areas of risks and overseeing the management of such risks, the entire Board retains overall responsibility and remains regularly informed through committee reports about such risks.

## **Table of Contents**

### ***Code of Conduct and Compliance***

We are committed to the conduct of our business to the highest standards of ethics and integrity as reflected in our Code of Conduct. All of our directors, officers and employees are expected to comply with our Code of Conduct, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. Under our Code of Conduct, we have established a compliance hotline that is operated by an independent third party to receive complaints about any accounting, internal control or auditing matters as well as compliance, ethical or other matters of concern (including on an anonymous basis where permitted under applicable law). Annually, our Audit Committee reviews our Code of Conduct and related policies and processes with management. Our Code of Conduct is available under Governance in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

### ***Risk Assessment of Compensation Practices and Policies***

We have assessed, with input from outside consultants, and discussed with the Compensation Committee our compensation policies and practices for our employees as they relate to risk management. Based upon this assessment, we believe that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on the Company.

Our employees' base salaries are fixed in amount and thus we do not believe that they encourage excessive risk-taking. While performance-based cash incentives and sales-based incentives focus on achievement of short-term or annual goals, we believe that our performance-based cash incentives and sales-based incentives appropriately balance risk and the desire to focus employees on specific goals important to our long-term success. We believe these programs also do not encourage unnecessary or excessive risk taking as the potential payout is limited, with payouts on performance-based cash incentives generally limited to 100% of target and payouts of greater than target based on limited incremental achievement above 100% of target. Further, such programs represent only one portion of the total compensation opportunities available to most employees and we believe that our internal policies and controls help mitigate this risk.

A significant portion of the compensation provided to senior management is in the form of long-term equity-based incentives that are important to help further align management's interests with those of our stockholders. We do not believe that these equity-based incentives encourage unnecessary or excessive risk taking because their ultimate value is tied to our stock price.

The statements regarding the risks arising from our compensation policies and practices contain forward-looking statements that involve substantial risks and uncertainties. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

### **Communications with the Board**

Stockholders and other interested parties may communicate with the Board or any specified individual directors. Such correspondence should be sent to the attention of the Board or specific directors, c/o Corporate Secretary, 2777 Orchard Parkway, San Jose, California 95134.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents information as to the beneficial ownership of our common stock as of March 25, 2019 for:

each stockholder known by us to be the beneficial owner of more than 5% of our common stock;

each of our directors;

each NEO as set forth in the Summary Compensation Table in this Proxy Statement; and

all current executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of March 25, 2019 and restricted stock units ( RSUs ) that vest within 60 days of March 25, 2019, are deemed to be outstanding and to be beneficially owned by the person holding the options or RSUs for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Percentage ownership of our common stock in the table is based on 54,163,829 shares of our common stock outstanding (exclusive of treasury shares) on March 25, 2019. Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Calix, Inc., 2777 Orchard Parkway, San Jose, California 95134.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)				
	Common Stock	Options Exercisable Within 60 Days	RSUs Vesting Within 60 Days	Total Number of Shares Beneficially Owned	Percent
<b>5% Stockholder:</b>					
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	4,180,423 (2)			4,180,423	7.90%
Divisar Partners QP, L.P. 275 Sacramento Street, 8th Floor San Francisco, CA 94111	3,064,255 (3)			3,064,255	5.80%
Dimensional Fund Advisors LP Dimensional Place 6300 Bee Cave Road, Building One	2,981,386 (4)			2,981,386	5.61%

Austin, TX 78746

Renaissance Technologies LLC

800 Third Avenue

New York, NY 10022

2,905,918 (5)

2,905,918

5.47%

**Named Executive Officers:**

Carl Russo	6,127,855 (6)	420,000		6,547,855	12.09%
------------	---------------	---------	--	-----------	--------

Cory Sindelar	54,000	173,250		227,250	*
---------------	--------	---------	--	---------	---

Michael Weening	6,374	376,000		382,374	*
-----------------	-------	---------	--	---------	---

Gregory Billings (7)		267,750		267,750	*
----------------------	--	---------	--	---------	---

**Non-Employee Directors:**

J. Daniel Plants	1,280,630 (8)			1,280,630	2.36%
------------------	---------------	--	--	-----------	-------

Don Listwin	860,000 (9)	7,500	18,320	885,820	1.64%
-------------	-------------	-------	--------	---------	-------

Kevin DeNuccio	206,335		18,320	224,655	*
----------------	---------	--	--------	---------	---

Michael Everett	125,761	10,000	18,320	154,081	*
-----------------	---------	--------	--------	---------	---

Kevin Peters	74,083		18,320	92,403	*
--------------	--------	--	--------	--------	---

Michael Matthews	73,940	12,500	18,320	104,760	*
------------------	--------	--------	--------	---------	---

Christopher Bowick	66,301		18,320	84,621	*
--------------------	--------	--	--------	--------	---

Kathy Crusco	26,936		18,320	45,256	*
--------------	--------	--	--------	--------	---

Kira Makagon	12,330		18,320	30,650	*
--------------	--------	--	--------	--------	---

**All Current Directors and Executive Officers**

<b>as a Group (12 persons)</b>	8,914,545	999,250	146,560	10,060,355	18.57%
--------------------------------	-----------	---------	---------	------------	--------

**Table of Contents**

- \* Represents beneficial ownership of less than one percent of the outstanding shares of common stock.
- (1) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account.
  - (2) The information was based upon a Schedule 13G/A filed with the SEC on February 4, 2019 by BlackRock, Inc. BlackRock, Inc. has sole voting with respect to 3,921,892 of these shares and sole dispositive power over 4,180,423 of these shares. The shares reported as being beneficially held by BlackRock, Inc. may be held by one or more of its subsidiaries: BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Fund Advisors; BlackRock Institutional Trust Company, N.A.; Blackrock International Limited; Blackrock Financial Management, Inc.; BlackRock Investment Management, LLC; Blackrock Investment Management (UK) Limited; or Blackrock Japan Co., Ltd.
  - (3) The information was based upon a Schedule 13G filed with the SEC on February 13, 2019 by Divisar Partners QP, L.P., Divisar Capital Management LLC and Steven Baughman as a group. Divisar Partners QP, L.P. has shared voting power with respect to 2,818,015 shares and shared dispositive power with respect to 2,818,015 shares. Divisar Partners QP, L.P. disclaims beneficial ownership of the shares. Each of Divisar Capital Management LLC and Mr. Baughman has shared voting power with respect to 3,064,255 shares and shared dispositive power with respect to 3,064,255 shares.
  - (4) The information was based upon a Schedule 13G filed with the SEC on February 8, 2019 by Dimensional Fund Advisors LP. Dimensional Fund Advisors LP has sole voting power with respect to 2,282,975 of these shares, sole dispositive power with respect to 2,981,386 of these shares. Dimensional Fund Advisors LP disclaims beneficial ownership of the shares.
  - (5) The information was based upon a Schedule 13G filed with the SEC on February 13, 2019 by Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation as a group. Each of Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation has sole voting with respect to 2,762,700 of these shares, sole dispositive power over 2,762,700 of these shares and shared dispositive power with respect to 143,218 of these shares.
  - (6) Includes 2,239,188 shares held by The Crescentico Trust, Carl Russo, Trustee; 275,633 shares held by Equanimous Investments; and 284,653 shares held by Calgrat Partners, L.P. The managing members of Equanimous Investments are Carl Russo and Tim Pasquinelli. The managing partner of Calgrat Partners, L.P. is Tim Pasquinelli. Mr. Russo and Mr. Pasquinelli may be deemed to have shared voting and investment power over the shares held by Equanimous Investments and Calgrat Partners, L.P., as applicable. Mr. Russo and Mr. Pasquinelli each disclaim beneficial ownership of such shares, except to the extent of his pecuniary interest therein. The address of each of The Crescentico Trust, Carl Russo, Trustee; Equanimous Investments; and Calgrat Partners, L.P. is 1960 The Alameda #150, San Jose, California 95126.
  - (7) Mr. Billings no longer served as an executive officer as defined under Section 240.3b-7 of the Exchange Act after December 31, 2018.
  - (8) Includes 1,253,044 shares held by Voce Capital Management LLC. Mr. Plants is a managing member of Voce Capital Management LLC and disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.
  - (9) Includes 200,000 shares held by No Mas Ninos, L.P. Mr. Listwin is a general partner of No Mas Ninos, L.P. and may be deemed to have shared voting and investment power over the shares held by the partnership.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. We believe that during the fiscal year 2018, our directors and Section 16 officers complied with all Section 16(a) filing requirements, except as to one late Form 4 for Mr. Matthews to report a transaction in May 2018. In making the above statements, we have relied

upon the written representations of our directors and Section 16 officers.



**Table of Contents**

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Our Amended and Restated Certificate of Incorporation provides that our Board shall be divided into three classes, with the directors in each class having a three-year term. Unless the Board determines that vacancies (including vacancies created by increases in the number of directors) shall be filled by the stockholders, and except as otherwise provided by law, vacancies on the Board may be filled only by the affirmative vote of a majority of the remaining directors. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the number of directors) shall serve for the remainder of the full term of the class of directors in which the vacancy occurred and until such director's successor is elected and qualified.

As of April 2, 2019, the date this Proxy Statement is made available, the Board consists of ten directors, divided into the following three classes:

**Class I directors:** Kathy Crusco, Kevin DeNuccio and Michael Everett, whose current terms will expire at the 2020 Annual Meeting;

**Class II directors:** Don Listwin, Kevin Peters and J. Daniel Plants, whose current terms will expire at the 2021 Annual Meeting; and

**Class III directors:** Christopher Bowick, Kira Makagon, Michael Matthews and Carl Russo, whose current terms will expire at the 2019 Annual Meeting.

Our Nominating and Corporate Governance Committee recommended, and our Board has approved, Christopher Bowick, Kira Makagon, Michael Matthews and Carl Russo as nominees for election to the Board as Class III directors at the 2019 Annual Meeting. Messrs. Bowick, Matthews and Russo and Ms. Makagon have each agreed to stand for reelection as Class III directors. Each director to be elected will hold office from the date of such director's election by the stockholders until the third subsequent annual meeting of stockholders or until his or her successor is elected and has been qualified, or until such director's earlier death, resignation or removal. Shares of common stock represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the four Class III director nominees named above.

The Board expects each of the nominees to be available for election to the Board at the 2019 Annual Meeting. In the event that any nominee should be unable to serve or for good cause will not serve, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve. Directors are elected by a plurality of the votes cast at the meeting.

**Our Director Nominees and Board of Directors**

At least annually our Nominating and Corporate Governance Committee reviews the skills and characteristics of directors and the mix of skills and experience and diversity of the Board in the context of our business strategy, growth initiatives and our customers and target market, our business and operating requirements and the long-term interests of our stockholders. In doing so, the Nominating and Corporate Governance Committee seeks a board

composition that can best perpetuate the success of the business and represent stockholder interests. The Committee also considers the tenure of our directors and seeks to maintain a balance of longer tenured directors with deep institutional knowledge and newer directors who bring new perspectives to the Board. See further discussion under *Board Meetings and Committees* *Nominating and Corporate Governance Committee* above regarding the Nominating and Corporate Governance Committee's evaluation and selection of director nominees.

The Board believes that all the nominees for reelection are highly qualified and have the skills and experience required for effective service on the Board. In particular, Mr. Bowick, a long-time executive in the telecommunications industry, brings significant industry-specific experience along with technical and operational knowledge and expertise with respect to large communications service providers representative of the markets we serve. Ms. Makagon, an innovator in the technology platform space, brings substantial expertise in global platform strategy, technology, cybersecurity, operations and high technology executive leadership to our Board. Mr. Matthews, a marketing and business strategy executive with global experience, contributes significant expertise in the technology industry with a strong background in telecommunications, software, technology and innovation. Mr. Russo, our president and chief executive officer, brings industry-specific expertise as well as extensive experience and background about our customers and markets, and provides substantial expertise and knowledge regarding our business strategy, markets and operations. We believe the skills and attributes of these nominees complement the expertise, background and experience of our other continuing directors.

Biographical information describing the qualifications and relevant experience, skills and attributes of our Class III nominees and our other current directors who will continue in office after the Annual Meeting as of April 2, 2019 is set forth below.

**Table of Contents**

**Nominees for Election to a Three-Year Term Expiring at the 2022 Annual Meeting of Stockholders**

**Christopher Bowick**

Compensation Committee Chair

**Independent director**

Mr. Bowick brings to our Board extensive experience in advising and managing companies in the technology and telecommunications industries. Mr. Bowick is principal of The Bowick Group, LLC, where he provides technology, product, business and executive-development advice and counsel to clients in the cable television and telecommunications industries.

**Age:** 63

**Director since** 2014

**Calix Board committees:**

Compensation (Chair)

**Other current directorships:**

Minerva Networks (private)

ComSonics, Inc. (private)

From 1998 until his retirement in 2009, Mr. Bowick held various positions at Cox Communications. Mr. Bowick joined Cox in 1998 as vice president, technology development, and was named senior vice president of engineering and chief technical officer in 2000. Mr. Bowick retired as chief technology officer of Cox in June of 2009. At Cox, Mr. Bowick was responsible for strategic technology planning, day-to-day technical operations and the development and deployment of technology solutions for the company's video, voice, high speed data and wireless products, including the development and deployment of telecommunications services, such as circuit-switched telephone, voice over IP, high-speed data, digital video, HDTV, video-on-demand and interactive television. Mr. Bowick was also responsible for network engineering and network operations for Cox's nation-wide network infrastructure including its national backbone, Metropolitan Area Networks and HFC networks. Prior to joining Cox, Mr. Bowick served as group vice president of technology and chief technical officer for Jones Intercable, Inc., while simultaneously serving as president of Jones Futurex, a designer and manufacturer of triple DES, PC-based hardware encryption devices and provider of contract manufacturing services. Prior to Jones, Mr. Bowick served as vice president of engineering for Scientific Atlanta's Transmission Systems Business Division, and as a design engineer for Rockwell International, Collins Avionics Division.

Mr. Bowick holds a Master of Business Administration from the University of Colorado and a Bachelor of Science in Electrical Engineering from the Georgia Institute of Technology. Mr. Bowick is a National Association of Corporate Director (NACD) Governance Fellow under the NACD's director credential program.

**Kira Makagon**

**Independent director**

Ms. Makagon brings to the Board extensive experience in global platform strategy, technology, cybersecurity, operations and high technology executive leadership. Since August 2012, Ms. Makagon has served as executive vice president of innovation at RingCentral, Inc., a publicly-held provider of cloud-based global collaborative communications solutions.

**Age:** 55

**Director since** 2017

**Calix Board committees:**

Cybersecurity

From January 2012 to July 2012, Ms. Makagon served as the senior vice president of products of iCrossing, a global digital marketing agency owned by Hearst Corporation. From June 2009 to December 2011, she held various executive leadership roles at Red Aril, Inc., an online media technology company, serving as founder, chief executive officer and member of the board of directors from June 2009 to April 2010, and president from April 2010 to December 2011. Prior to joining Red Aril, Ms. Makagon held various executive leadership roles at NebuAd, Inc., an online data and media company, serving as co-founder and president from September 2006 to July 2008, chief executive officer from August 2008 to December 2008, and consultant and board member from January 2009 to May 2009. Ms. Makagon has also served in various roles at Exigen Group, a provider of SaaS workflow platforms and call center solutions, including president, ventures and alliances, and executive vice president, marketing and business development, as well as serving on the board of directors. Prior to that, Ms. Makagon co-founded and held key executive positions in flagship online marketing and CRM companies, including Octane Software, which was acquired by E.piphany, and Scopus Technology, where she brought multiple generations of CRM products to market.

**Other current directorships:**

None

Ms. Makagon holds a Bachelor of Science in computer science and a Master of Business Administration from the University of California, Berkeley.

**Table of Contents****Michael Matthews****Independent director**

Mr. Matthews is a marketing and business strategy executive with significant exposure to the telecommunications industry and to global markets. Mr. Matthews brings to our Board over 30 years of experience in the technology industry, and a strong background in telecommunications, software, technology and innovation. Mr. Matthews currently serves as an advisor to the TM Forum, a global trade association with over 850 member companies including communication service providers, digital service providers and enterprises. Since January 2016, Mr. Matthews has served as chief executive officer and chairman of AwareX, Inc., a privately-held software technology company.

**Age:** 62**Director since** 2010**Calix Board committees:**

Audit

Cybersecurity

**Other current directorships:**

AwareX, Inc. (private)

From January 2012 through September 2013, Mr. Matthews served as chief corporate development officer for the information technology company AGT International GMBH, where he was responsible for AGT's research and development, new business ventures and marketing. From September 2008 to December 2011, Mr. Matthews served as head of strategy and business development at Nokia Siemens Networks, a telecommunications company, where he directed the company's strategic planning and investments, mergers and acquisitions program and strategic alliances and partnerships. From February 2003 to January 2008, Mr. Matthews served as chief marketing officer at Amdocs Inc., a publicly-held software and services provider. From September 1999 to March 2002 he served as the executive vice president, sales and marketing, at Groove Networks, a privately held software company which was acquired by Microsoft Corporation. Prior to this, he served in leadership positions across technology companies in the United States and Australia such as Platinum Technology, Inc. a database management software company which was acquired by Computer Associates, Inc., Sterling Software, a software company which was acquired by Computer Associates, Inc., and Digital Equipment Corporation, which was acquired by Compaq Computer Corporation.

Mr. Matthews has a degree in Civil Engineering from the University of Queensland, Australia.

**Carl Russo**

President and Chief Executive Officer

**Director**

Mr. Russo has served as Calix's president and chief executive officer since December 2002. As Calix's president and chief executive officer, Mr. Russo brings substantial expertise and knowledge regarding our business strategy, markets and operations to Calix's board of directors. He also brings to the Board an extensive background in the telecommunications and networking technology industries.

**Age:** 62

**Director since** 1999

**Calix Board committees:**

None

From November 1999 to May 2002, Mr. Russo served as vice president of optical strategy and group vice president of optical networking of Cisco Systems, Inc. From April 1998 to October 1999, Mr. Russo served as president and chief executive officer of Cerent Corporation, which was acquired by Cisco. From April 1995 to April 1998, Mr. Russo served in various capacities, including as chief operating officer, at Xircom, Inc., which was acquired by Intel Corporation. Previously, Mr. Russo served as senior vice president and general manager for the hyperchannel networking group of Network Systems Corporation and as vice president and general manager of the data networking products division of AT&T Paradyne Corporation. Mr. Russo served on the board of directors of Vital Network Services, Inc., a privately-held company delivering network lifecycle services, and Xirrus, Inc., a privately-held company providing products that enable high-performance wireless networks.

**Other current directorships:**

None

Mr. Russo attended Swarthmore College and previously served on its board of managers.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH CLASS III DIRECTOR NOMINEE NAMED ABOVE.**

---

**Table of Contents**

**Directors Continuing in Office Until the 2020 Annual Meeting of Stockholders**

**Kathy Crusco**

**Independent director**

Ms. Crusco brings to our Board a wealth of experience instilling operational rigor at leading technology companies. Since December 2017, Ms. Crusco has served as executive vice president and chief financial officer at Kony, Inc., a privately-held mobile applications solutions provider.

**Age:** 54

**Director since** 2017

**Calix Board committees:**

Audit (Audit Committee financial expert)

Strategic

From August 2016 until November 2017, Ms. Crusco served as executive vice president, chief operating officer and chief financial officer at Epicor Software Corporation, a privately-held software company. Ms. Crusco joined Epicor in May 2011 when the company merged with Activant Solutions Inc., a business management software company where she served as senior vice president and chief financial officer from May 2007 to November 2010, then as executive vice president and chief financial officer. Before joining Activant, she worked for Polycom from 2002 to 2007, rising to the role of vice president of worldwide finance during her tenure. Ms. Crusco has also held a variety of financial roles at Documentum, Inc., Adaptec, Inc. and Price Waterhouse LLP.

**Other current directorships:**

Plantronics, Inc. (branded as *Poly*)  
(member of audit committee)

Ms. Crusco holds a Bachelor of Science in Business Administration with an emphasis in accounting from California State University, Chico.

**Kevin DeNuccio**

**Independent director**

Mr. DeNuccio brings to our Board over 25 years of leadership and governance experience at communications technology companies and service providers worldwide. Mr. DeNuccio is presently general partner of Wild West Capital LLC, a private investment firm which he co-founded in July 2012.

**Age:** 59

**Director since** 2012

**Calix Board committees:**

Compensation

Nominating and Corporate  
Governance

**Other current directorships:**

Juniper Networks, Inc. (member of  
compensation committee)

SevOne, Inc. (private)

Zededa (private)

From February 2014 until April 2017, Mr. DeNuccio served as president, chief executive officer and a member of the board of directors of Violin Memory, Inc., a publicly-held data storage company, which filed a voluntary petition for Chapter 11 bankruptcy protection in December 2016 and was subsequently acquired by a unit of Soros Fund Management LLC. Mr. DeNuccio served as chief executive officer of Metaswitch Networks, a telecommunications hardware and software company, from February 2010 until June 2012. From January 2007 until the present, Mr. DeNuccio has also worked as a private equity investor, both individually and through Wild West Capital. Mr. DeNuccio served as chief executive officer of Redback Networks from August 2001 until its acquisition by Ericsson in January 2007. From 1995 to 2001, he held a number of executive positions at Cisco Systems, Inc., including senior vice president of worldwide service provider operations. Prior to joining Cisco, Mr. DeNuccio was founder, president, and chief executive officer of Bell Atlantic Network Integration, a wholly owned subsidiary of Bell Atlantic (now Verizon Communications). He has also held senior management positions at both Unisys Corporation and Wang Laboratories network integration and worldwide channel partner businesses. Mr. DeNuccio previously served on numerous public and private boards of directors, including Sandisk, Redback and JDS Uniphase Corporation, each a publicly-held company.

Mr. DeNuccio has a Master of Business Administration from Columbia University and a Bachelor's degree in Finance from Northeastern University.



**Table of Contents**

**Michael Everett**

Audit Committee Chair

**Independent director**

Mr. Everett brings to our Board over 30 years of experience in senior management and financial operations at communications technology companies, as well as his background as a corporate attorney. Mr. Everett was named chief financial officer of the year by San Francisco Business Times in 2007 and is admitted to the State Bar of California and the New York Bar.

**Age:** 69

**Director since** 2007

**Calix Board committees:**

Audit (Chair and Audit Committee financial expert)

From May 2007 until his retirement in December 2008, Mr. Everett served as vice president of finance at Cisco Systems, Inc. From April 2003 to May 2007, Mr. Everett was chief financial officer of WebEx Communications, Inc., a web collaboration service provider that was acquired by Cisco. From 2001 to 2003, Mr. Everett served as chief financial officer of Bivio Networks, Inc., a network appliance company. In 2001, Mr. Everett served as chief financial officer of VMware, Inc., an infrastructure software company. From February 1997 to November 2000, Mr. Everett served as executive vice president and chief financial officer of Netro Corporation, a broadband wireless technology provider. Mr. Everett served in several senior management positions at Raychem Corporation from 1987 through 1996, including senior vice president and chief financial officer from August 1988 to August 1993, and was involved in the company's early fiber to the home initiatives. Before joining Raychem Corporation, Mr. Everett served as a partner in the law firm of Heller, Ehrman, White & McAuliffe LLC. He currently serves on the advisory boards of Moxtra, Inc. and Zuora, Inc. and as chair and trustee of the Santa Fe Chamber Music Festival. Mr. Everett also formerly served on the board of directors and as chairman of the audit committee of Smart Focus, Ltd., a privately-held marketing analytics company, and on the board of directors of Broncus Technologies, Inc., a privately-held medical technology company, including as chairman of the audit committee and member of the compensation committee.

**Other current directorships:**

None

Mr. Everett holds a Juris Doctor from the University of Pennsylvania Law School and a Bachelor of Arts in History from Dartmouth College.

**Directors Continuing in Office Until the 2021 Annual Meeting of Stockholders**

**Don Listwin**

Chairman of the Board

**Independent director**

**Age:** 60

**Director since** 2007

**Calix Board committees:**

Mr. Listwin has served as chairman of our Board since July 2007 and brings over 30 years of experience in the networking industry to our Board. Since January 2018, Mr. Listwin has served as chief executive officer of iSchemaView, a privately-held medical device company.

Compensation

Nominating and Corporate Governance (Chair)

Strategic (Chair through May 2019)

Mr. Listwin founded BelizeKIDS.org in 2016, a non-profit organization focused on helping children in Belize, and Canary Foundation in 2004, a non-profit organization devoted to the early detection of cancer, and has served on the board of directors of both organizations since their inception. From January 2008 to January 2009, Mr. Listwin served as chief executive officer of Sana Security, Inc., a security software company, which was acquired by AVG Technologies. From September 2000 to October 2004, Mr. Listwin served as chief executive officer of Openwave Systems Inc., a leader in mobile internet infrastructure software. From August 1990 to September 2000, he served in various capacities at Cisco Systems, Inc., most recently as executive vice president. Mr. Listwin formerly served on the board of directors of Violin Memory, Inc., Isilon Systems, Inc., Openwave Systems Inc. (now known as Unwired Planet, Inc.), TIBCO Software Inc., Redback Networks, Inc. and E-Tek Dynamics Inc., each a publicly-held company. Mr. Listwin also previously served as a member of the board of scientific advisors of the National Cancer Institute.

**Other current directorships:**

AwareX, Inc. (private)

iSchemaView (private)

D-Wave Systems, Inc. (private)

POET Technologies Inc. (member of audit and compensation committees)

Robin Systems, Inc. (private)

Teradici Corporation (private)

Mr. Listwin holds an honorary Doctorate of Law from the University of Saskatchewan and a Bachelor of Science in Electrical Engineering from the University of Saskatchewan.

**Table of Contents****Kevin Peters**

Cybersecurity Committee Chair

**Independent director**

Mr. Peters brings to our Board a wealth of leadership experience gained over the course of a 28-year career with AT&T, one of world's largest communications companies. Since February 2018, Mr. Peters has served as president and chief executive officer of NetNumber Inc., a privately-held technology company.

**Age:** 55**Director since** 2014**Calix Board committees:**

Cybersecurity (Chair)

Nominating and Corporate  
Governance

Mr. Peters formerly served as executive vice president, global customer service for AT&T, Inc., from 2012 until his retirement in 2014. Mr. Peters joined AT&T in 1986, and held various functional roles, including in information technology, sales, engineering and finance until 2000. Mr. Peters then served as vice president, local network planning and project management in 2001. During his subsequent career at AT&T, Mr. Peters served in the following capacities: senior vice president, network engineering from 2003 until 2004; senior vice president, global network technology program management, AT&T Labs in 2005; senior vice president-enterprise systems and software engineering in 2006; executive vice president, global network operations from 2006 until 2009; and chief marketing officer, business from 2010 until 2011. Since retiring, Mr. Peters has provided advisory services to a number of companies, including Accenture, a global management consulting and professional services firm, and J&L Group, a privately-held telecommunications company. In addition to the other current directorships described, Mr. Peters also currently volunteers and serves on the board of directors of the Crandon Lakes Country Club and the Yogi Berra Museum and Learning Center; and serves on the advisory board of the Howe School of Business, Stevens Institute of Technology.

**Other current directorships:**

AwareX, Inc. (private)

NetNumber Inc. (private)

UniTek Global Services, Inc.  
(private)

Mr. Peters holds a Master of Business Administration with honors (Beta Gamma Sigma) from Columbia University, a Master of Science in Telecommunications Engineering from Stevens Institute of Technology and a Bachelor of Science in Psychology from Fairfield University, and attended the Harvard University Advanced Management Program.

**J. Daniel Plants**

Strategic Committee Chair

**Independent director**

**Age:** 52

**Director since** 2018

Mr. Plants brings to our Board extensive experience as a successful investor, director and advisor to public companies. Currently, Mr. Plants serves as chief investment officer of Voce Capital Management LLC, an investment advisor that he founded in 2011.

**Calix Board committees:**

Strategic (Chair effective May 2019)

From July 2007 until May 2009, Mr. Plants served as managing director and head of communications technology and media for Needham & Company LLC, an investment banking and asset management firm. Prior to joining Needham & Company, Mr. Plants held a number of executive leadership roles at investment banking firms Goldman Sachs and JPMorgan Chase. Mr. Plants also served on the board of directors of Destination Maternity Corporation, a maternity apparel retailer, from November 2014 until December 2016.

**Other current directorships:**

Cutera, Inc. (chairman of the board and member of compensation committee)

Mr. Plants holds a Juris Doctor from the University of Michigan Law School and a Bachelor of Arts in economics from Baylor University. Mr. Plants is also admitted to the New York Bar.

There are no family relationships among any directors, director nominees or executive officers of Calix.

**Table of Contents****Our Executive Officers**

The following is biographical information for our current executive officers who were not discussed above.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Cory Sindelar	50	Chief Financial Officer
Michael Weening	50	Executive Vice President, Field Operations

**Cory Sindelar** has served as Calix's chief financial officer and principal financial officer since October 1, 2017, and previously served as Calix's interim chief financial officer and principal financial officer from May 31, 2017 to September 30, 2017. Prior to joining Calix, Mr. Sindelar served from December 2011 to April 2017 as the chief financial officer of Violin Memory, Inc., a publicly-held data storage company, which filed a voluntary petition for Chapter 11 bankruptcy protection in December 2016 and was subsequently acquired by a unit of Soros Fund Management LLC. He also previously served as chief financial officer of Kilopass Technology, Inc. from November 2010 to December 2011, and as chief financial officer of Ikanos Communications, Inc. from September 2006 to July 2010. From 2003 to 2006, Mr. Sindelar held various finance positions at EMC Corporation. From 2000 to 2003, Mr. Sindelar was vice president, corporate controller and principal accounting officer at Legato Systems, Inc., an enterprise software company, which was acquired by EMC. Mr. Sindelar holds a Bachelor of Science in Business Administration with an emphasis in accounting from Georgetown University.

**Michael Weening** has served as Calix's executive vice president of field operations since July 2018, and previously served as executive vice president of sales and marketing from November 2016 until June 2018, and as executive vice president of sales from June 2016 until November 2016. Prior to joining Calix, Mr. Weening held various executive leadership roles at Salesforce.com, a customer relationship management company. From August 2014 until June 2016, Mr. Weening served as senior vice president of global customer success and services at Salesforce.com, and from May 2012 until August 2014 as senior vice president of customer and sales growth in Japan and Asia Pacific at Salesforce.com. From May 2009 until May 2012, Mr. Weening served as vice president of business sales at Bell Mobility in Canada. Prior to joining Bell Mobility, Mr. Weening also held various sales leadership roles at Microsoft Corporation in Canada and the United Kingdom. Mr. Weening holds a Bachelor of Arts in Business Administration from Brock University.

**Independence of the Board**

The NYSE prescribes independence standards for listed companies. These standards require a majority of the Board to be independent. They also require each member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Board to be independent. No director qualifies as independent unless the Board determines that the director has no direct or indirect material relationship with us. The Board also evaluates each director's independence to serve on our Board and committees under the applicable requirements of the SEC. On an annual basis, each director and executive officer is obligated to complete a director and officer questionnaire which requires disclosure of any transactions with us in which the director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest. We also review our relationship with any entity employing a director or on which the director currently serves as a member of the board.

After review of all relevant transactions or relationships between each director, or any of his or her immediate family members, and Calix, its senior management and its independent registered public accounting firm, the Board has affirmatively determined that all of Calix's current directors are independent directors within the meaning of the applicable NYSE standards, except for Mr. Russo, Calix's current president and chief executive officer. All of the

committees of our Board are comprised entirely of directors determined by the Board to be independent within the meaning of the NYSE standards and applicable SEC regulations.

---

**Table of Contents**

**PROPOSAL NO. 2**

**APPROVAL OF THE CALIX, INC. 2019 EQUITY INCENTIVE AWARD PLAN**

**Summary**

On March 22, 2019, the Board adopted, subject to stockholder approval, the Calix, Inc. 2019 Equity Incentive Award Plan (the 2019 Plan ). The 2019 Plan is intended to replace our 2010 Equity Incentive Award Plan (the 2010 Plan ). Upon stockholder approval of the 2019 Plan, the 2019 Plan will become effective and will supersede and replace in its entirety the 2010 Plan, and no further awards will be granted under the 2010 Plan; however, the terms and conditions of the 2010 Plan will continue to govern any outstanding awards granted thereunder. If the 2019 Plan is not approved by our stockholders, it will not become effective, the 2010 Plan will continue in effect, and we may continue to grant awards under the 2010 Plan, subject to its terms, conditions and limitations, using the shares available for issuance thereunder.

Employees and consultants of the Company, its subsidiaries and affiliates, as well as members of our Board, are eligible to receive awards under the 2019 Plan. The 2019 Plan provides for the grant of stock options, including incentive stock options ( ISOs ) and nonqualified stock options ( NQSOs ), stock appreciation rights ( SARs ), restricted stock, restricted stock units ( RSUs ), other stock or cash-based awards and dividend equivalents to eligible individuals.

The Board approved a 1,700,000 share reserve under the 2019 Plan, such that the number of shares available for issuance under the 2019 Plan is equal to the sum of (i) 1,700,000 shares of our common stock, (ii) any shares of our common stock that are available for issuance under the 2010 Plan as of the effective date of the 2019 Plan, and (iii) any shares of our common stock subject to issued and outstanding awards under the 2010 Plan that expire, are cancelled or otherwise terminate following the effective date of the 2019 Plan. In designing the 2019 Plan, we sought to implement a number of important compensation and governance best practices to ensure the 2019 Plan furthers our compensation plan objectives and supports long-term stockholder interests. Specifically, compared to our 2010 Plan, we (i) removed the evergreen provisions so that increases in the share pool for the 2019 Plan would require stockholder approval, (ii) eliminated any reload rights associated with awards, (iii) adopted minimum vesting requirements for awards and (iv) prohibited dividend payments on unvested awards. Furthermore, we adopted a policy that any award to our NEOs under the 2019 Plan would be subject to our Compensation Recovery Policy with clawback provisions that will apply to any awards to NEOs under the 2019 Plan. In addition, the following items will not be counted against the shares available for issuance under the 2019 Plan: (i) the payment of dividend equivalents in cash in conjunction with any outstanding awards and (ii) to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by our company or any of its subsidiaries, except as may be required by reason of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the Code ).

On March 25, 2019, the record date for the 2019 Annual Meeting (the Record Date ), the Company had an aggregate of 54,163,829 common shares outstanding. On the Record Date, the Company had a total of approximately 1,029,559 common shares reserved for issuance and available for future grants under the 2010 Plan. As of the Record Date, there were approximately 629,196 full-value awards issued and outstanding and approximately 6,390,368 options outstanding under our prior plans, including the 2010 Plan, with an approximate weighted average exercise price of the outstanding options of \$7.61 and an approximate weighted average remaining contractual term for the outstanding options of eight years.

Approval of the 2019 Plan will constitute approval pursuant to the stockholder approval requirements of Section 422 of the Code, relating to ISOs.

## Key Features of the 2019 Plan

***No repricing of awards without stockholder approval.*** Under the 2019 Plan, awards may not be repriced, replaced or regranted through cancellation or modification without stockholder approval if the effect would be to reduce the exercise price for the shares underlying the award.

***No evergreen feature/stockholder approval required for share reserve increases.*** The 2019 Plan does not provide for an annual increase in the share reserve, and the 2019 Plan may not be amended to increase the share reserve without stockholder approval.

***No reload features.*** Awards granted under the 2019 Plan are not subject to any reload provisions.

***Minimum vesting requirements.*** Subject to limited exceptions, no awards granted under the 2019 Plan may vest until the first anniversary of the date of grant.

***No payment of dividends on unvested awards.*** Under the 2019 Plan, no dividends or dividend equivalents in respect of shares underlying an unvested award may be paid.

***Requirement that all awards granted to NEOs are subject to clawback.*** Awards granted to our NEOs under the 2019 Plan are subject to the clawback provisions under our Compensation Recovery Policy.

## Background on Share Request

In its determination to approve the 2019 Plan, our Board reviewed an analysis prepared by Radford, its compensation consultant, which included an analysis of our historical share usage, certain burn rate metrics and the costs of the 2019 Plan. Specifically, our Board considered the following:



**Table of Contents**

In determining the reasonableness of the 2019 Plan share reserve, our Board considered our historic burn rate. In 2018, 2017 and 2016, we granted equity awards representing a total of approximately 404,146 shares, 4,032,236 shares, and 2,516,681 shares, respectively, under the 2010 Plan. This level of equity awards represents a three-year average burn rate of approximately 4.66% of weighted average ordinary shares outstanding. Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year (without adjusting for forfeitures) by the weighted average ordinary shares outstanding during the fiscal year. The following table lists all grants of performance-based stock options against actual shares earned by our NEOs in each of the last three fiscal years.

	Performance-Based Stock Options		
	2016	2017	2018
	Granted	Earned	Granted
Carl Russo			
<i>President and Chief Executive Officer</i>			420,000
Cory Sindelar			
<i>Chief Financial Officer</i>		108,000	54,000 (1)
Michael Weening			
<i>Executive Vice President, Field Operations</i>		344,000	102,000 (1)
Gregory Billings			
<i>Senior Vice President, Services</i>		201,000	63,000 (1)

- (1) Shares earned in 2018 represent the vested portion of the 2018 Performance-Based Equity Awards granted to Messrs. Sindelar, Weening and Billings. Vesting of the 2018 Performance-Based Equity Awards were contingent upon achievement of a 2018 financial performance metric, with 50% of the shares earned based on performance scheduled to vest on January 1, 2019 and the remaining 50% scheduled to vest in substantially equal installments over the subsequent 24 months. In February 2019, the Compensation Committee certified attainment of the 2018 performance metric. See discussion in our Compensation Discussion and Analysis under *Performance-Based Grant 2018 Financial Performance*.

We expect the share authorization under the 2019 Plan to provide us with enough shares for awards for approximately one year through the 2020 annual meeting of stockholders, assuming we continue to grant awards consistent with our current practices and historical usage, as reflected in our historical burn rate. We cannot predict our future equity grant practices, the future price of our shares or future hiring activity with any degree of certainty at this time, and the share reserve under the 2019 Plan could last for a shorter or longer time.

Radford's analysis, which is based on generally accepted evaluation methodologies, concluded that the number of shares under the 2019 Plan is well within generally accepted standards as measured by an analysis of the plan cost relative to industry standards.

In light of the factors described above, and that the ability to continue to grant equity compensation is vital to our ability to continue to attract and retain employees in the competitive labor markets in which we compete, our Board has determined that the size of the share reserve under the 2019 Plan is reasonable and appropriate at this time.

A summary of the principal provisions of the 2019 Plan is set forth below. The summary is qualified by reference to the full text of the 2019 Plan, which is attached as Appendix A to this Proxy Statement.

### **Administration**

The Compensation Committee (or, with respect to awards to non-employee directors, our Board) (together, the administrator ) is charged with the general administration of the 2019 Plan. The 2019 Plan provides that, subject to certain limitations, our Board and the Compensation Committee may from time to time delegate its authority to grant awards to a committee consisting of one or more members of our Board or the Compensation Committee or one or more of our officers. Subject to the terms and conditions of the 2019 Plan, the administrator will have the authority to select the persons to whom awards are to be made; to determine the type of awards to be granted, the number of shares to be subject to awards and the terms and conditions of awards; to determine when awards can be settled in cash, shares, other awards or whether to cancel, forfeit or surrender awards; to prescribe the form award agreements; to accelerate vesting or lapse restrictions; and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2019 Plan. The administrator will also be authorized to adopt, amend or rescind rules relating to the administration of the 2019 Plan, excluding certain matters described below that will require the approval of our stockholders.

### **Eligibility**

Persons eligible to participate in the 2019 Plan include all members of the Board, currently comprised of nine non-employee directors and approximately 767 employees (including three NEOs) of the Company and its subsidiaries, as well as consultants of the Company and its subsidiaries, in each case, as determined by the administrator of the 2019 Plan. Only employees may be granted ISOs under the 2019 Plan.

---

**Table of Contents**

**Limitation on Awards and Shares Available**

If our stockholders approve the 2019 Plan, the number of shares available for issuance under 2019 Plan will be equal to the sum of (i) 1,700,000 shares of our common stock, (ii) any shares of our common stock that are available for issuance under the 2010 Plan as of the effective date of the 2019 Plan, and (iii) any shares of our common stock subject to issued and outstanding awards under the 2010 Plan that expire, are cancelled or otherwise terminate following the effective date of the 2019 Plan. In addition, the following items will not be counted against the shares available for issuance under the 2019 Plan: (i) the payment of dividend equivalents in cash in conjunction with any outstanding awards and (ii) to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by our company or any of its subsidiaries, except as may be required by reason of Section 422 of the Code.

Awards granted under the 2019 Plan must vest no earlier than one year measured from the date of grant and no award agreement may reduce or eliminate such minimum vesting requirement, provided that an award may provide that such minimum vesting restrictions may lapse or be waived upon a participant's termination of service. In addition, up to an aggregate of five percent of the number of shares available for issuance under the 2019 Plan may be granted without regard to the foregoing minimum vesting requirement. For the purposes of awards to non-employee directors, a vesting period shall be deemed to be one year if it runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders, so long as the period between such meetings is not less than 50 weeks.

As of March 25, 2019, the closing price of a share of our common stock on the NYSE was \$7.75.

**Awards**

The 2019 Plan provides for the grant of ISOs, NQSOs, SARs, restricted stock, RSUs, dividend equivalents and other share or cash-based awards. All awards under the 2019 Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. No fractional shares shall be issued or delivered pursuant to the 2019 Plan or any award thereunder.

The 2019 Plan provides that the administrator may grant or issue stock options, SARs, restricted stock, RSUs, dividend equivalents and other stock or cash awards, or any combination thereof. Each award will be set forth in an agreement with the person receiving the award and will set forth the type, terms and conditions of the award, including exercise price, vesting schedule, and treatment of awards upon termination of employment, if applicable. Vesting provisions may require that certain conditions be met, such as continued employment or specified performance goals, before an awardee may receive the shares underlying an award or before such shares become freely tradeable and nonforfeitable.

*Stock Options.* Stock options, including ISOs and NQSOs may be granted pursuant to the 2019 Plan. The option exercise price of all stock options granted pursuant to the 2019 Plan will not be less than 100% of the fair market value of a share of common stock on the date of grant, or in the case of ISOs granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, 110% of the fair market value of a share on the date of grant. Stock options may be exercised as determined by the administrator, but in no event more than ten years after their date of grant, or in the case of ISOs granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all class of our capital stock, five years. The aggregate fair market value of the shares with respect to which options intended to be incentive stock options are exercisable for the first time by an employee in any calendar year may not exceed \$100,000, or such other amount as

the Code provides.

*Restricted Stock.* Restricted stock may be granted pursuant to the 2019 Plan. A restricted stock award is the grant of shares of common stock at a price determined by the administrator (which may be zero), that is nontransferable and may be subject to substantial risk of forfeiture until specific conditions are met. Conditions may be based on continuing employment or service or achieving performance goals. During the period of restriction, participants holding shares of restricted stock may have full voting and dividend rights with respect to such shares. The restrictions will lapse in accordance with a schedule or other conditions determined by the administrator. Dividends that otherwise would be paid prior to vesting are held by the Company and will be paid to the participants only to the extent that the vesting conditions are met.

*Stock Appreciation Rights/SARs.* Stock appreciation rights or SARs may be granted pursuant to the 2019 Plan, either alone or in tandem with other awards. A SAR is the right to receive payment of an amount equal to the excess of the fair market value of a share of common stock on the date of exercise of the SAR over the fair market value of a share of common stock on the date of grant of the SAR. SARs may be paid in cash or stock. SARs may be exercised as determined by the administrator, but in no event more than 10 years after their date of grant.

*Restricted Stock Units/RSUs.* Restricted stock units or RSUs represent the right to receive shares of common stock at a specified date in the future, subject to forfeiture of such right. If the RSU has not been forfeited, then on the date specified in the RSU award we shall deliver to the holder of the RSU unrestricted shares of common stock which will be freely transferable. The administrator will specify the purchase price, if any, to be paid by the grantee for the common stock.

## **Table of Contents**

*Dividend Equivalents / Dividends.* Dividend equivalents represent the value of the dividends per share of common stock paid by the Company, calculated with reference to the number of shares covered by an Award (other than a dividend equivalent award, option or SAR) held by the participant. Dividend Equivalents will not be granted on options or stock appreciation rights. In addition, no dividend or dividend equivalents will be paid in respect of shares underlying any unvested awards.

*Other Stock or Cash Based Awards.* Other stock or cash based awards are awards of cash, fully vested shares of common stock and other awards valued wholly or partially by referring to, or otherwise based on, our common stock. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The administrator will determine the terms and conditions of other stock or cash based awards, which may include vesting conditions based on continued service, performance and/or other conditions.

### **Prohibition on Repricing Without Stockholder Approval**

Except in connection with a corporate transaction involving our company, the terms of outstanding awards may not be amended without the approval of our stockholders to (a) reduce the exercise price per share of outstanding options or SARs or (b) cancel outstanding options or SARs in exchange for cash, other awards or options or SARs with an exercise price per share that is less than the exercise price per share of the original options or SARs.

### **Awards Subject to Clawback**

The 2019 Plan allows the administrator to subject awards (including any proceeds, gains or other economic benefit actually or constructively received by a participant) granted under the 2019 Plan to the clawback provisions of our Compensation Recovery Policy and any clawback policy we adopt to comply with applicable law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such clawback policy was in place at the time of grant of an award, to the extent set forth in such clawback policy and/or in the applicable award agreement.

## **MISCELLANEOUS PROVISIONS**

### **Adjustment Upon Certain Events**

In the event of a stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of assets or any other corporate event affecting the common stock or the share price of the common stock in a manner that causes dilution or enlargement of benefits or potential benefits under the 2019 Plan, the administrator will make proportionate and equitable adjustments, in its discretion, to: (i) the aggregate number and types of shares of stock that may be issued under the 2019 Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the terms and conditions of any outstanding awards (including any applicable performance targets); and/or (iv) the grant or exercise price for any outstanding awards.

In addition, in such a case as noted above or in the event of any unusual or nonrecurring transactions or events affecting the Company or the financial statements of the Company, or of changes in applicable laws, the administrator, may, in its discretion, subject to the terms of the 2019 Plan, take any of the following actions if it determines that such action is appropriate in order to prevent the dilution or enlargement of benefits or potential benefits intended to be made available under the 2019 Plan or with respect to any award: (i) provide for either the payment and termination of the award or the replacement of the award; (ii) provide that the awards shall be assumed

by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; (iii) make adjustments in the number and type of shares of stock (or other securities or property) subject to outstanding awards and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding awards which may be granted in the future; (iv) provide for the acceleration of vesting or exercisability of the awards; (v) replace such Awards with other rights or property selected by the Administrator; and/or (vi) provide that the awards cannot vest or be exercised after the event that triggers the action.

If a Change in Control of the Company occurs (as defined in the 2019 Plan), all outstanding options and SARs that are not exercised shall be assumed or substituted by the surviving corporation and other outstanding awards shall be converted into similar awards of the surviving corporation. If the surviving corporation refuses to assume or substitute for an award, the award shall accelerate and become fully vested and exercisable upon the Change in Control and all restrictions on the award shall lapse.

## **Table of Contents**

### **Transferability of Awards**

Except by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the administrator or as otherwise provided by the administrator, no award granted under the 2019 Plan may be assigned, transferred or otherwise disposed of by the awardee, unless and until the award has been exercised or the shares underlying the award have been issued, and all restrictions applicable to the shares have lapsed.

### **Rights as a Stockholder**

An awardee will not have any rights as a stockholder with respect to the shares covered by an award until the awardee becomes the owner of the shares.

### **No Rights as Employee**

Nothing in the 2019 Plan or in any award agreement will give any awardee under the 2019 Plan any right to continue as an employee, consultant or non-employee director for our Company or any of our Subsidiaries or will interfere with or restrict in any way the rights of any such entity to discharge any awardee at any time.

### **Data Privacy**

The 2019 Plan provides that, as a condition of receipt of any award, each awardee explicitly consents to the collection, use and transfer, in electronic or other form, of personal data by and among, as applicable, our Company and subsidiaries, including any transfer of this data required to a broker or other third party with whom our Company or any of our Subsidiaries or the awardee may elect to deposit any shares, to implement, administer and manage the awardee's participation in the 2019 Plan.

### **Tax Withholding**

We may deduct or withhold, or require an awardee to remit to our Company, an amount sufficient to satisfy applicable withholding tax obligations with respect to any taxable event concerning the awardee arising as a result of the 2019 Plan or any award. The administrator may in its discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as an awardee may have elected, allow the awardee to satisfy these obligations by means of cash or check, wire transfer of immediately available funds, shares, broker-assisted cashless exercise or any other form of legal consideration acceptable to the administrator. The Administrator may allow the awardee to elect to have us withhold shares otherwise issuable under any award (or allow the surrender of shares). The number of shares which may be withheld (or surrendered) will be no greater than the number of shares having a fair market value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the maximum statutory withholding rates in the awardee's applicable jurisdictions for federal, state, local and foreign income and payroll taxes.

### **Amendment and Termination**

The 2019 Plan may be amended, modified or terminated at any time and from time to time; provided that, no amendment, suspension or termination of the 2019 Plan shall, without the consent of the awardee, materially and adversely affect any rights or obligations under any award theretofore granted or awarded, unless the award itself otherwise expressly so provides or such action is to comply with the requirements of any applicable clawback policy or Section 409A of the Code.

Notwithstanding the foregoing, the 2019 Plan requires us to obtain stockholder approval within twelve (12) months before or after doing any of the following (other than in connection with certain corporate events, as described above):

Increasing the maximum number of shares available under the 2019 Plan;

Reducing the price per share of any outstanding option or SAR granted under the 2019 Plan; and

Cancelling any option or SAR in exchange for cash or another option or SAR having a lower per share exercise price.

In addition, subject to applicable law and the limitations above, the administrator may amend, modify or terminate any outstanding award, including substituting another award of the same or a different type, changing the date of exercise or settlement, and converting an ISO to an NQSO. The awardee's consent to such action will be required unless (a) the administrator determines that the action, taking into account any related action, would not materially and adversely affect the awardee, or (b) the change is otherwise permitted under the 2019 Plan.



## **Table of Contents**

### **Expiration Date**

The 2019 Plan will expire on, and no award will be granted pursuant to the 2019 Plan after March 22, 2029, the tenth anniversary of the date the 2019 Plan was approved by the Board of Directors. Any award outstanding on the expiration date of the 2019 Plan will remain in force according to the terms of the 2019 Plan and the applicable award agreement.

### **FEDERAL INCOME TAX CONSEQUENCES**

This discussion regarding federal tax consequences is intended for the general information of our share owners, not 2019 Plan awardees. Alternative minimum tax and state and local income taxes are not discussed and may vary depending on individual circumstances and from locality to locality.

#### **Code Section 162(m)**

Under Code Section 162(m), income tax deductions of publicly-traded companies may be limited to the extent total compensation (including, without limitation, base salary, annual bonus, RSU settlement and nonqualified benefits) for certain executive officers exceeds \$1 million (less the amount of any excess parachute payments as defined in Code Section 280G) in any one year. Under the tax rules in effect before 2018, the Code Section 162(m) deduction limit did not apply to qualified performance-based compensation that was established by an independent compensation committee and conformed to certain restrictive conditions stated under the Code and related regulations. However, the U.S. Tax Cuts and Jobs Act of 2017 eliminated this performance-based compensation exception effective January 1, 2018, subject to a special rule that grandfathers certain awards and arrangements that were in effect on or before November 2, 2017. As a result, compensation awarded in excess of \$1 million to our current and former NEOs generally is not deductible.

#### **Code Section 409A**

Certain awards under the 2019 Plan may be considered nonqualified deferred compensation subject to Code Section 409A, which imposes additional requirements on the payment of deferred compensation. These requirements generally provide that, if at any time during a taxable year a nonqualified deferred compensation plan fails to meet the requirements of Code Section 409A or is not operated in accordance with those requirements, all amounts deferred under the nonqualified deferred compensation plan for the then-current taxable year and all preceding taxable years, by or for any awardee with respect to whom the failure relates, are includible in the gross income of the awardee for the taxable year to the extent not subject to a substantial risk of forfeiture and not previously included in gross income. If a deferred amount is required to be included in income under Code Section 409A, the amount will be subject to income tax at regular income tax rates plus a 20 percent penalty, as well as potential premium interest tax.

#### **Federal Tax Treatment of Award Types**

With respect to NQSOs, the Company is generally entitled to deduct and the optionee recognizes taxable income in an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. A participant receiving ISOs will not recognize taxable income upon grant. Additionally, if applicable holding period requirements are met, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the Common Stock received over the option price is an item of tax preference income potentially subject to the alternative minimum tax. If stock acquired upon exercise of an ISO is held for a minimum of two years from the date of grant and one year from the date of exercise, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon

disposition of the stock will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. If the holding period requirements are not met, the ISO will be treated as one which does not meet the requirements of the Code for ISOs and the tax consequences described for NQSOs will apply.

The current federal income tax consequences of other awards authorized under the 2019 Plan generally follow certain basic patterns: SARs are taxed and deductible in substantially the same manner as NQSOs; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid, if any, only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); stock-based performance awards, dividend equivalents and other types of awards are generally subject to tax at the time of payment. Compensation otherwise effectively deferred is taxed when paid. In each of the foregoing cases, the Company will generally have a corresponding deduction at the time the participant recognizes income, subject to Section 162(m) with respect to covered employees. An award of a retainer, committee fee or meeting-based fee generally realizes ordinary income and we are entitled to a deduction in an amount equal to the amount of such retainer or fees upon payment thereof.

**Table of Contents****New Plan Benefits**

Other than with respect to annual grants of stock options to our non-employee directors that will be made immediately following the date of the Annual Meeting, all future awards under the 2019 Plan (assuming it is approved by stockholders) are subject to the discretion of the plan administrator, and therefore it is not possible to determine the benefits that will be received in the future by other participants in the 2019 Plan (although the *Grants of Plan-Based Awards in 2018* table in this Proxy Statement describes all equity awards granted to our named executive officers during our fiscal year ended December 31, 2018 under the 2010 Plan).

<b>Name and Position</b>	<b>Dollar Value (\$)</b>	<b>Number of Shares Underlying Award Grants (#)</b>
Carl Russo, <i>President and Chief Executive Officer</i>		
Cory Sindelar, <i>Chief Financial Officer</i>		
Michael Weening, <i>Executive Vice President, Field Operations</i>		
All current executive officers as a group		
All current directors who are not executive officers as a group (1)	1,080,000	
All employees who are not executive officers as a group		

- (1) Our Non-Employee Director Equity Compensation Policy provides that each director who is a non-employee director (provided that such director has served as a director for at least six months prior to such date) will automatically be granted RSUs valued at \$120,000 (based on the per share closing price of our common stock on the date of such annual meeting of stockholders), which will be granted on the first business day after the Annual Meeting and vest on the earlier of the first anniversary of the grant date or the day prior to the next annual general meeting of our stockholders, subject to continuous service as a director until such vesting date, except in the event of certain terminations of service.

To be approved, this proposal must receive a For vote from the holders of a majority in voting power of the shares of common stock which are present or represented by proxy and entitled to vote on the proposal. Abstentions will have the same effect as an Against vote for purposes of determining whether this matter has been approved. Broker non-votes will not be counted for any purpose in determining whether this matter has been approved.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE CALIX, INC. 2019 EQUITY INCENTIVE AWARD PLAN AS DISCUSSED ABOVE.**

---

**Table of Contents**

**PROPOSAL NO. 3**

**APPROVAL OF THE CALIX, INC.**

**AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

We are asking our stockholders to approve the Calix, Inc. Amended and Restated Employee Stock Purchase Plan ( ESPP ) to increase the number of shares authorized for issuance under the ESPP by 2,500,000 shares. This would increase the total shares authorized for issuance under the ESPP from 7,300,000 shares to 9,800,000 shares. Our Board, upon recommendation of the Compensation Committee, approved the increase by 2,500,000 shares of the shares authorized for issuance effective as of March 22, 2019, subject to stockholder approval.

The purpose of the ESPP is to provide our employees with an opportunity to purchase the Company's common stock so that they may increase their proprietary interest in our success and to align employee interests to those of our stockholders. We believe that the ESPP is an important component of the benefits package that we offer to our employees, is a key factor in recruiting and retaining talented and high caliber employees in a competitive market and serves to incentivize employee performance aligned with our business strategy and growth initiatives. In the past two years, we averaged approximately 400 employees participating in the ESPP in each purchase period.

Under the ESPP, eligible employees purchase our common stock through accumulated payroll deductions. All eligible employees of the Company (or of any subsidiary) shall have equal rights and privileges under the ESPP. The ESPP qualifies as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended (the Code ).

Our stockholders last approved an increase in the shares authorized for issuance under the ESPP in May 2017 which increased the shares available for issuance under the ESPP to 7,300,000. As of March 25, 2019, a total of 5,750,431 shares have been purchased under the ESPP since its inception in July 2010. Given the current rate of participation by our employees in the ESPP and the expansion of ESPP eligibility to our employees in China, we expect that the additional 2,500,000 share increase to the ESPP will cover two to three years of purchases.

The current purchase periods under the ESPP, as set by the Compensation Committee of our Board, provide for six-month purchase periods commencing May 15 and November 15 of each year. If approved by our stockholders, the increase in shares for the ESPP will go into effect for the six-month purchase period commencing November 15, 2019 with an exercise date of May 14, 2020.

A copy of the proposed ESPP is included as Appendix B to this Proxy Statement.

**Summary of the ESPP**

The principal features of the ESPP are summarized below. The following summary of the ESPP is not a complete description of all the provisions of the ESPP and is qualified in its entirety by reference to the complete text of the ESPP, which is filed with the SEC as Appendix B to this Proxy Statement. Any stockholder who wishes to obtain a copy of the ESPP may do so by written request to the Calix's Corporate Secretary at 2777 Orchard Parkway, San Jose, California 95134.

*Administration.* Our Board has appointed our Compensation Committee to serve as the administrator of the ESPP. The ESPP administrator has final authority for interpretation of any provisions of the ESPP or of any right to purchase stock granted under the ESPP. The Plan administrator may request advice or assistance or employ such other persons

as are necessary for proper administration of the Plan. Interpretations and constructions of the administrator of any provision of the ESPP or of any rights under it is conclusive and binding on all persons. We bear all expenses and liabilities incurred by the ESPP administrator.

*Offerings.* The ESPP provides for the grant to employees of rights to purchase shares of the Company's common stock at reduced prices through payroll deductions. Purchase Periods are six-month periods that are set as November 15 through May 14 and May 15 through November 14 of each year, unless otherwise determined by our Compensation Committee as administrator of the ESPP. However, in no event may a Purchase Period be longer than 27 months in length.

*Shares Available Under ESPP.* Under the proposed ESPP, the maximum number of our shares of common stock which will be authorized for sale under the ESPP is 9,800,000, an increase of 2,500,000 shares from the share reserve last approved by our stockholders in May 2017. The shares made available for sale under the ESPP may be authorized but unissued shares or reacquired shares reserved for issuance under the ESPP.

---

**Table of Contents**

*Eligibility and Enrollment.* Any employee of the Company (and such present or future subsidiaries of the Company as our Board may designate) who (i) is customarily employed more than twenty hours a week; (ii) is customarily employed more than five months per calendar year and (iii) who is an employee at the commencement of a Purchase Period is eligible to participate in the ESPP. However, no employee is eligible to participate in the ESPP if, immediately after the election to participate, such employee would own stock of the Company (including stock such employee may purchase under outstanding options) representing 5% or more of the total combined voting power or value of all classes of stock of the Company or any parent or subsidiary of the Company. In addition, no employee is permitted to participate if the rights of the employee to purchase common stock of the Company under the ESPP and any other qualified employee stock purchase plans would accrue at a rate which exceeds \$25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year. Eligible employees become participants in the ESPP by executing a participation agreement and filing it with the Company's stock administrator. By enrolling in the ESPP, a participant is deemed to have elected to purchase the maximum number of whole shares of common stock that can be purchased with the compensation withheld during each Purchase Period for which the participant is enrolled. No participant will be eligible to purchase more than 2,000 shares of stock within any Purchase Period. Termination of a participant's status as an eligible employee for any reason, including death, is treated as an automatic withdrawal from the ESPP.

As of March 25, 2019, two of our current executive officers and approximately 737 current non-executive officer employees in the U.S., Canada and China are eligible to participate in the ESPP. Mr. Russo is not eligible to participate in the ESPP based on his total share holdings of Calix common stock. In addition, consultants and non-employee directors are not eligible to participate in the ESPP.

*Payroll Deductions.* The payroll deductions made for each participant may be not less than 1% nor more than 15% of a participant's base salary compensation. Compensation is defined in the ESPP, and generally includes cash remuneration that would be reported as income for federal income tax purposes. Payroll deductions commence with the first paycheck issued during the Purchase Period for which the participant is enrolled and are deducted from subsequent paychecks throughout the Purchase Period unless changed or terminated as provided in the ESPP. A participant may decrease (but not increase) his or her payroll deduction authorization once during any Purchase Period. If a participant wishes to increase or decrease the rate of payroll withholding, he or she may do so effective for the next Purchase Period by submitting a new election.

*Exercise Date; Purchase of Stock.* The Exercise Date of each Purchase Period occurs on the last trading day of each Purchase Period. On the Exercise Date, each participant's accumulated payroll deductions are applied to the purchase of whole shares of common stock at a purchase price which is the lower of 85% of the fair market value per share of the common stock on the first trading day or on the last trading day of the applicable Purchase Period. The fair market value of the common stock on a given date is defined as the closing price on that day as reported by the NYSE. As of March 25, 2019, the closing price of our common stock on the NYSE was \$7.75 per share.

A participant may cancel his or her payroll deduction authorization at any time at least seven days before the last day of the Purchase Period. Upon cancellation, the participant's account balance will be refunded in cash without interest. A participant who ceases contributions to the ESPP during any Purchase Period shall not be permitted to resume contributions to the ESPP during the same Purchase Period.

Unless a participant has previously canceled his or her participation in the ESPP in accordance with the terms of the ESPP, the participant will be deemed to have exercised his or her purchase right in full as of each Exercise Date. Upon exercise, the participant will purchase the number of whole shares that his or her accumulated payroll deductions will buy at the purchase price, subject to the participation limitations listed above.

A participant may not assign, transfer, pledge or otherwise dispose of (other than by will or the laws of descent and distribution) payroll deductions credited to a participant's account or any rights or interest, including purchase rights, under the ESPP, and during a participant's lifetime, purchase rights under the ESPP shall be exercisable only by such participant. Any such attempt at assignment, transfer, pledge or other disposition will not be given effect.

*Adjustments upon Changes in Recapitalization, Dissolution, Liquidation, Merger or Asset Sale.* In the event of any increase or decrease in the number of issued shares of our common stock resulting from a subdivision or consolidation of shares or any other capital adjustment, the payment of a stock dividend, or other increase or decrease in such shares affected without receipt of consideration, we will proportionately adjust the aggregate number of shares of our common stock offered under the ESPP, the number and price of shares which any participant has elected to purchase pursuant under the ESPP and the maximum number of shares which a participant may elect to purchase in any single Purchase Period.

## **Table of Contents**

If there is a proposal to dissolve or liquidate the Company, then the ESPP will terminate, and any amounts that a participant has paid towards the purchase of common stock under the ESPP will be refunded without interest. If the Company undergoes a merger with or into another corporation or sale of all or substantially all of our assets, each outstanding Purchase Period will be assumed or an equivalent Purchase Period substituted by the successor corporation or the parent or subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the outstanding Purchase Period, then the outstanding Purchase Period will be shortened by setting a new Exercise Date to take place before the date of the proposed sale or merger. We will notify each participant in writing at least five days prior to any such new Exercise Date.

*Amendment and Termination.* Our Board may amend, suspend or terminate the ESPP at any time. The ESPP shall terminate upon the earlier of (i) such date as is determined by the Company in its sole discretion or (ii) the date on which all shares available for issuance under the ESPP shall have been sold pursuant to purchase rights exercised under the ESPP. However, the Board may not amend the ESPP without obtaining stockholder approval within 12 months before or after such amendment to the extent required by applicable laws.

## **Federal Income Tax Consequences**

Generally, no federal income tax consequences will arise at the time an employee purchases shares of common stock under the ESPP. If an employee disposes of shares purchased under the ESPP less than one year after the shares are purchased or within two years of the enrollment date, the employee will be deemed to have received compensation taxable as ordinary income for the taxable year in which the disposition occurs in the amount of the difference between the fair market value of the shares of common stock at the time of purchase and the amount paid by the employee for the shares. The amount of such ordinary income recognized by the employee will be added to the employee's basis in the shares for purposes of determining capital gain or loss upon the disposition of the shares by the employee.

If an employee does not dispose of the shares of common stock purchased under the ESPP until at least one year after the shares are purchased and at least two years after the enrollment date, the employee will be deemed to have received compensation taxable as ordinary income for the taxable year in which the disposition occurs in an amount equal to the lesser of (a) the excess of the fair market value of the shares of common stock on the date of disposition over the purchase price paid by the employee, or (b) the excess of the fair market value of the shares of common stock on the enrollment date over the purchase price paid by the employee. The amount of such ordinary income recognized by the employee will be added to the employee's basis in the shares for purposes of determining capital gain or loss upon the disposition of the shares by the employee.

We generally will not be entitled to a tax deduction with respect to the shares of common stock purchased by an employee under the ESPP, unless the employee disposes of the shares less than one year after the shares are transferred to the employee or less than two years after the enrollment date, in which case we will generally be entitled to a tax deduction corresponding to the amount of ordinary income recognized by the employee.



**Table of Contents****New Plan Benefits**

The increase in shares authorized for issuance under the proposed ESPP applies to future Purchase Periods under the ESPP, starting with the Purchase Period commencing November 15, 2019 and closing with an Exercise Date of May 14, 2020. The number of shares of common stock that may be purchased under the ESPP is dependent upon the stock's market value on the first and last day of each future Purchase Period, the voluntary election by each eligible employee to participate and the amount each participant has elected to apply to a Purchase Period, and is not currently determinable. The following table states the amounts which were received by each of the named individuals and groups under our ESPP for our last completed fiscal year, and the number of shares of common stock purchased under the ESPP from its inception through March 25, 2019.

<b>Name and Position</b>	<b>Dollar Value of Shares Purchased in 2018 (\$)(1)</b>	<b>Number of Shares Purchased in 2018</b>	<b>Number of Shares Purchased from Inception through March 25, 2019</b>
Carl Russo (2)			
<i>President and Chief Executive Officer</i>			
Cory Sindelar			
<i>Chief Financial Officer</i>	33,500	4,000	4,000
Michael Weening			
<i>Executive Vice President, Field Operations</i>	33,080	3,960	6,374
Gregory Billings			
<i>Senior Vice President, Services Executive Group</i>	66,580	7,960	10,374
Non-Executive Director Group (3)			
Non-Executive Officer Employee Group	7,384,228	898,162	5,740,057

(1) Represents fair market value at date of purchase. The average purchase price of the shares was \$5.25.

(2) Mr. Russo is not eligible to participate in the ESPP based on his total share holdings of Calix common stock.

(3) Non-executive directors are not eligible to participate in the ESPP.

To be approved, this proposal must receive a For vote from the holders of a majority in voting power of the shares of common stock which are present or represented by proxy and entitled to vote on the proposal. Abstentions will have the same effect as an Against vote for purposes of determining whether this matter has been approved. Broker non-votes will not be counted for any purpose in determining whether this matter has been approved.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE  
CALIX, INC. AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN AS DISCUSSED  
ABOVE.**

---

**Table of Contents**

**PROPOSAL NO. 4**

**APPROVAL ON A NON-BINDING, ADVISORY BASIS OF THE  
COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ( SAY-ON-PAY )**

We are seeking an advisory vote from our stockholders to approve the compensation paid to our NEOs, as disclosed in this Proxy Statement under the Compensation Discussion and Analysis section ( CD&A ) below.

Our Compensation Committee, with advice and information from its external compensation consultant, has structured our executive compensation program to stress a pay-for-performance philosophy. The compensation opportunities provided to our NEOs are significantly dependent on Calix's financial performance, the performance of Calix's stock and the NEO's individual performance, which are intended to drive creation of sustainable stockholder value. The Compensation Committee intends to continue to emphasize what it believes to be responsible compensation arrangements that attract, retain and motivate high-caliber executive officers to achieve Calix's short- and long-term business strategies and objectives.

Our Board previously determined to hold an advisory say-on-pay vote every year. In accordance with this determination and Section 14A of the Exchange Act, you have the opportunity to vote For or Against or to Abstain from voting on the following non-binding resolution relating to executive compensation:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to Calix's NEOs as disclosed in Calix's proxy statement for the 2019 Annual Meeting of Stockholders under the compensation disclosure rules of the SEC, including the compensation discussion and analysis, compensation tables and narrative discussion of the proxy statement.

In deciding how to vote on this proposal, we encourage you to consider Calix's executive compensation philosophy and objectives, the design principles and the elements of Calix's executive compensation program described in our CD&A below. As described in the CD&A, a guiding principle of our compensation philosophy is that pay should be linked to performance and that the interests of our executives and stockholders should be aligned. Our compensation program is a mix of short- and long-term components, cash and equity elements and fixed and contingent payments in proportions we believe will provide the proper incentives, reward our NEOs, help us achieve our goals and increase stockholder value. For example:

*Chief Executive Officer Compensation Aligned with Stockholder Interests.* A significant portion of our chief executive officer's compensation is performance-based and reflects a market-based cash compensation package. As a holder of more than 10% of our common stock consistently since Calix's initial public offering, our chief executive officer is a significant stockholder and his personal wealth has consistently been, and continues to be, tied directly to sustained stock price appreciation and performance, which provides direct alignment with stockholder interests.

*Other NEOs Compensation Substantially Tied to Performance.* Our other NEOs earn a significant portion of their total compensation based upon increases in Calix's stock price and a significant portion of their variable cash and long-term equity compensation is contingent upon Calix's financial performance along with our Compensation Committee's assessment of executive performance.

*Change in Control and Severance Benefits Not Grossed Up.* Calix provides limited change in control and severance benefits to provide NEOs security and to remain competitive in attracting and retaining executive talent. Calix does not provide for any tax gross up to any NEO in connection with any change in control or severance benefits.

To be approved, on a non-binding and advisory basis, the compensation paid to our NEOs must receive a For vote from the holders of a majority in voting power of the shares of common stock which are present or represented by proxy and entitled to vote on the proposal. Abstentions will have the same effect as Against votes for purposes of determining whether this matter has been approved. Broker non-votes will not be counted for any purpose in determining whether this matter has been approved.

While your vote on this proposal is advisory and will not be binding, we value the opinions of Calix's stockholders on executive compensation matters and will take the results of this advisory vote into consideration when making future decisions regarding Calix's executive compensation program. Unless the Board modifies its determination of the frequency of future say on pay advisory votes, the next say-on-pay advisory vote will be held at our 2020 Annual Meeting of stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION PAID TO THE NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT UNDER THE COMPENSATION DISCLOSURE RULES OF THE SEC.**

Table of Contents

**PROPOSAL NO. 5**

**RATIFICATION OF SELECTION OF INDEPENDENT**

**REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has engaged KPMG LLP ( KPMG ) as our independent registered public accounting firm for the fiscal year ending December 31, 2019 and is seeking ratification of such selection by our stockholders at the Annual Meeting. KPMG has audited our financial statements since February 29, 2016. Representatives of KPMG are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of KPMG as our independent registered public accounting firm. However, our Audit Committee is submitting the selection of KPMG to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain KPMG. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of Calix and its stockholders.

To be approved, the ratification of the selection of KPMG as our independent registered public accounting firm must receive a For vote from the holders of a majority in voting power of the shares of common stock which are present or represented by proxy and entitled to vote on the proposal. Abstentions will have the same effect as an Against vote for purposes of determining whether this matter has been approved. Broker non-votes will not be counted for any purpose in determining whether this matter has been approved.

**Principal Accountant Fees and Services**

The following table provides information regarding the fees for the audit and other services provided by KPMG for the fiscal years ended December 31, 2018 and 2017 (in thousands).

	<b>Fiscal Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Audit Fees	\$ 1,480	\$ 1,497
Audit-Related Fees		200
Tax Fees		
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,480</b>	<b>\$ 1,697</b>

*Audit Fees*

Audit fees of KPMG consist of fees billed or expected to be billed for professional services rendered for the audit of our annual consolidated financial statements for the fiscal years ended 2018 and 2017, the audit of the effectiveness of our internal control over financial reporting and the review of our consolidated financial statements included in our Form 10-Q quarterly reports for the fiscal years ended 2018 and 2017. Audit fees also include services that are typically provided by the independent registered public accounting firm in connection with statutory and regulatory

filings for our international subsidiaries for those fiscal years.

#### *Audit-Related Fees*

Audit-related fees of KPMG consist of assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under *Audit Fees*. The services for the fees under this category include approximately \$200,300 for the fiscal year ended 2017 for consultation and review of ASC Topic 606 adoption.

#### **Pre-Approval Policy and Procedures**

Our Audit Committee pre-approves all audit and non-audit services provided by our independent registered public accounting firm. Our Audit Committee may delegate authority to one or more members of the Audit Committee to provide such pre-approvals, provided that such approvals are presented to the Audit Committee at a subsequent meeting. This policy is set forth in the charter of the Audit Committee and available under *Governance* in the Investor Relations section of our website at [investor-relations.calix.com](http://investor-relations.calix.com).

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE  
SELECTION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE FISCAL YEAR ENDING**

**DECEMBER 31, 2019.**

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

***Executive Summary***

Our compensation and benefits programs reflect our philosophy of compensation and incentivizing all of our employees, including our named executive officers ( NEOs ), in ways that support two primary objectives:

attract, reward and retain exceptional talent in the markets in which we operate

identify and reward outstanding performance that reflects Calix principles and values and aligns with long-term stockholder value creation

To help us achieve these objectives, a significant portion of our NEOs' compensation is at risk with significant upside potential for strong performance as well as downside exposure for underperformance. NEOs with greater responsibilities and the ability to directly impact our Company's goals and long-term results bear a greater proportion of the risk if these goals and results are not achieved.

The following discussion describes and analyzes our compensation objectives and policies as well as the material components of our compensation program for our NEOs during 2018. Our NEOs for 2018 were:

Carl Russo, President and Chief Executive Officer

Cory Sindelar, Chief Financial Officer

Michael Weening, Executive Vice President, Field Operations

Gregory Billings, Senior Vice President, Services

***Compensation Philosophy and Process***

We strive to find the best talent, resources and infrastructure to serve our customers and strategically expand our systems and services portfolio. Our goal is to attract and retain highly qualified executives to manage and oversee each of our business functions. We seek out individuals who we believe will be able to contribute to our business and our vision of future success, culture, principles and values and who will promote the long-term interests and growth of our Company. Our compensation philosophy is intended to promote a team-oriented approach to performance as a portion of each NEO's incentive compensation is based on achievement against the same performance objectives as our broad-based incentive plan.

Our executive compensation program aims to achieve the following:

enable us to attract, retain and drive a high caliber, talented leadership team to execute on our business strategy

foster a goal-oriented leadership team with a clear understanding of long-term business objectives and shared corporate principles and values

ensure that the elements of compensation provided to our employees and executives are balanced, individually and in combination, and do not encourage excessive risk-taking

reflect the competitive environment of our industry and our changing business needs

allocate our resources effectively and efficiently in the development and selling of market-leading technology, systems and services

maintain pay parity and fair compensation practices across our organization

In furtherance of these goals, our executive compensation program is designed to:

be market competitive, including targeting benchmarking and evaluating compensation levels and compensation practices to our peer group

emphasize pay for performance



**Table of Contents**

share risks and rewards with our stockholders

align the interests of our executives with those of our stockholders

reflect our principles and values

Our executive compensation program in 2018 consisted of the following components:

base salary

incentive-based cash compensation

grants of equity awards that vest contingent on corporate performance and that include a component that vest on continued service if performance thresholds are met

health, welfare and retirement benefits

In November 2018, our Compensation Committee conducted its annual review of our executive compensation program with its independent compensation consultant, Radford, including a review of our pay philosophy, compensation mix, short and long-term incentive plan structures, equity plan risk assessment and severance plan, and concluded that overall our executive compensation program was consistent with market practice. In reaching these conclusions, our Compensation Committee, in consultation with Radford, also reviewed governance and pay-for-performance guidelines issued by proxy advisory firms.

***Stockholder Advisory Vote on Executive Compensation***

We hold an advisory, non-binding stockholder vote on executive compensation every year. At our 2018 Annual Meeting of Stockholders, our stockholders voted to approve the compensation of our NEOs, with approval of over 95% of the votes cast. Our Compensation Committee reviewed these voting results along with the results from our 2017 Annual Meeting of Stockholders, noting the strong level of our stockholders' support for our NEOs compensation. The Compensation Committee also reviewed our compensation programs with Radford and management, including consideration of governance and pay-for-performance guidelines issued by proxy advisory firms. The Compensation Committee regularly reviews executive compensation programs, in conjunction with Radford, and makes changes it determines are appropriate. The Compensation Committee intends to continue to take into consideration the outcome of our stockholders' future advisory say-on-pay votes when making future compensation decisions for the NEOs.

***Role of Our Compensation Committee***

Our Compensation Committee approves and interprets our executive compensation and benefit plans and policies. The Compensation Committee is appointed by the Board and consists entirely of directors who are non-employee directors for purposes of Rule 16b-3 of the Exchange Act. In 2018, our Compensation Committee determined the compensation for all of our NEOs. Except for our chief executive officer's compensation and performance, each NEO's individual

performance and contributions to our Company for each fiscal year is assessed by our chief executive officer who reports his recommendations regarding each element of the NEOs' compensation to the Compensation Committee. Our chief executive officer does not participate in any formal discussion with the Compensation Committee regarding decisions on his own compensation and he recuses himself from meetings in which his compensation is assessed or discussed.

### ***Competitive Market Review***

The market for experienced executive leaders is highly competitive in our industry. We strive to attract and retain highly qualified executives to effectively lead each of our business functions. In doing so, we draw upon a pool of talent that is highly sought after by both large and established technology and telecommunications companies in our geographic area and by other competitive companies in development or growth phases. Established organizations in our industry seek to recruit top talent from emerging companies in the sector just as smaller organizations look to attract and retain the best talent from the industry as a whole. We also compete for key talent on the basis of: our vision of future success; our culture and values; the cohesiveness and productivity of our teams; and the excellence of our technical and leadership teams. The competition for technical and non-technical skills is aggressive across the sector, and we expect it to remain high for the foreseeable future.

**Table of Contents**

Our Compensation Committee determines compensation for our NEOs, in large part based upon our financial resources as well as competitive market data. In setting executive compensation for 2018, our Compensation Committee conducted a review of our NEOs' compensation, as well as a mix of elements used to compensate our NEOs, and compared that information with data provided by Radford, as discussed below.

Our 2018 peer group criteria consisted of companies within the technology industry with revenues between \$200 million and \$1.2 billion and market capitalizations between \$150 million and \$1.5 billion that we believe compete with us for executive talent. Our 2018 peer group was set by our Compensation Committee based on recommendations from Radford, consideration of ISS and Glass Lewis peer group criteria, and discussion with management. Although Aerohive Networks and Digi International are both below \$200 million in revenue, our Compensation Committee determined to retain these companies in our 2018 peer group because both companies are within range based on our market capitalization. Although Infinera and Oclaro were both above \$1.5 billion in market capitalization at the time of our 2018 peer group evaluation and selection, our Compensation Committee determined to retain Infinera in our 2018 peer group because Infinera is a local talent competitor and has been included in our peer group in prior years, and to retain Oclaro because Oclaro's revenue is within range for our peer group and is on ISS and Glass Lewis' peer group list for Calix. Our 2018 peer group consisted of the following companies:

8x8, Inc.	Extreme Networks, Inc.
A10 Networks, Inc.	Five9 Inc.
ADTRAN, Inc.	Gigamon Inc. (1)
Aerohive Networks, Inc.	Harmonic Inc.
Barracuda Networks, Inc. (1)	Infinera Corporation
Broadsoft, Inc. (1)	Oclaro, Inc. (1)
CalAmp Corp.	ShoreTel, Inc. (1)
Comtech Telecommunications Corp.	Silver Spring Networks, Inc. (1)
Digi International Inc.	Sonus Networks, Inc. (1)

(1) Represents companies that were acquired after our 2018 peer group evaluation and selection. Our revenue was at the 65<sup>th</sup> percentile and our market cap was positioned at the 10<sup>th</sup> percentile of our 2018 peer group. We determine our approximate position relative to the appropriate market benchmark by comparing our practices and levels: by target annual cash compensation, which includes base salary, target annual incentive opportunity; and by total direct compensation, which includes target cash compensation and equity compensation. Our Compensation Committee seeks to set the total target cash compensation for our NEOs at approximately the 50<sup>th</sup> percentile of our peer group, when looking at the group in the aggregate.

During 2018, our Compensation Committee continued to engage Radford as its independent executive compensation consultant. Radford was hired directly by our Compensation Committee and works with management only at our Compensation Committee's direction to interpret results, make recommendations and assist in setting compensation levels for our executive officers. After review and consultation with Radford, our Compensation Committee determined that Radford is independent and that there is no conflict of interest in retaining Radford currently or during 2018.

***Weighting of Elements in our Compensation Program***

The use and weight of each compensation element is based on a determination by our Compensation Committee of the importance of each element in meeting our overall corporate objectives for each year as well as our long-term business strategy. We also take into consideration assessments of our compensation program, including an assessment of compensation program risk, conducted by Radford for the Compensation Committee.

**Table of Contents**

***Chief Executive Officer Compensation***

In 2012, Mr. Russo's base salary was set at \$500,000 per year and his performance target under our cash incentive plan was set to be equal to 100% of his annual base salary. For 2018, Mr. Russo's base salary and performance target remained as set in 2012. Mr. Russo was not granted any equity awards during 2018, but continues to be a significant stockholder (with stock ownership of approximately 12.09% of common stock outstanding) with his personal wealth tied directly to sustained stock price appreciation and performance, which provides direct alignment with stockholder interests. Mr. Russo's 2018 total target cash compensation is between the 25<sup>th</sup> and 50<sup>th</sup> percentile of our peer group of companies.

***Other NEO Compensation***

As with our chief executive officer compensation, we put a significant amount of the total potential compensation of our other NEOs in 2018 at risk based on our achievements of corporate financial targets aligned with our business strategy.

The 2018 weighting of compensation elements for our other NEOs in 2018 as a group is as follows:

***Base Salary***

Base salary reflects the experience, skills, knowledge and responsibilities of each NEO as well as competitive market conditions. Base salary is one component of total cash compensation. During 2018, our Compensation Committee adjusted the base salaries of Messrs. Sindelar and Weening from \$320,000 to \$352,000 based on the recommendations of our chief executive officer and Radford and our Compensation Committee's assessment of the executive's base salary relative to the base salaries paid to similarly situated executives at our peer group of companies.

**Table of Contents**

The table below sets forth the annual base salary for each NEO as set by our Compensation Committee as of December 31, 2018.

<b>Name of Executive Officer</b>	<b>Annual Base Salary</b>
Carl Russo	\$ 500,000
Cory Sindelar (1)	352,000
Michael Weening (1)	352,000
Gregory Billings	300,000

(1) Each of Messrs. Sindelar's and Weening's base salaries increased from \$320,000 to \$352,000 effective July 1, 2018.

The annual base salaries of our NEOs are reviewed at least once a year, and our Compensation Committee intends to make adjustments to reflect performance considerations as well as competitive conditions.

***Cash Incentive Compensation***

Our NEOs participate in our executive cash incentive plan. To be consistent with market practice, our Compensation Committee, in consultation with Radford, determined that as of 2017 Mr. Weening would no longer participate in cash incentive awards under the sales-based incentive compensation plan for our sales organization, although he would continue to receive payments under the 2016 sales-based incentive compensation plan for shipments against bookings attained in 2016, which amounted to less than \$5,000 for 2018 and is not expected to be material to Mr. Weening's compensation in future years. Mr. Weening continues to participate in our executive cash incentive plan.

The executive cash incentive plan provides for funding based on quarterly corporate financial targets and an annual payout based on assessment of the NEO's performance for the year. The cash incentive plan does not provide for any guaranteed payments. Our chief executive officer recommends, and our Compensation Committee determines, the achievement as to individual performance of each NEO. Our chief executive officer's performance is evaluated and determined solely by our Compensation Committee.

Our Compensation Committee sets target incentive opportunities for each NEO under the plan in an amount equal to a percentage of the NEO's annual base salary. We seek to align the performance targets of our cash incentive plan to our business strategy and long-term stockholder interests. Our Compensation Committee establishes targets for our quarterly corporate financial targets based on the annual operating plan approved by our Board at the beginning of the year and based on quarterly financial information prepared by management. In general, in order for the cash incentive compensation pool to be funded, the financial targets need to be achieved for that particular quarter, which for 2018 consisted of both revenue and non-GAAP operating income (loss) targets, although our Compensation Committee retains discretion over whether or not the plan is funded quarter over quarter. Non-GAAP operating income (loss), for the purposes of the cash incentive plan, is calculated as operating income (loss) on a GAAP basis less certain items that are not considered indicative of our normal operating performance, consisting of: non-cash stock-based compensation, gain on sale of product line, restructuring charges (benefit) and U.S. tariff and tariff-related costs.

These performance metrics were selected by our Compensation Committee in order to incentivize revenue growth and operational efficiencies as key measures of our operational performance at this stage of our development. The non-GAAP operating income (loss) component is a measure that is required in addition to the revenue target to

mitigate risks of revenue generation activities at the expense of achieving profitability goals. The Compensation Committee believes that the use of these targets incentivizes long-term stockholder value.

Even though our Compensation Committee has established target cash incentive opportunities for each NEO, once our corporate performance goals are achieved and the cash incentive compensation pool is funded, our Compensation Committee retains discretion to adjust cash incentive compensation paid to each individual up or down, ranging from 0% to 125% of the individual's target cash incentive opportunity in 2018, based upon assessment of individual performance by our Compensation Committee, including upon consultation with Mr. Russo (except as to Mr. Russo's compensation).

**Table of Contents**

A summary of the total cash incentive compensation targets set by our Compensation Committee for our NEOs for 2018 is as follows:

**Total Target Cash Incentive Opportunity**

<b>Named Executive Officer</b>	<b>Target Cash Incentive Plan Opportunity</b>	<b>Target Cash Incentive Plan Opportunity as a Percentage of Base Salary</b>
Carl Russo	\$ 500,000	100%
Cory Sindelar (1)	201,600	60%
Michael Weening (2)	302,400	90%
Gregory Billings	165,000	55%

- (1) Mr. Sindelar's base salary increased from \$320,000 to \$352,000 effective July 1, 2018. Accordingly, his target cash incentive plan opportunity for 2018 is pro-rated at 60% of his base salary from January 1 through June 30, 2018 and July 1 through December 31, 2018.
- (2) Mr. Weening's base salary increased from \$320,000 to \$352,000 effective July 1, 2018. Accordingly, his target cash incentive plan opportunity for 2018 is pro-rated at 90% of his base salary from January 1 through June 30, 2018 and July 1 through December 31, 2018.

**Achievement Against Quarterly Financial Targets**

The table below sets forth the quarterly financial targets under our cash incentive plan and the Compensation Committee's determination of our achievement for each fiscal quarter of 2018 for purposes of funding the cash incentive plan (in thousands, except for percentages).

<b>Fiscal Quarter</b>	<b>Target</b>		<b>Achievement</b>		<b>Compensation Committee Determination of</b>
	<b>Revenue</b>	<b>Non-GAAP Operating Income (Loss)</b>	<b>Revenue</b>	<b>Non-GAAP Operating Income (Loss) (1)</b>	<b>Funding (2)</b>
First quarter	\$ 108,000	\$ (5,000)	\$ 99,403	\$ (9,716)	0%
Second quarter	111,000	400	111,702	411	100%
Third quarter	115,000	2,400	114,699	3,018	100% (3)
Fourth quarter	122,000	8,800	115,500	7,443	0%

- (1) Reconciliation of these non-GAAP amounts to GAAP is provided in Appendix C.
- (2) Our executive cash incentive plan requires achievement of both quarterly revenue and non-GAAP operating income (loss) targets in each quarter.
- (3)



In making its determination of corporate achievement against the third quarter financial targets, the Compensation Committee exercised its discretion under the executive cash incentive plan to fund the bonus at 100% after considering the significant accomplishments of the executive team, the Company's significant achievement above target for non-GAAP operating income and the closeness of the reported revenue to the set target.

**Summary of Payouts of Cash Incentive Compensation**

The table below summarizes the annual payout awarded to each NEO under the cash incentive plan on amounts funded for 2018. The payout awards are determined by our Compensation Committee following assessment of corporate performance and in consultation with Mr. Russo as to each NEO other than Mr. Russo. In addition, after the assessment of the funding for awards under our 2018 cash incentive plans on a company-wide basis, including consideration of recommendations by Mr. Russo, the Compensation Committee exercised its discretion to downward adjust the award payout under the 2018 cash incentive plan for the NEOs by \$278,000 in favor of increasing funding for non-executive awards. The amounts awarded to each of Messrs. Russo, Sindelar and Weening, reflecting an allocation of this downward adjustment, is as set forth below.

**Table of Contents**

Named Executive Officer	Target Cash Incentive		Actual
	Plan Opportunity	Amount Funded	Award Payout
Carl Russo	\$ 500,000	\$ 250,000	\$
Cory Sindelar (1)	201,600	100,800	86,800
Michael Weening (2)	302,400	151,200	142,145 (3)
Gregory Billings	165,000	82,500	82,500

- (1) Mr. Sindelar's base salary increased from \$320,000 to \$352,000 effective July 1, 2018. Accordingly, his target cash incentive plan opportunity for 2018 is pro-rated at 60% of his base salary from January 1 through June 30, 2018 and July 1 through December 31, 2018.
- (2) Mr. Weening's base salary increased from \$320,000 to \$352,000 effective July 1, 2018. Accordingly, his target cash incentive plan opportunity for 2018 is pro-rated at 90% of his base salary from January 1 through June 30, 2018 and July 1 through December 31, 2018.
- (3) Amount for Mr. Weening represents an award payout of \$137,200 under the cash incentive plan plus a payment of \$4,945 in 2018 under the 2016 sales-based incentive compensation plan for shipments against bookings Mr. Weening attained in 2016. Mr. Weening no longer participated in the sales-based incentive compensation plan as of January 1, 2017.

**Compensation Committee Discretion**

Our Compensation Committee may, from time to time, exercise discretion to award discretionary cash bonuses to its NEOs, which awards are made on an infrequent basis and intended to recognize exemplary performance. No discretionary bonuses were awarded to any NEO in 2018. Similarly, our Compensation Committee may, from time to time, exercise discretion to downward adjust incentive awards to our NEOs.

**Equity-Based Incentives**

Our 2010 Equity Incentive Award Plan provides our key employees, including our NEOs, with stock-based incentives to align their interests with the interests of our stockholders.

We believe that award of stock-based compensation to our key employees and executives encourages strong long-term financial and operational performance and provides them the opportunity to participate in the long-term appreciation of our stock value. Our Compensation Committee also reviews the equity burn rate annually to ensure it is aligned with peer/industry practices.

We generally provide grants of stock-based awards to our NEOs under our 2010 Equity Incentive Award Plan on an annual basis as determined by our Compensation Committee. Stock-based awards are generally in the form of stock option grants or restricted stock units ( RSUs ) with either time-based vesting or performance-based vesting. Awards with time-based vesting typically vest as to 25% of the shares subject to the award after the first twelve months of service and in equal quarterly installments thereafter with full vest in four years, subject to continued service through each vesting date. Awards with performance-based vesting typically vest contingent on achievement of corporate goals or other financial targets.

Initial awards at the time of hire generally vest solely based on the continued service of the NEO. The size and terms of the initial option or RSU grant made to each new NEO upon joining the Company is primarily based on competitive conditions applicable to the NEO's specific position and the value of unvested equity the executive is leaving at his or her prior company. In addition, we consider the number of shares of our common stock underlying options and RSUs granted to other executives in comparable positions within the Company.

Subsequent RSU awards and stock options are granted at the discretion of the Compensation Committee, generally in recognition of a promotion or extraordinary performance, or as an annual refresh grants to continue to incentivize future performance. Annual refresh equity awards in recent years have generally included threshold performance criteria which are intended to reduce or eliminate the economic benefit of such awards in the event we do not achieve specified performance objectives. Because the performance-based awards are contingent upon the Company achieving financial targets as established by the Compensation Committee based on our business strategy and long-term growth initiatives, we believe the award to each NEO is aligned to the interests of our stockholders. If achieved, a portion of the shares underlying the performance-based awards vest immediately and a portion vests over time based on continuous service. We believe these awards provide an appropriate blend of performance-based incentive and executive-retention impact with a service-based vesting component. We believe that award size, performance target and vest terms are such that a significant portion of each NEO's total compensation would be attained only if we achieved performance aligned with our growth initiatives and long-term stockholder value. We believe that our equity awards also provide an important retention tool for our NEOs, as they are typically subject to vesting over a longer period of time, generally four years, based on the Compensation Committee's assessment of the circumstances, such as timing of award, retention or other considerations.

---

**Table of Contents**

Our Compensation Committee generally evaluates annual refresh grants of stock-based awards for our NEOs with any such equity awards expected to be tied to the following year's financial performance and with vesting over a future service period, generally four years from the date of grant. In particular, the Company believes that the financial performance targets chosen for its equity awards to executives align with its objective of creating long-term stockholder value.

*Performance-Based Grant 2018 Financial Performance*

In December 2017, the Compensation Committee evaluated an annual refresh grant of performance-based stock options for our executives tied to a specific financial target for 2018 (the 2018 Performance-Based Equity Award). After consideration, the Compensation Committee approved the grant of a 2018 Performance-Based Equity Award on December 29, 2017 to each NEO that would be earned and vest, contingent upon achievement of the Company's 2018 non-GAAP operating income goal, as to 50% of the shares of common stock underlying the stock option grant on January 1, 2019, subject to the Compensation Committee's certification of the achievement of the financial target, and as to 50% of the shares of common stock underlying the stock option grant, in substantially equal quarterly installments over the subsequent 24 months. The 2018 Performance-Based Equity Award included an option to purchase 108,000 shares of common stock for Mr. Sindelar, an option to purchase 204,000 shares of common stock for Mr. Weening and an option to purchase 126,000 shares of common stock for Mr. Billings. At his request, Mr. Russo did not receive a stock option grant in connection with the 2018 Performance-Based Equity Award. The Compensation Committee determined to select a financial target of 2018 non-GAAP operating income for the 2018 Performance-Based Equity Award to align the equity awards to what it considered to be a key financial metric for the Company for 2018. The Compensation Committee elected to provide for 50% vesting, subject to achievement of the target 2018 non-GAAP operating income, in recognition that our NEOs did not vest into any stock option grants under the performance-based equity awards granted in 2017 as the 2017 financial targets were not achieved, and in consideration of the importance of the non-GAAP operating income target as part of the Company's execution on its strategic objectives and focus on long-term stockholder value.

In November 2018, the Compensation Committee exercised its discretion to modify the performance target for the 2018 Performance-Based Equity Award such that the stock option would be earned if the Company was profitable for the year ended December 31, 2018 as measured by non-GAAP net income, which represented a significant year-over-year improvement of approximately \$1.24 per share compared to a non-GAAP net loss in the prior year. Previously, the Compensation Committee had set the target at a specified non-GAAP operating income target of \$12.5 million. The Compensation Committee made this modification after consideration of several factors, including the importance to long-term stockholder value of the Company's achievement of profitability on a non-GAAP net income basis, the opportunity the Company had of achieving profitability for 2018 in light of the second and third quarter performance improvements and work underway on the Company's ramp of its new platforms, while recognizing the challenges related to the continued transformation of the Company's business model and certain external factors impacting operating performance. The Compensation Committee also considered the importance of incentivizing and retaining executive talent and noted that no equity awards had been granted to the NEOs in 2017. The Compensation Committee determined that the modified target represented a performance target that was challenging but attainable with concerted effort and execution, and therefore would incentivize strong executive performance toward the desired financial objective. No other modifications were made to the terms of the 2018 Performance-Based Equity Award. In February 2019, following review of the Company's financial performance for 2018, the Compensation Committee certified that, based on the Company's reported non-GAAP net income of \$0.4 million for the fiscal year ended December 31, 2018, the performance target for the 2018 Performance-Based Equity Award was met and each stock option immediately vested in respect of 50% of the shares subject thereto with the remaining shares underlying the options to vest in eight substantially equal quarterly installments.

*Performance-Based Grant 2019 Financial Performance*

In February 2019, the Compensation Committee evaluated an annual refresh grant of performance-based stock options for our executives tied to specific financial targets for 2019 (the 2019 Performance-Based Equity Award ). After consideration, the Compensation Committee approved the grant of a 2019 Performance-Based Equity Award on February 14, 2019 to each NEO, with the actual number of shares earned contingent upon achievement of both annual and quarterly corporate financial targets for revenue, non-GAAP gross margin and non-GAAP earnings per share for fiscal year 2019 (collectively, the 2019 Performance Targets ). The 2019 Performance-Based Equity Award would vest, subject to the Compensation Committee's certification of the achievement of the 2019 Performance Targets, as to 25% of the shares of common stock earned on the date of such certification, and as to the remaining 75% of the shares of common stock earned, in substantially equal quarterly installments over the subsequent 36 months. No shares are awarded unless all of the 2019 Performance Targets are met. If all of the 2019 Performance targets are met, each NEO receives 100% of their target shares. Furthermore, each NEO may receive a number of shares above their target shares for achievement of at least 125% above the non-GAAP earnings per share target, up to a maximum of 200% of the target shares for achievement above 125% of the earnings per share target. The 2019 Performance-Based Equity Award includes an option to purchase up to 240,000 shares of common stock for Mr. Sindelar, an option to purchase up to 300,000 shares of common stock for Mr. Weening and an option to purchase up to 150,000 shares of common stock for Mr. Billings, in each case with the number of shares representing the target share opportunity at 200% of the target shares. At his request, Mr. Russo did not receive a stock option grant in connection with the 2019 Performance-Based Equity Award. In determining the 2019 Performance Targets, the Compensation Committee set the 2019 Performance Targets to align each NEO's opportunity to earn the equity awards to the Company's 2019 focus on gross margin expansion, disciplined operating expense investment, deliberate revenue growth and increased predictability, such that the NEO's equity awards are at risk based on the Company's performance in these areas. The Compensation Committee determined to provide for 25% vesting upon achievement of the 2019 Performance Targets and time-based vesting for the remaining award shares over the subsequent 36 months such that the 2019 Performance-Based Equity Awards both incentivizes corporate financial performance and provides retention value for each NEO.

---

**Table of Contents**

***Change in Control and Severance Benefits***

We provide our NEOs with certain change in control and severance benefits under our Amended and Restated Executive Change in Control and Severance Plan ( CICSPP ), which our Compensation Committee adopted in July 2010. In September 2017, our Compensation Committee amended the CICSPP to expand eligibility to include additional members of senior management and to amend certain benefits in the event of a termination in connection with a change in control. Our Compensation Committee provides change in control and severance benefits to our senior management to, among other things, provide security to our NEOs including in the event of a change in control of the Company.

Under the CICSPP, in the event an eligible NEO s employment with us is terminated by us other than for Cause (as defined in the CICSPP), death or disability and such termination is outside of the Change in Control Period (as defined below), he or she is eligible to receive (i) a cash severance payment in an amount equal to 12 months of base salary and a pro-rata portion of the eligible NEO s annual bonus opportunity at target, (ii) 12 months accelerated vesting of equity awards and (iii) 12 months of health insurance benefit continuation, subject to certain exceptions.

In the event an eligible NEO s employment with us is terminated by us other than for Cause, or the eligible NEO terminates his or her employment for Good Reason (as defined in the CICSPP) during a period of time commencing 60 days prior to a change in control and ending 12 months following the change in control (the Change in Control Period ), he or she is eligible to receive (i) a cash severance payment in an amount equal to: 24 months of base salary (in the case of Mr. Russo) or 12 months of base salary (in the case of Messrs. Sindelar, Weening and Billings); 200% of the annual bonus opportunity at target (in the case of Mr. Russo) or 100% of the annual bonus opportunity at target (in the case of Messrs. Sindelar, Weening and Billings); and a pro-rata portion the eligible NEO s annual bonus opportunity at target, subject to attainment of the performance criteria with respect to the eligible NEO s bonus opportunity, (ii) 100% acceleration of all equity awards and (iii) 24 months of health insurance benefit continuation (in the case of Mr. Russo) or 12 months of health insurance benefit continuation (in the case of Messrs. Sindelar, Weening and Billings), in each case subject to certain exceptions.

Our NEOs must execute, and not revoke during any applicable revocation period, a general release of claims against us in order to be eligible for any severance benefits. We do not provide for any tax gross-up payments under our CICSPP or otherwise in connection with executive severance benefits.

***Benefits***

We provide the following benefits, as applicable to all employees, including our NEOs:

medical, dental and vision insurance

life insurance, accidental death and dismemberment and business travel and accident insurance

employee assistance program

health and dependent care flexible spending accounts

transportation flexible spending accounts

employee stock purchase plans

short- and long-term disability

401(k) plan for U.S. employees

Registered Retirement Savings Plan for Canadian employees, including for Mr. Weening, and a pension plan for employees in certain other countries outside of the U.S. and Canada

health club membership reimbursement

***Perquisites***

Our NEOs participate in the same benefit programs as other employees and do not receive any other perquisites.

---

**Table of Contents*****Clawback Policy***

In early 2019, we adopted a clawback policy that applies to all executive officers and covers all compensation under the cash incentive programs and all equity awards granted or awarded after the date the policy was adopted. The policy applies in the event our financial statements are restated as a result of material non-compliance with financial reporting rules and provides our Board of Directors with broad discretion as to what actions may be taken based on circumstances leading to the restatement, including recovery of incentive-based compensation received by an executive officer in excess of what the executive officer would have been paid under the restatement. Our Compensation Committee monitors regulatory developments with respect to compensation policies and will recommend to our Board of Directors any changes to the current policy that are necessary or appropriate in light of guidance issued by the SEC.

***Policy Prohibiting Speculative Transactions and Hedging or Pledging***

In accordance with our insider trading policy, we do not permit any officer, director or employee, and their respective family members, to directly or indirectly participate in certain trading activities related to our common stock that are considered aggressive or speculative in nature, including short sales, publicly traded options, hedging transactions, margin purchases and pledging our common stock.

***Tax and Accounting Considerations*****Section 280G of the Internal Revenue Code**

Section 280G of the Internal Revenue Code disallows a tax deduction for excess parachute payments and Section 4999 of the Code imposes a 20% excise tax on any person who receives excess parachute payments. Our NEOs are not eligible to receive any tax gross-up payments in the event any payments made or that may be made to them become subject to this excise tax. The Compensation Committee will take into account the implications of Section 280G in determining potential payments to be made to our executives in connection with a change in control. Nevertheless, to the extent that certain payments upon a change in control are classified as excess parachute payments, such payments may not be deductible under Section 280G.

**Section 409A of the Internal Revenue Code**

Section 409A of the Internal Revenue Code, which governs the form and timing of payment of deferred compensation, imposes a 20% tax and an interest penalty on the recipient of deferred compensation that is subject to but does not comply with Section 409A. As a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our NEOs, so that they are either exempt from, or satisfy the requirements of, Section 409A of the Code. The Compensation Committee will take into account the implications of Section 409A in determining the form and timing of compensation awarded to our executives and will strive to structure any nonqualified deferred compensation plans or arrangements to be exempt from or to comply with the requirements of Section 409A.

**Section 162(m) of the Internal Revenue Code**

Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for our CEO, our CFO, any employee who is one of the top three highest compensated executive officers for the tax year; or for any employee who was a covered employee for any preceding taxable year beginning after December 31, 2016 referred to as covered employees. Further, since the enactment of tax reform



legislation on December 22, 2017 (the 2017 Tax Reform Act ), qualified performance-based compensation is exempt from this \$1 million limitation only if payable pursuant to a written binding contract in effect on November 2, 2017 (and that has not subsequently been materially modified). The Compensation Committee has not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation and as a result of the 2017 Tax Reform Act, a deduction for any compensation paid to our NEOs in excess of \$1 million is disallowed.

### **Accounting for Stock-Based Compensation**

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( ASC Topic 718 ) for our stock-based compensation awards. ASC Topic 718 requires companies to calculate the grant date fair value of their stock-based awards using a variety of assumptions. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an employee is required to render service in exchange for the award. Grants of stock options, restricted stock, RSUs and other stock-based awards under our equity incentive award plans will be accounted for under ASC Topic 718. Our Compensation Committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

**Table of Contents****Summary Compensation Table**

The following table sets forth all of the compensation awarded to, earned by or paid to our NEOs during 2018, 2017 and 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option	Non-Equity	All	Total (\$)
				Awards (\$) (1)	Plan Compensation (\$) (2)	Other Compensation (\$) (3)	
Carl Russo	2018	500,000					500,000
President and Chief Executive Officer	2017	500,000		1,440,222			1,940,222
	2016	500,000			225,000		725,000
Cory Sindelar (4)	2018	336,000		383,670	86,800	6,979	813,449
Chief Financial Officer	2017	73,846		1,026,959		102,215	1,203,020
Michael Weening (5)	2018	336,000		724,710	142,145	7,703	1,210,558
Executive Vice President, Field Operations	2017	320,000	140,000	1,012,738	59,293	5,813	1,537,844
	2016	166,154	50,000	1,249,098	144,450	2,066	1,611,768
Gregory Billings (6)	2018	300,000		447,615	82,500	8,250	838,365
Senior Vice President, Services	2017	300,000	85,000	721,066		7,691	1,113,757

- (1) Amounts reported in 2018 represent the incremental value to the 2018 Performance-Based Equity Awards granted to Messrs. Sindelar, Weening and Billings as a result of the November 2018 modification to the 2018 Performance-Based Equity Awards, which were originally granted in 2017. This incremental value as reported for 2018 was calculated in accordance with ASC Topic 718, excludes the impact of estimated forfeitures related to service-based vesting conditions, assumes 100% performance and are not adjusted for subsequent changes in our stock performance or the level of ultimate vesting. For a further discussion on these performance-based stock option awards, see above under *Performance-Based Grant 2018 Financial Performance*. For a discussion of the assumptions used in the valuations of the stock options, see Note 7 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.
- (2) Amounts reported for Mr. Weening in 2018 include \$4,945 in payment in 2018 under the 2016 sales-based incentive compensation plan for shipments against bookings Mr. Weening attained in 2016. Mr. Weening no longer participated in the sales-based incentive compensation plan as of January 1, 2017.
- (3) Amounts reported for 2018 represent (i) employer matching contributions of \$6,979 we made for Mr. Sindelar pursuant to our U.S. 401(k) Plan, (ii) employer matching contributions of \$7,703 we made for Mr. Weening to the Canadian Registered Retirement Savings Plan ( RRSP ), a tax-deferred capital accumulation plan in which our Canadian employees can participate and (iii) employer matching contributions of \$8,250 we made for Mr. Billings pursuant to our U.S. 401(k) Plan. Payments under the RRSP are set in Canadian dollars and were converted to U.S. dollars using an average exchange rate of CAD1.00 to US\$0.7697. Amount reported for Mr. Sindelar in 2017 represent (i) compensation in the amount of \$100,000 we made to Mr. Sindelar under a consulting arrangement pursuant to which Mr. Sindelar served as our interim chief financial officer and principal financial officer and (ii) employer matching contributions of \$2,215 we made for Mr. Sindelar pursuant to our U.S. 401(k) Plan.
- (4) Mr. Sindelar's base salary increased from \$320,000 to \$352,000 effective July 1, 2018.
- (5) Mr. Weening's base salary increased from \$320,000 to \$352,000 effective July 1, 2018.

- (6) Mr. Billings' employment with Calix commenced on December 19, 2016. He was designated a named executive officer for 2017 and 2018.

**Table of Contents****Grants of Plan-Based Awards in 2018**

The following table lists grants of plan-based awards to our NEOs in 2018 and their related fair value as of the respective grant date.

Name	Grant Date	Estimated Possible	Estimated Possible	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option and Stock Awards (\$ (3))
		Payouts Under Non-Equity Incentive Plan Awards Target (\$ (1))	Payouts Under Equity Incentive Plan Awards Target (#)		
Carl Russo		500,000			
Cory Sindelar	12/29/2017 (2)	201,600	108,000 (2)	5.95	383,670
Michael Weening	12/29/2017 (2)	302,400	204,000 (2)	5.95	724,710
Gregory Billings	12/29/2017 (2)	165,000	126,000 (2)	5.95	447,615

- (1) These amounts represent possible payouts if the incentive plan performance goals are achieved at target level under our cash incentive plan for 2018, which do not provide for threshold or maximum levels. See discussion above under *Summary of Payouts of Cash Incentive Compensation*.
- (2) Amounts reported represent shares underlying options that comprised the 2018 Performance-Based Equity Awards granted to Messrs. Sindelar, Weening and Billings that were modified in November 2018 after originally being granted in 2017. The number of shares subject to such stock option grants eligible to vest are contingent upon achievement of a 2018 financial performance metric, with 50% of the shares earned based on performance scheduled to vest on January 1, 2019 and the remaining 50% scheduled to vest in substantially equal installments over the subsequent 24 months. In February 2019, the Compensation Committee certified attainment of the 2018 performance metric. See discussion above under *Performance Based Grant 2018 Financial Performance*.
- (3) Amounts reported represent the incremental value to the 2018 Performance-Based Equity Awards granted to Messrs. Sindelar, Weening and Billings that were modified in November 2018 after originally being granted in 2017. This incremental value was calculated in accordance with ASC Topic 718, excludes the impact of estimated forfeitures related to service-based vesting conditions, assumes 100% performance and are not adjusted for subsequent changes in our stock performance or the level of ultimate vesting. See discussion above under *Performance-Based Grant 2018 Financial Performance*. For a discussion of the assumptions used in the valuations of the stock options, see Note 7 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

**Outstanding Equity Awards at December 31, 2018**

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2018.

**Option Awards**

Name

Grant Date	Number of Securities Underlying Unexercisable Options (#)	Number of Securities Being Unexercised Options (#)	Equity Incentive Plan Awards:		Option Exercise Price (\$)	Option Expiration Date
			Number of Securities Underlying Unexercised Unearned Options (#)			
Carl Russo	1/28/2014	120,000			8.18	1/28/2024
	2/21/2013	200,000			8.41	2/21/2023
	2/24/2011	100,000			19.75	2/24/2021
Cory Sindelar	12/29/2017			108,000 (1)	5.95	12/29/2027
	10/1/2017	75,000	225,000 (2)		5.05	10/1/2027
Michael Weening	12/29/2017			204,000 (1)	5.95	12/29/2027
	6/27/2016	237,500	142,500 (2)		6.38	6/27/2026
Gregory Billings	12/29/2017			126,000 (1)	5.95	12/29/2027
	11/1/2017	25,000	25,000 (3)		5.45	11/1/2027
	12/21/2016	150,000	150,000 (2)		7.70	12/21/2026

**Table of Contents**

- (1) Represents the 2018 Performance-Based Equity Awards that vest based on attainment of 2018 financial performance metrics, with 50% of the shares earned based on performance vesting on January 1, 2019 and the remaining 50% scheduled to vest in substantially equal installments over the subsequent 24 months. In February 2019, the Compensation Committee certified attainment of the 2018 performance metric. At his election, Mr. Russo did not receive a 2018 Performance-Based Equity Award. See discussion above under *Performance-Based Grant 2018 Financial Performance*.
- (2) The stock option grant vests over four years, with 25% of the common stock subject to the grant vesting on the one-year anniversary of the grant date, and the remainder vesting quarterly thereafter in substantially equal installments over the next 36 months, subject to the NEO s continued employment with Calix through the applicable vesting dates.
- (3) Represents Mr. Billings performance-based stock option grant pursuant to his amended offer letter. The stock option grant vests over four years, with 25% of the common stock subject to the grant vesting and becoming exercisable on December 19, 2017 and the remainder vesting and becoming exercisable quarterly thereafter in substantially equal installments over the next 36 months, subject to Mr. Billings continued employment with Calix through the applicable vesting dates.

**Option Exercises and Stock Vested in 2018**

None of our NEOs exercised stock options or held stock awards that vested during 2018.

**Table of Contents****Potential Payments Upon Termination or Change of Control**

Each of our NEOs is entitled to severance upon a termination without cause or, only during a change in control, a resignation for good reason under our CICSP. See the section above entitled *Change in Control and Severance Benefits* for more information regarding the benefits provided under our CICSP.

The table below sets forth the estimated payments and benefits that would be provided to each of our NEOs upon a termination of employment without cause or, following a change in control, resignation for good reason if our NEO's employment had terminated on December 31, 2018 or a change in control was consummated on December 31, 2018, as applicable, taking into account the NEO's compensation as of that date.

<b>Executive Benefits and Payments upon Termination</b>	<b>Involuntary Termination for Reasons Other Than Cause, Death or Disability, or Voluntary Termination for Good Reason Only During a Change in Control 60 Days Prior to or 12 Months Following a Change in Control</b>	
	<b>Not in Connection with a Change in Control (\$)</b>	<b>or 12 Months Following a Change in Control (\$)</b>
<b>Carl Russo</b>		
Cash severance (1)	\$ 1,000,000	\$ 2,500,000
Value of accelerated vesting of equity awards (2)		
Health insurance benefit continuation (3)	18,967	37,913
<b>Total</b>	<b>\$ 1,018,967</b>	<b>\$ 2,537,913</b>
<b>Cory Sindelar</b>		
Cash severance (1)	\$ 563,200	\$ 774,400
Value of accelerated vesting of equity awards (2)	634,650	1,467,900
Health insurance benefit continuation (3)	18,614	18,614
<b>Total</b>	<b>\$ 1,216,464</b>	<b>\$ 2,260,914</b>
<b>Michael Weening</b>		
Cash severance (1)	\$ 668,800	\$ 985,600
Value of accelerated vesting of equity awards (2)	853,100	1,255,425
Health insurance benefit continuation (3)	4,927	4,927
<b>Total</b>	<b>\$ 1,526,827</b>	<b>\$ 2,245,952</b>
<b>Gregory Billings</b>		
Cash severance (1)	\$ 465,000	\$ 630,000
Value of accelerated vesting of equity awards (2)	536,675	893,800

Health insurance benefit continuation (3)	34,539	34,539
Total	\$ 1,036,214	\$ 1,558,339

- (1) In the event of termination not in connection with a Change in Control, an eligible NEO is eligible to receive a cash severance payment in an amount equal to 12 months base salary and a pro-rata portion of the eligible NEO's annual bonus opportunity at target. In the event of termination in connection with a Change in Control, an eligible NEO is eligible to receive a cash severance payment in an amount equal to: 24 months of base salary (in the case of Mr. Russo) or 12 months of base salary (in the case of Messrs. Sindelar, Weening and Billings); 200% of the annual bonus opportunity at target (in the case of Mr. Russo) or 100% of the annual bonus opportunity at target (in the case of Messrs. Sindelar, Weening and Billings); and a pro-rata portion the eligible NEO's annual bonus opportunity at target, subject to attainment of the performance criteria with respect to the eligible NEO's bonus opportunity.
- (2) In the event of termination not in connection with a Change in Control, an eligible NEO is eligible to receive 12 months accelerated vesting of equity awards. In the event of termination in connection with a Change in Control, an eligible NEO is eligible to receive 100% acceleration of all equity awards. The value of accelerated vesting of equity awards amounts was calculated based on a closing trading price of \$9.75 per share at December 31, 2018. The value associated with stock option grants for which the per share exercise price is higher than the closing trading price of \$9.75 per share is reflected as zero.



---

**Table of Contents**

- (3) In the event of termination not in connection with a Change in Control, an eligible NEO is eligible to receive 12 months of health insurance benefit continuation. In the event of termination in connection with a Change in Control, an eligible NEO is eligible to receive) 24 months of health insurance benefit continuation (in the case of Mr. Russo) or 12 months of health insurance benefit continuation (in the case of Messrs. Sindelar, Weening and Billings).

**Limitation of Liability and Indemnification**

Calix's amended and restated certificate of incorporation contains provisions that limit the liability of Calix's directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, Calix's directors will not be personally liable to Calix or Calix's stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

any breach of the director's duty of loyalty to Calix or Calix's stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

Calix's amended and restated certificate of incorporation and amended and restated bylaws provide that Calix is required to indemnify Calix's directors and officers, in each case to the fullest extent permitted by Delaware law. Calix's amended and restated bylaws also provide that Calix is obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit Calix to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether Calix would otherwise be permitted to indemnify him or her under the provisions of Delaware law. Calix has entered into and expects to continue to enter into agreements to indemnify Calix's directors, executive officers and other employees as determined by the Board. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. Calix believes that these provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. Calix also maintains directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in Calix's amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against Calix's directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against Calix's directors and officers, even though an action, if successful, might benefit Calix and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that Calix pays the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to Calix's directors, officers and controlling persons under the above provisions, or otherwise, Calix has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. At present, there is no pending litigation or proceeding involving any of Calix's directors, officers or employees for which indemnification is

sought, and Calix is not aware of any threatened litigation that may result in claims for indemnification.

### **CEO PAY RATIO**

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are required to disclose the ratio of our principal executive officer's annual total compensation to the annual total compensation of our median employee.

During fiscal 2018, Mr. Russo was the principal executive officer of Calix. For 2018, the annual total compensation for Mr. Russo was \$500,000, as disclosed under the Summary Compensation Table above, and the annual total compensation for our median employee was \$133,788, calculated using the same methodology as applied for Mr. Russo in the Summary Compensation Table above, resulting in a pay ratio of approximately 4:1.

Due to restructuring activities in the first half of 2018 that resulted in a shift in our employee population, we determined to reidentify the median employee for 2018. In accordance with Item 402(u) of Regulation S-K, and consistent with the process developed to identify the median employee for 2017, we identified the median employee for 2018 by (i) aggregating for each applicable employee, as of October 1, 2018 (the median employee determination date): (A) annual base salary for permanent salaried employees, or hourly rate multiplied by expected work schedule, for hourly employees and (B) the target incentive compensation for 2018, and (ii) ranking this compensation measure for our employees from lowest to highest. This calculation was performed for all employees, excluding Mr. Russo, whether employed on a full-time, part-time or seasonal basis.

**Table of Contents**

We believe the pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules. Because the SEC rules allow companies to utilize different methodologies and companies have different employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above.

**DIRECTOR COMPENSATION**

Our Compensation Committee reviews compensation for our non-employee directors on an annual basis, taking into consideration market data for our peer group, recommendations from Radford based on market data analysis and governance considerations issued by proxy advisory firms. Compensation for our non-employee directors consists of cash retainers for service on the Board and Board committees, with an initial equity award granted upon joining the Board and an annual equity award granted on the date of each annual meeting of stockholders. We do not provide for any per meeting fees for attendance at meetings. Members of the Board who are employees of Calix do not receive any additional compensation for their service as directors.

**Cash Compensation**

Under Calix's Non-Employee Director Cash Compensation Policy, directors who were not employed by Calix or one of our affiliates received the following cash retainers for their service on the Board (including service on committees of the Board) during 2018:

	<b>Amount</b>
<b>Base Retainer</b>	<b>\$ 40,000</b>
<b>Board and Committee Chair Service Premiums</b> (in addition to Base Retainer)	
Board Chair	40,000
Audit Committee Chair	35,000
Compensation Committee Chair	20,000
Nominating and Corporate Governance Committee Chair	10,000
Cybersecurity Committee Chair	10,000
Strategic Committee Chair	10,000
<b>Non-Chair Committee Service Premiums</b> (in addition to Base Retainer)	
Audit Committee	10,000
Compensation Committee	7,500
Nominating and Corporate Governance Committee	5,000
Cybersecurity Committee	5,000
Strategic Committee	5,000

Except for the addition of retainers for the Cybersecurity Committee upon the formation of that Committee in 2017 and for the Strategic Committee upon the formation of that Committee in 2018, the cash retainers for the Board have remained the same since 2014.

**Equity Compensation**

Under our Non-Employee Director Equity Compensation Policy, non-employee directors will automatically be granted RSUs valued at \$200,000 (based on the per share closing price of our common stock on the date such director

commences service) upon their election or appointment to the Board. The initial grant is prorated based on the non-employee director's start date through the applicable vesting date and will vest with respect to 100% of the RSUs on the earlier of the one-year anniversary of the date of grant or the day immediately preceding the date of the next annual meeting of stockholders following the year of grant.

Each director who is a non-employee director immediately following each annual meeting of stockholders (provided that such director has served as a director for at least six months prior to such date) will also automatically be granted RSUs valued at \$120,000 (based on the per share closing price of our common stock on the date of such annual meeting of stockholders). The annual grants vest as to 100% of the RSUs on the day immediately prior to the date of the next annual meeting of stockholders following the date of grant, subject to continued service to Calix through the applicable vesting date.

Members of the Board who are Calix employees and who subsequently terminate employment with Calix and remain on the Board are not eligible for initial grants of RSUs but are eligible, after termination of employment with Calix, for annual grants of RSUs.

**Table of Contents**

All options, RSUs and other equity awards held by a non-employee director, regardless of when granted, automatically accelerate in the event of a change in control of Calix.

**Director Stock Ownership**

Under our director stock ownership guidelines, each director is expected to acquire and maintain ownership of Calix common stock having a value of no less than four (4) times the annual Board cash retainer, which achievement of the requisite stock ownership expected on or before the date five years after the initial appointment date of such director. If a director fails to meet these guidelines, shares from such director's annual equity grants will be held until the guidelines are met. Each of our directors is currently in compliance with our director stock ownership guidelines.

**Other Arrangements**

We reimburse non-employee directors for travel, lodging and other expenses incurred in connection with their attendance at Board and committee meetings.

**Director Compensation Table**

The following table sets forth information regarding compensation earned by our non-employee directors during the year ended December 31, 2018.

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards (1)</b>	<b>Total</b>
Don Listwin	\$ 100,996	\$ 120,000	\$ 220,996
Christopher Bowick	55,295	120,000	175,295
Kathy Crusco	53,159	120,000	173,159
Kevin DeNuccio	50,618	120,000	170,618
Michael Everett	75,000	120,000	195,000
Michael Flynn (2)	24,464		24,464
Kira Makagon	45,000	120,000	165,000
Michael Matthews	55,000	120,000	175,000
Kevin Peters	55,000	120,000	175,000
J. Daniel Plants	35,259	199,999	235,258

- (1) Amounts reflect the grant date fair value of RSUs granted in 2018 calculated in accordance with ASC Topic 718 for share-based payment transactions and exclude the impact of estimated forfeitures related to service-based vesting conditions. We value RSUs based on the closing trading price of our common stock on the date of grant. Mr. Plants' initial RSU grant upon his appointment to the Board was calculated based on a value of \$200,000 divided by the per share closing price of our common stock on March 14, 2018, the date Mr. Plants commenced service as a director, and rounded down to the nearest whole share.
- (2) Mr. Flynn retired from the Board effective as of the Annual Meeting on May 16, 2018. As of December 31, 2018, outstanding options and RSUs held by our current non-employee directors were as follows:

<b>Name</b>	<b>Stock Options (#)</b>	<b>Restricted Stock Units (#)</b>
Don Listwin	7,500	18,320
Christopher Bowick		18,320
Kathy Crusco		18,320
Kevin DeNuccio		18,320
Michael Everett	10,000	18,320
Kira Makagon		18,320
Michael Matthews	12,500	18,320
Kevin Peters		18,320
J. Daniel Plants		27,586

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides certain information as of December 31, 2018, with respect to all of our equity compensation plans in effect on that date.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))</b>
Equity Compensation Plans Approved by Stockholders (1)	4,992,157 (3)	\$ 7.58 (4)	6,619,186 (6)
Equity Compensation Plans Not Approved by Stockholders (2)	300,000	\$ 5.05	
<b>Total</b>	<b>5,292,157</b>	<b>\$ 7.40 (4)(5)</b>	<b>6,619,186</b>

- (1) Includes our Amended and Restated 2002 Stock Plan, 2010 Equity Incentive Award Plan, Amended and Restated Employee Stock Purchase Plan and Amended and Restated 2017 Nonqualified Employee Stock Purchase Plan. Also includes 17,101 stock options assumed through our acquisition of Occam Networks in 2011.
- (2) Consists of a Nonstatutory Inducement Stock Option Grant, which constitutes an employment inducement award for Mr. Sindelar under NYSE Listed Company Manual Rule 303A.08 that was approved by the Compensation Committee on September 28, 2017. The NYSE approved the Supplemental Listing Application for the Inducement Award on October 30, 2017. The Nonstatutory Inducement Stock Option Grant was awarded on October 1, 2017 and provides Mr. Sindelar the right to purchase up to 300,000 shares of our common stock for an exercise price of \$5.05 per share. The Nonstatutory Inducement Stock Option Grant has a term of 10 years and vests and becomes exercisable over four years from the date of grant. In the event of a termination of Mr. Sindelar's employment, the unvested portion of the Nonstatutory Inducement Stock Option Grant would be immediately forfeited and Mr. Sindelar would have three months, or 12 months in the case of death or disability, to exercise the vested portion of the option.
- (3) Includes 850,068 shares of common stock subject to RSUs, including performance-based RSUs, that will entitle each holder the issuance of one share of common stock for each unit and 4,142,089 shares of common stock subject to stock options.
- (4) The weighted-average exercise price of outstanding options excludes RSUs, which do not have an exercise price.

- (5) The weighted-average remaining term for outstanding options is 7.3 years.
- (6) Includes 1,549,569 shares available for future issuance under the Amended and Restated Employee Stock Purchase Plan, 2,763,889 shares available for future issuance under the Amended and Restated 2017 Nonqualified Employee Stock Purchase Plan and 2,305,728 shares available for future issuance under the 2010 Equity Incentive Award Plan. The 2010 Equity Incentive Award Plan contains an evergreen provision under which the number of shares of common stock reserved for issuance under the plan will be increased on the first day of each fiscal year through 2020, equal to the lesser of (A) 666,666 shares, (B) 2% of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (C) such smaller number of shares of stock as determined by our Board.



**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be soliciting material, to be filed with the SEC or be subject to Regulation 14A or Regulation 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in future filings with the SEC except to the extent that Calix specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee of the Board recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

**Compensation Committee**

Christopher Bowick, Chair  
Kevin DeNuccio  
Don Listwin

**Table of Contents**

**AUDIT COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be soliciting material, to be filed with the SEC or be subject to Regulation 14A or Regulation 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in future filings with the SEC except to the extent that Calix specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The Audit Committee has reviewed and discussed with Calix management and KPMG LLP the audited consolidated financial statements of Calix contained in the Calix Annual Report on Form 10-K for the year ended December 31, 2018. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by AS No. 1301, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from KPMG LLP required by the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with KPMG LLP its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Calix's Annual Report on Form 10-K for its year ended December 31, 2018 for filing with the Securities and Exchange Commission.

**Audit Committee**

Michael Everett, Chair  
Kathy Crusco  
Michael Matthews

---

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Calix's Board and Audit Committee have adopted a written related person transaction policy that sets forth the policies and procedures for the review and approval or ratification of related person transactions that may be deemed related person transactions under the rules of the SEC. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which Calix was or is to be a participant, the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness or employment by Calix of a related person. For purposes of the policy, a related person is a director, officer or greater than 5% beneficial owner of Calix's stock and their immediate family members.

Calix recognizes that related person transactions can present potential or actual conflicts of interest or create the appearance of a conflict of interest. Management presents to the Audit Committee each proposed related person transaction, including all relevant facts and circumstances, and the Audit Committee reviews the relevant facts and circumstances of each related person transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related person's interest in the transaction, takes into account the conflicts of interest and corporate opportunity provisions of Calix's Code of Business Conduct and Ethics, and either approves or disapproves the related person transaction. Any related person transaction may be consummated and shall continue only if the Audit Committee has approved or ratified such transaction in accordance with the guidelines set forth in the policy. No director may participate in approval of a related person transaction for which he or she is a related person. As required under rules issued by the SEC, transactions that are determined to be directly or indirectly material to a related person are or will be disclosed in Calix's proxy statements.

During fiscal year 2018, Calix has not participated in any transactions, nor are there any currently proposed transactions in which Calix will participate, where the amount involved exceeds, or would exceed, \$120,000, and in which any related person had or will have a direct or indirect material interest.

**HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries (*e.g.*, brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials, proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials, or proxy statement and annual report, as applicable, addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Calix stockholders will be householding our proxy materials. A single Notice of Internet Availability of Proxy Materials may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you notify your broker or Calix that you no longer wish to participate in householding.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, you may (1) notify your broker, (2) direct your written request to: Investor Relations, Calix, Inc., 2777 Orchard Parkway, San Jose, California 95134 or (3) contact our Investor Relations

department by telephone at (408) 474-0080. Stockholders who currently receive multiple copies of the Notice of Internet Availability of Proxy Materials at their address and would like to request householding of their communications should contact their broker. In addition, Calix will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the Notice of Internet Availability of Proxy Materials to a stockholder at a shared address to which a single copy of the documents was delivered.

#### **OTHER MATTERS**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the proxy card to vote on such matters in accordance with their best judgment.

**Table of Contents**

**ANNUAL REPORTS**

The 2018 Annual Report to Stockholders, including our 2018 Annual Report on Form 10-K (which is not a part of our proxy soliciting materials), will be mailed with this Proxy Statement to those stockholders that request and receive a copy of the proxy materials in the mail. Stockholders that received the Notice of Internet Availability of Proxy Materials can access this Proxy Statement and our 2018 Annual Report at [www.proxyvote.com](http://www.proxyvote.com).

We have filed our Annual Report on Form 10-K for the year ended December 31, 2018 with the SEC. It is available free of charge in the SEC Filings section of our website [at investor-relations.calix.com](http://investor-relations.calix.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov). Upon written request by a Calix stockholder, we will mail without charge a copy of our Annual Report on Form 10-K, including the financial statements and financial statement schedules, but excluding exhibits to the Annual Report on Form 10-K. Exhibits to the Annual Report on Form 10-K are available upon payment of a reasonable fee, which is limited to our expenses in furnishing the requested exhibit. All requests should be directed to Investor Relations, Calix, Inc., 2777 Orchard Parkway, San Jose, California 95134.

**By Order of the Board of Directors**

/s/ Suzanne Tom  
Suzanne Tom  
Corporate Secretary

April 2, 2019

---

**Table of Contents**

**Appendix A**

**CALIX, INC.**

**2019 EQUITY INCENTIVE AWARD PLAN**

**ARTICLE 1.**

**PURPOSE**

The purpose of the Calix, Inc. 2019 Equity Incentive Award Plan (as it may be amended or restated from time to time, the Plan ) is to promote the success and enhance the value of Calix, Inc. (the Company ) by linking the individual interests of the members of the Board, Employees and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to attract, incentivize and retain the services of members of the Board, Employees and Consultants upon whose judgment, interest and special effort the successful conduct of the Company's operation is largely dependent.

**ARTICLE 2.**

**DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 Administrator shall mean the entity that conducts the general administration of the Plan as provided in Article 11. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 11.6, or as to which the Board has assumed, the term Administrator shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 Applicable Accounting Standards shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 Applicable Law shall mean any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 Reserved.

2.5 Award shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.6 Award Agreement shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions

with respect to an Award as the Administrator shall determine consistent with the Plan.

2.7 Board shall mean the Board of Directors of the Company.

2.8 Cause shall mean (a) a Holder (i) has committed willful fraud, willful misconduct or gross negligence, (ii) has repeatedly failed to execute the duties and responsibilities of Holder's service to the Company as reasonably requested by Company's management, or (iii) has committed an incurable material breach of the Company's Confidential Information and Invention Assignment Agreement, or (b) Holder has been convicted of, or has admitted culpability with respect to, a felony or a crime involving moral turpitude causing material harm to the standing or reputation of Company, in each case as determined in good faith by the Administrator.

A-1

---

**Table of Contents**

2.9 Change in Control shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any person or related group of persons (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its parents or subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.9(a) or Section 2.9(c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the Successor Entity)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.9(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) The Company's stockholders approve a liquidation or dissolution of the Company.

In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award must also constitute a change in control event, as defined in Treasury Regulation §1.409A-3(i)(5) to the extent required by Section 409A.

The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.10 Code shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.



2.11 Committee shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee of the Board described in Article 11 hereof.

2.12 Common Stock shall mean the common stock of the Company.

2.13 Company shall have the meaning set forth in Article 1.

A-2

---

**Table of Contents**

2.14 Constructive Termination shall mean Holder's resignation that constitutes a Termination of Service following (a) a material reduction (without Holder's written consent) in Holder's title, job duties, responsibilities and job requirements inconsistent with Holder's position with Company and Holder's prior duties, responsibilities and requirements taking into account the differences in job title and duties that are normally occasioned by reason of an acquisition of one company by another and that do not actually result in a material change in duties, responsibilities and requirements; (b) a material reduction of a Holder's base compensation without the Holder's written consent (except an equal, across-the-board reduction in the compensation of all similarly-situated employees of Company or the surviving entity that is approved by the Board); or (c) the relocation of Holder's principal office that increases Holder's one way commute more than thirty-five (35) miles. Notwithstanding the foregoing, a resignation shall not constitute a Constructive Termination unless the event or condition giving rise to such resignation continues more than thirty (30) days following the Holder's written notice of such condition provided to the Company within ninety (90) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

2.15 Consultant shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary who qualifies as a consultant or advisor under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.16 Director shall mean a member of the Board, as constituted from time to time.

2.17 Director Limit shall have the meaning set forth in Section 4.6.

2.18 Dividend Equivalent shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2.

2.19 DRO shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.20 Effective Date shall mean the date the Plan is adopted by the Board, subject to approval of the Plan by the Company's stockholders.

2.21 Eligible Individual shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.22 Employee shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.23 Equity Restructuring shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.24 Exchange Act shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.25 Expiration Date shall have the meaning given to such term in Section 12.1(c).

2.26 Fair Market Value shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

---

**Table of Contents**

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.27 Greater Than 10% Stockholder shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.28 Holder shall mean a person who has been granted an Award.

2.29 Incentive Stock Option shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.30 Non-Employee Director shall mean a Director of the Company who is not an Employee.

2.31 Non-Employee Director Equity Compensation Policy shall have the meaning set forth in Section 4.6.

2.32 Non-Qualified Stock Option shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.33 Option shall mean a right to purchase Shares at a specified exercise price, granted under Article 5. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.34 Option Term shall have the meaning set forth in Section 5.4.

2.35 Organizational Documents shall mean, collectively, (a) the Company's articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee's charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.36 Other Stock or Cash Based Award shall mean a cash payment, cash bonus award, stock payment, stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 9.1, which may include, without limitation, deferred stock, deferred stock units, performance awards, retainers, committee fees and meeting-based fees.

2.37 Permitted Transferee shall mean, with respect to a Holder, any family member of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.38 Plan shall have the meaning set forth in Article 1.

2.39 Prior Plans shall mean, collectively, the following plans of the Company: the Calix Networks, Inc. 2010 Equity Incentive Award Plan, the Calix Networks, Inc. 2000 Stock Plan and the Calix Networks, Inc. Amended and Restated 2002 Stock Plan, as each such plan may be amended from time to time.

2.40 Program shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.41 Restricted Stock shall mean Common Stock awarded under Article 7 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.42 Restricted Stock Units shall mean the right to receive Shares awarded under Article 8.

2.43 Section 409A shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.44 Securities Act shall mean the Securities Act of 1933, as amended.

**Table of Contents**

2.45 Shares shall mean shares of Common Stock.

2.46 Stock Appreciation Right shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.47 SAR Term shall have the meaning set forth in Section 5.4.

2.48 Subsidiary shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.49 Substitute Award shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term Substitute Award be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.50 Termination of Service shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For

purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

A-5

---

**Table of Contents**

**ARTICLE 3.**

**SHARES SUBJECT TO THE PLAN**

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 12.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is (i) 1,700,000 plus (ii) that number of Shares that are available for issuance under the Calix Networks, Inc. 2010 Equity Incentive Award Plan as of the Effective Date plus (iii) that number of Shares that are subject to equity awards granted under the Prior Plans which are outstanding as of the Effective Date and thereafter terminate, expire, lapse or are forfeited for any reason and which following the termination, expiration, lapse or forfeiture of such awards do not again become available for issuance under the Prior Plans; provided that no more than 1,700,000 Shares may be issued upon the exercise of Incentive Stock Options. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) To the extent all or a portion of an Award or Prior Plan award is forfeited, expires or such Award, Prior Plan award or portion thereof is settled for cash (in whole or in part), the Shares subject to such Award, Prior Plan award or portion thereof, shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan. Any Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. Any shares of Common Stock repurchased by the Company prior to vesting so that such shares are returned to the Company will again be available for Awards.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

3.2 Award Vesting Limitations. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 12.2 of the Plan, Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted and no Award Agreement shall reduce or eliminate such minimum vesting requirement; provided, however, that, notwithstanding the foregoing, (i) an Award may provide that such minimum vesting restrictions may lapse or be waived upon the Holder's Termination of Service, (ii) Awards that result in the issuance of an aggregate of up to 5% of the shares of Common Stock available pursuant to Section 3.1(a) may be granted to any one or more Eligible Individuals without respect to such minimum vesting provisions, and (iii) for purposes of Awards granted to Non-Employee Directors, a vesting period shall be deemed to be one year if it runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders, so long as the period between such meetings is not less than 50 weeks.



**ARTICLE 4.**

**GRANTING OF AWARDS**

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

---

**Table of Contents**

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1 or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the Non-Employee Director Equity Compensation Policy ), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion, and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the grant date fair value of equity-based Awards granted to a Non-Employee Director during any calendar year shall not exceed \$750,000 (the Director Limit ).

**ARTICLE 5.**

**GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS**

5.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

A-7

---

**Table of Contents**

**5.2 Qualification of Incentive Stock Options.** The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future parent corporations or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which incentive stock options (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other incentive stock options into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

**5.3 Option and Stock Appreciation Right Exercise Price.** The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

**5.4 Option and SAR Term.** The term of each Option (the Option Term ) and the term of each Stock Appreciation Right (the SAR Term ) shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 5.4 and without limiting the Company's rights under Section 10.7, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 10.7 and 12.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

**5.5 Option and SAR Vesting.** The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award

Agreement, subject to Section 3.2. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire on the date of such Termination of Service.

## **ARTICLE 6.**

### **EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS**

6.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 6 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

A-8

## **Table of Contents**

6.2 **Manner of Exercise.** All or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed or otherwise acknowledge electronically by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option shall be exercised pursuant to Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2.

6.3 **Notification Regarding Disposition.** The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

## **ARTICLE 7.**

### **AWARD OF RESTRICTED STOCK**

7.1 **Award of Restricted Stock.** The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

7.2 **Rights as Stockholders.** Subject to Section 7.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Restricted Stock are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 7.3. In addition, dividends payable in respect to Restricted Stock prior to vesting shall only be paid out to the

Holder to the extent that the vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement, subject to Section 3.2. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

## **Table of Contents**

7.4 **Repurchase or Forfeiture of Restricted Stock.** Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding the foregoing, except as otherwise provided by Section 3.2, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

7.5 **Section 83(b) Election.** If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

## **ARTICLE 8.**

### **AWARD OF RESTRICTED STOCK UNITS**

8.1 **Grant of Restricted Stock Units.** The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

8.2 **Term.** Except as otherwise provided herein, the term of a Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

8.3 **Purchase Price.** The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; **provided, however,** that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.4 **Vesting of Restricted Stock Units.** At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, one or more performance criteria, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator, subject to Section 3.2.

8.5 **Maturity and Payment.** At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); **provided** that, except as otherwise determined by the Administrator, and subject to compliance with Section 409A, in no event shall the maturity date relating to each Restricted Stock Unit occur following the later of (a) the 15<sup>th</sup> day of the third month following the end of the calendar year in which the applicable portion of the Restricted Stock Unit vests; or (b) the



15<sup>th</sup> day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 10.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

8.6 Payment upon Termination of Service. An Award of Restricted Stock Units shall only be payable while the Holder is an Employee, a Consultant or a member of the Board, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be paid subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service.

---

**Table of Contents**

**ARTICLE 9.**

**AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS**

9.1 Other Stock or Cash Based Awards. The Administrator is authorized to grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, performance goals, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement, subject to Section 3.2. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

9.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Holder to the extent that the vesting conditions are subsequently satisfied and the Award vests. Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

**ARTICLE 10.**

**ADDITIONAL TERMS OF AWARDS**

10.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) or Shares held for such minimum period of time as may be established by the Administrator, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an executive officer of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be

withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, allow a Holder to satisfy such obligations by any payment means described in Section 10.1 hereof, including without limitation, by allowing such Holder to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income (or such other number as would not result in adverse financial accounting consequences for the Company or any of its Subsidiaries). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

A-11

---

**Table of Contents**

10.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 10.3(b) and 10.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer. In addition, and further notwithstanding Section 10.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary

with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

#### 10.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

---

**Table of Contents**

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.5 Forfeiture and Clawback Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall be subject to the provisions of any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such clawback policy was in place at the time of grant of an Award, to the extent set forth in such clawback policy and/or in the applicable Award Agreement.

10.6 Prohibition on Repricing. Subject to Section 12.2, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per Share exceeds the Fair Market Value of the underlying Shares. Furthermore, for purposes of this Section 10.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per Share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per Share that is less than the exercise price per Share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

10.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is

otherwise permitted under the Plan (including, without limitation, under Section 12.2 or 12.10).

A-13

**Table of Contents**

**10.8 Data Privacy.** As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 10.8 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the Data). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

**ARTICLE 11.****ADMINISTRATION**

**11.1 Administrator.** The Committee shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3 of the Exchange Act, the Committee shall take all action with respect to such Awards, and the individuals taking such action shall consist solely of two or more Non-Employee Directors, each of whom is intended to qualify as a non-employee director as defined by Rule 16b-3 of the Exchange Act or any successor rule. Additionally, to the extent required by Applicable Law, each of the individuals constituting the Committee shall be an independent director under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.1 or the Organizational Documents. Except as may otherwise be provided in the Organizational Documents or as otherwise required by Applicable Law, (a) appointment of Committee members shall be effective upon acceptance of appointment, (b) Committee members may resign at any time by delivering written or electronic notice to the Board and (c) vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the terms Administrator as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6.



11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 10.7 or Section 12.10. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

A-14

**Table of Contents**

11.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Designate Eligible Individuals to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and clawback and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;
- (e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and
- (k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects Section 3.2 and Section 12.2.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

11.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

---

**Table of Contents**

**ARTICLE 12.**

**MISCELLANEOUS PROVISIONS**

**12.1 Amendment, Suspension or Termination of the Plan.**

(a) Except as otherwise provided in Section 12.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 10.7 and Section 12.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 12.1(a), the Board may not, except as provided in Section 12.2, take any of the following actions without approval of the Company's stockholders given within twelve (12) months before or after such action: (i) increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan or the Director Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or take any action prohibited under Section 10.6, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 10.6.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Award be granted under the Plan after the tenth (10<sup>th</sup>) anniversary of the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders (such anniversary, the Expiration Date ). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan, the applicable Program and the applicable Award Agreement.

**12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.**

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); (iv) the grant or exercise price per share for any outstanding Awards under the Plan; and (v) the number and kind of Shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing Non-Employee Directors pursuant to Section 4.6.

(b) In the event of any transaction or event described in Section 12.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any

Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

**Table of Contents**

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 12.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan).

(d) Notwithstanding any other provision of the Plan but subject to Section 12.2(e), in the event of a Change in Control, each outstanding Award shall be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event a Holder experiences a Termination of Service by the Company without Cause or Constructive Termination within the twelve (12) month period commencing upon a Change in Control, each Award held by such Holder shall become fully vested and, if applicable, exercisable and all forfeiture restrictions on such Award shall lapse, in each case, as of immediately prior to such Termination of Service or Constructive Termination.

(e) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award upon a Change in Control, such Award shall become fully vested and, if applicable, exercisable and all forfeiture restrictions on such Award shall lapse, in each case, as of immediately prior to the consummation of such Change in Control. If an Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that the Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and the Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 12.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share

consideration received by holders of Common Stock in the Change in Control

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent it would (i) cause the Plan to violate Section 422(b)(1) of the Code, (ii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iii) cause an Award to fail to be exempt from or comply with Section 409A.

A-17

---

**Table of Contents**

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

12.3 Approval of Plan by Stockholders. The Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan.

12.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

12.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

12.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.



12.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

---

**Table of Contents**

12.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a Holder's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a separation from service as defined in Section 409A, and (b) if such Award or amount is payable to a specified employee as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A, such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Holder's Termination of Service, or (ii) the date of the Holder's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 12.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, nonqualified deferred compensation subject to the imposition of taxes, penalties and/or interest under Section 409A.

12.11 Unfunded Status of Awards. The Plan is intended to be an unfunded plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

\* \* \* \* \*

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Calix, Inc. on \_\_\_\_\_, 2019.

I hereby certify that the foregoing Plan was approved by the stockholders of Calix, Inc. on \_\_\_\_\_, 2019.

Executed on this \_\_day of \_\_\_\_\_, 2019.

Corporate Secretary

A-19

**Table of Contents****Appendix B****CALIX, INC.****AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN****Section 1. Establishment of the Plan.**

The Calix, Inc. Amended and Restated Employee Stock Purchase Plan (as may be amended from time to time, the Plan ) provides Eligible Employees with an opportunity to purchase the Company's common stock so that they may increase their proprietary interest in the success of the Company. The Plan, which provides for the purchase of stock through payroll withholding, is intended to qualify under Section 423 of the Code. The Plan amends and restates the Amended and Restated Employee Stock Purchase Plan effective as of May 17, 2017 (the Prior Plan ) in its entirety, subject to stockholder approval of this Plan at the annual meeting of the Company's stockholders in 2019. In the event the Company's stockholders fail to approve the Plan as set forth herein at the annual meeting of the Company's stockholders in 2019, then this Plan shall be deemed *void ab initio* and the Prior Plan shall continue in effect in accordance with its terms.

**Section 2. Definitions.**

- (a) Board of Directors or Board means the Board of Directors of the Company.
- (b) Code means the Internal Revenue Code of 1986, as amended.
- (c) Company means Calix, Inc., a Delaware corporation.
- (d) Company Affiliate means any company which is either the parent corporation of the Company (as determined in accordance with Section 424 of the Code) or a Subsidiary.
- (e) Compensation means the cash remuneration paid to a Participant during a Purchase Period that is reported on Form W-2 for federal income tax purposes (including salary deferrals to the Company's 401(k) retirement savings plan and contributions to any Code Section 125 plan adopted by the Company). Compensation shall include incentive compensation, commissions, profit sharing payments and bonuses. Notwithstanding the foregoing, Compensation shall exclude overtime and shift differential payments and any special payments (e.g., moving or auto allowances, educational reimbursements, welfare benefits, amounts realized from the exercise, sale exchange or other disposition of any stock option and premiums for life and disability insurance).
- (f) Date of Exercise means the last trading day of each Purchase Period.
- (g) Eligible Employee means any Employee of a Participating Company (i) who is customarily employed for at least twenty (20) hours per week, (ii) who is customarily employed for more than five (5) months per calendar year, and (iii) who is an Employee at the commencement of a Purchase Period.

In the event an Eligible Employee fails to remain in the continuous employ of a Participating Company customarily for at least twenty (20) hours per week during a Purchase Period, he or she will be deemed to have elected to withdraw from the Plan and the payroll deductions credited to his or her account will be returned to him or her; provided that a Participant who goes on an unpaid leave of absence shall be permitted to remain in the Plan during such leave of absence. Notwithstanding the preceding sentence, if such Participant is not guaranteed reemployment by contract or

statute and the leave of absence extends beyond ninety (90) days, such Participant shall be deemed to have terminated employment for purposes of the Plan on the ninety-first (91st) day of such leave of absence. Payroll deductions for a Participant who has been on an unpaid leave of absence will resume at the same rate as in effect prior to such leave upon return to work unless changed by such Participant.

(h) Employee means any person who renders services to a Participating Company in the status of an employee within the meaning of Code Section 3401(c). Employee shall not include any Board member of a Participating Company who does not render services to the Participating Company in the status of an employee within the meaning of Code Section 3401(c).

(i) Fair Market Value shall mean, as of any given date, the value of a share of Stock determined as follows:

(A) If the Stock is listed on any established stock exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market) or national market system, its Fair Market Value shall be the closing sales price for a share of Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Stock on the date in question, the closing sales price for a share of Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Plan Administrator deems reliable;

B-1

---

**Table of Contents**

(B) If the Stock is not listed on an established stock exchange or national market system, but the Stock is regularly quoted by recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Stock on such date, the high bid and low asked prices for a share of Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Plan Administrator deems reliable; or

(C) If the Stock is neither listed on an established stock exchange or a national market system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Plan Administrator in good faith.

(j) Participant means an Eligible Employee who elects to participate in the Plan, as provided in Section 5 hereof.

(k) Participating Company means the Company and such present or future Subsidiaries of the Company as the Board of Directors shall from time to time designate.

(l) Plan Account means the account established for each Participant pursuant to Section 8(a).

(m) Plan Administrator means the committee appointed by the Board to administer the Plan pursuant to Section 4.

(n) Purchase Period shall mean the period commencing on November 15, 2019 and ending on May 14, 2020 and the six (6) month periods commencing on each November 15 and May 15 thereafter. The duration and timing of Purchase Periods may be changed by the Plan Administrator, in its sole discretion. In no event may a Purchase Period exceed twenty-seven (27) months in length.

(o) Purchase Price means the price at which Participants may purchase Stock under Section 8 of the Plan, as determined pursuant to Section 6.

(p) Stock means the common stock, par value \$0.025, of the Company.

(q) Stock Administrator means the Company's Stock Administration Department or such other person(s) as may be retained by the Company to perform or otherwise be delegated some or all of the duties of the Stock Administrator under this Plan.

(r) Subsidiary means a subsidiary corporation as defined in Section 424(f) of the Code.

**Section 3. Shares Authorized.**

The maximum aggregate number of shares which may be issued under the Plan shall be 9,800,000 shares of Stock (subject to adjustment as provided in Section 12 hereof), which may be either authorized but unissued Stock or reacquired Stock, including shares of Stock purchased on the open market.

**Section 4. Administration.**

(a) Except as otherwise provided herein, the Plan shall be administered by the Board or by a committee (the Plan Administrator) appointed by the Board of Directors which shall consist of not less than two members of the Board. References in this Plan to the Plan Administrator shall mean the Board if no Plan Administrator has been appointed. The interpretation and construction by the Plan Administrator of any provision of the Plan or of any right to purchase stock qualified hereunder shall be conclusive and binding on all persons.

(b) No member of the Board or the Plan Administrator shall be liable for any action or determination made in good faith with respect to the Plan or the right to purchase Stock hereunder. The Plan Administrator shall be indemnified by the Company against the reasonable expenses, including attorney's fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which it may be a party by reason of any action taken or failure to act under or in connection with the Plan or any stock purchased thereunder, and against all amounts paid by it in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by it in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that the Plan Administrator is liable for negligence or misconduct in the performance of its duties; provided that within sixty (60) days after institution of any such action, suit or proceeding, the Plan Administrator shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

B-2

## Table of Contents

(c) All costs and expenses incurred in administering the Plan shall be paid by the Company. The Board or the Plan Administrator may request advice for assistance or employ such other persons as are necessary for proper administration of the Plan.

(d) At the discretion of the Plan Administrator, the Stock Administrator or such persons providing advice or assistance pursuant to Section 4(c), any elections, submission or filings made under the Plan by Eligible Employees and/or any statements or notices provided under the Plan to Eligible Employees in each case may be made electronically or through such paperless means as the Plan Administrator, the Stock Administrator or such persons may determine appropriate.

### Section 5. Eligibility and Participation.

(a) Any person who qualifies or will qualify as an Eligible Employee on the first day of a Purchase Period may elect to participate in the Plan for such Purchase Period. An Eligible Employee may elect to participate by submitting the prescribed enrollment form. The enrollment form shall be filed with the Stock Administrator no later than the filing deadline imposed and communicated to Eligible Employees with respect to the Purchase Period for which such enrollment form is intended to be effective by the Stock Administrator, and if none is so imposed and/or communicated, then no later than five (5) days before the Purchase Period for which such enrollment form is intended to be effective. The Eligible Employee shall designate on the enrollment form the percentage of his or her Compensation which he or she elects to have withheld for the purchase of Stock, which may be any whole percentage from 1 to 15% of the Participant's compensation.

(b) By enrolling in the Plan, a Participant shall be deemed to have been granted an option on the first day of each Purchase Period for which he or she is enrolled to purchase the maximum number of whole shares of Stock which can be purchased with the amount of the Participant's Compensation which is withheld during the Purchase Period for which the Participation is enrolled. However, with respect to any Purchase Period, no Participant shall be eligible to purchase more than two thousand (2,000) shares of Stock provided that such amount shall not result in the limitations set forth in Section 13 being exceeded. Notwithstanding the foregoing, the Plan Administrator, or a committee appointed by the Plan Administrator, which committee may be comprised solely of employees of the Company, shall have the right to amend the limit set forth in this Section 5(b); provided, however, that in no event shall the limit exceed two thousand (2,000) shares of Stock per Purchase Period or the limitations set forth in Section 13.

(c) Once enrolled, a Participant will continue to participate in the Plan for each succeeding Purchase Period until he or she terminates participation or ceases to qualify as an Eligible Employee. A Participant who withdraws from the Plan in accordance with Section 9 may again become a Participant in a subsequent Purchase Period, if he or she then is an Eligible Employee, by following the procedure described in Section 5(a).

### Section 6. Purchase Price.

The Purchase Price for each share of Stock shall be the lesser of (a) eighty-five percent (85%) of the Fair Market Value of such share on the first trading day of an applicable Purchase Period or (b) eighty-five percent (85%) of the Fair Market Value of such share on the Date of Exercise for an applicable Purchase Period.

### Section 7. Employee Contributions.

A Participant may purchase shares of Stock solely by means of payroll deductions. Payroll deductions, as designated by the Participant pursuant to Section 5(a), shall commence with the first paycheck issued during the Purchase Period and shall be deducted from each subsequent paycheck throughout the Purchase Period; provided, however, that, with



respect to a Participant, the Company shall be entitled to discontinue payroll deductions for such Participant during a Purchase Period to the extent that the Company determines that the payroll deductions for such Participant during such Purchase Period will cause the Participant to exceed the limitations set forth in Sections 5 or 13; provided, further, that the Company will recommence payroll deductions for such Participant on the first day of the next Purchase Period to the extent the limitation set forth in Section 13 has not been exceeded. If a Participant desires to decrease the rate of payroll withholding during a Purchase Period, he or she may do so one time during a Purchase Period by submitting the prescribed percentage change form with the Stock Administrator. Such decrease will be effective no later than the first day of the second payroll period which begins following the receipt of the new percentage change form. If a Participant desires to increase or decrease the rate of payroll withholding, he or she may do so effective for the next Purchase Period by submitting a new percentage change form with the Stock Administrator on or before the date imposed and communicated to Eligible Employees by the Stock Administrator, and if none is so imposed and/or communicated, then no later than five (5) days before the Purchase Period for which such change is to be effective.

Section 8. Plan Accounts; Purchase of Shares.

(a) The Company will maintain a Plan Account on its books in the name of each Participant. At the close of each pay period, the amount deducted from the Participant's Compensation will be credited to the Participant's Plan Account.

**Table of Contents**

(b) As of each Date of Exercise, the amount then in the Participant's Plan Account will be divided by the Purchase Price, and the number of whole shares which results (subject to the limitations described in Sections 5(b), 8(c) and 13) shall be purchased from the Company with the funds in the Participant's Plan Account. The number of shares of Stock so purchased shall be delivered to a brokerage account designated by the Plan Administrator and kept in such account pursuant to the enrollment form (which shall be uniform) between each Participant and the Company and subject to the conditions described therein (which may include, without limitation, restrictions on transferability of the shares of Stock so purchased).

(c) In the event that the aggregate number of shares which all Participants elect to purchase during a Purchase Period shall exceed the number of shares remaining available for issuance under the Plan, then the number of shares to which each Participant shall become entitled shall be determined by multiplying the number of shares available for issuance by a fraction the numerator of which is the sum of the number of shares the Participant has elected to purchase pursuant to Section 5, and the denominator of which is the sum of the number of shares which all employees have elected to purchase pursuant to Section 5. Any cash amount remaining in the Participant's Plan Account under these circumstances shall be refunded to the Participant.

(d) Any amount remaining in the Participant's Plan Account caused by a surplus due to fractional shares after deducting the amount of the Purchase Price for the number of whole shares issued to the Participant shall be carried over in the Participant's Plan Account for the succeeding Purchase Period, without interest. Any amount remaining in the Participant's Plan Account caused by anything other than a surplus due to fractional shares shall be refunded to the Participant in cash, without interest.

(e) Unless otherwise determined by the Plan Administrator, as soon as practicable following the end of each Purchase Period, the Company shall deliver to each Participant a Plan Account statement setting forth the amount of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

**Section 9. Withdrawal from the Plan.**

A Participant may elect to withdraw from participation under the Plan at any time up to seven (7) days prior to the last day of a Purchase Period by submitting the prescribed withdrawal form with the Stock Administrator. As soon as practicable after a withdrawal, payroll deductions shall cease and all amounts credited to the Participant's Plan Account will be refunded in cash, without interest. A Participant who has withdrawn from the Plan shall not be a Participant in future Purchase Periods, unless he or she again enrolls in accordance with the provisions of Section 5.

**Section 10. Effect of Termination of Employment or Death.**

(a) Termination of employment as an Eligible Employee for any reason, including death, shall be treated as an automatic withdrawal from the Plan under Section 9. A transfer from one Participating Company to another shall not be treated as a termination of employment.

(b) A Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's Account under the Plan in the event of such Participant's death subsequent to the purchase of shares but prior to delivery to him or her of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's Account under the Plan in the event of such Participant's death prior to the last day of a Purchase Period.

(c) Such designation of beneficiary may be changed by the Participant at any time by submitting the prescribed designation of beneficiary change form with the Stock Administrator. In the event of the death of a Participant in the

absence of a valid designation of a beneficiary who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant; or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant; or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

Section 11. Rights Not Transferable.

The rights or interests of any Participant in the Plan, or in any Stock or moneys to which he or she may be entitled under the Plan, shall not be transferable by voluntary or involuntary assignment or by operation of law, or by any other manner other than as permitted by will or the laws of descent and distribution, and during the Participant's lifetime, purchase rights in the Plan shall be exercisable only by the Participant. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interest under the Plan, other than as permitted by will or the laws of descent and distribution, such act shall be treated as an automatic withdrawal under Section 9.

## Table of Contents

### Section 12. Recapitalization, Etc.

(a) The aggregate number of shares of Stock offered under the Plan, the number and price of shares which any Participant has elected to purchase pursuant to Section 5 and the maximum number of shares which a Participant may elect to purchase under the Plan in any Purchase Period shall be proportionately adjusted for any increase or decrease in the number of issued shares of Stock resulting from a subdivision or consolidation of shares or any other capital adjustment, the payment of a stock dividend, or other increase or decrease in such shares affected without receipt of consideration by the Company.

(b) In the event of a dissolution or liquidation of the Company, this Plan shall terminate, and all amounts which each Participant has paid towards the Purchase Price of Stock hereunder shall be refunded, without interest.

(c) In the event of a sale of all or substantially all of the assets of the Company, an acquisition of the Company or the merger of the Company with or into another corporation, each outstanding Purchase Period shall be assumed or an equivalent Purchase Period substituted by the successor corporation or acquiror or a Parent or Subsidiary of the successor corporation or acquiror. In the event that the successor corporation or acquirer refuses to assume or substitute for the Purchase Period, the Purchase Period shall be shortened by setting a new Date of Exercise (the New Exercise Date ). The New Exercise Date shall be before the date of the applicable transaction. The Company shall notify each Participant in writing at least five (5) days prior to the New Exercise Date, that the Date of Exercise for the Purchase Period has been changed to the New Exercise Date and that the purchase shall automatically occur on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Purchase Period pursuant to Section 9.

(d) The Plan shall in no event be construed to restrict in any way the Company's right to undertake a dissolution, liquidation, merger, consolidation, reorganization or other corporate transaction.

### Section 13. Limitation on Stock Ownership.

Notwithstanding any provision herein to the contrary, no Participant shall be permitted to elect to participate in the Plan (i) if such Participant, immediately after his or her election to participate, would own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Company Affiliate, or (ii) if under the terms of the Plan the rights of the Employee to purchase Stock under this Plan and all other qualified employee stock purchase plans of the Company or its Company Affiliates would accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of Fair Market Value of such Stock (determined at the time such right is granted) for each calendar year for which such right is outstanding at any time. For purposes of this Section, ownership of stock shall be determined by the attribution rules of Section 424(d) of the Code, and Participants shall be considered to own any stock which they have a right to purchase under this or any other stock plan.

### Section 14. No Rights as an Employee.

Nothing in the Plan shall be construed to give any person the right to remain in the employ of a Participating Company. Each Participating Company reserves the right to terminate the employment of any person at any time and for any reason.

### Section 15. Rights as a Stockholder.

A Participant shall have no rights as a stockholder with respect to any shares he or she may have a right to purchase under the Plan until the date of issuance to the brokerage account designated by the Plan Administrator the shares of Stock issued pursuant to the Plan.

Section 16. Use of Funds.

All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions in separate accounts.

Section 17. Amendment or Termination of the Plan.

Except as otherwise provided herein, the Board of Directors shall have the right to amend, modify or terminate the Plan at any time without notice. An amendment of the Plan shall be subject to stockholder approval only to the extent required by applicable laws, regulations or rules. The Plan shall terminate upon the earlier of (i) such date as is determined by the Company in its sole discretion or (ii) the date on which all shares available for issuance under the Plan shall have been sold pursuant to purchase rights exercised under the Plan.

---

**Table of Contents**

**Section 18. Governing Law.**

The Plan shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware.

**Section 19. Stockholder Approval.**

No purchase rights granted under the Plan shall be exercised, and no shares of Stock shall be issued hereunder, until such time as (i) the Plan shall have been approved by the stockholders of the Company; and (ii) the Company shall have complied with all applicable requirements of the Securities Act of 1933, as amended (including the registration of the shares of Stock issuable under the Plan on a Form S-8 registration statement filed with the Securities and Exchange Commission), all applicable listing requirements of any securities exchange on which the Stock is listed for trading and all other applicable requirements established by law or regulation. Such stockholder approval shall be prior to the earlier to occur of: (a) the first Date of Exercise of the Plan and (b) the twelve (12) month anniversary of the adoption of the Plan, provided, however, that such approval may not occur prior to twelve (12) months before the adoption of the Plan. In the event the Plan shall not have been approved by the stockholders of the Company prior to the first Date of Exercise of the Plan, the Plan shall terminate and all purchase rights granted under the Plan shall be canceled and become null and void.

**Section 20. Equal Rights and Privileges.**

All Eligible Employees of the Company (or of any Subsidiary) will have equal rights and privileges under this Plan so that this Plan qualifies as an employee stock purchase plan within the meaning of Section 423 of the Code or applicable Treasury regulations thereunder. Any provision of this Plan that is inconsistent with Section 423 and the Treasury regulations and other guidance promulgated thereunder will, without further act or amendment by the Company, the Board or the Plan Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 or such Treasury regulations or guidance.

\*\*\*\*\*

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Calix, Inc. on \_\_\_\_\_, 2019.

I hereby certify that the foregoing Plan was approved by the stockholders of Calix, Inc. on \_\_\_\_\_, 2019.

Executed on this \_\_\_ day of \_\_\_\_\_, 2019.

Corporate Secretary

**Table of Contents****Appendix C****Calix, Inc.****Reconciliation of GAAP to non-GAAP Measures****(In thousands)****(Unaudited)**

	<b>March 31, 2018</b>	<b>Three Months Ended</b>			<b>Year Ended December 31, 2018</b>
		<b>June 30, 2018</b>	<b>September 29, 2018</b>	<b>December 31, 2018</b>	
GAAP operating income (loss)	\$ (11,109)	\$ (2,926)	\$ 676	\$ (5,155)	\$ (18,514)
Adjustments to reconcile GAAP operating income (loss) to non-GAAP operating income (loss):					
Stock-based compensation	2,757	2,544	2,499	9,674	17,474
Restructuring charges (benefit)	5,340	793	(157)	(271)	5,705
U.S. tariff and tariff-related costs				3,195	3,195
Gain on sale of product line	(6,704)				(6,704)
Non-GAAP operating income (loss)	\$ (9,716)	\$ 411	\$ 3,018	\$ 7,443	\$ 1,156

**Use of Non-GAAP Financial Information**

Calix uses certain non-GAAP financial measures to supplement its consolidated financial statements, which are presented in accordance with GAAP. In this proxy statement, Calix has presented non-GAAP operating income (loss). This non-GAAP measure is provided as a performance target in our executive cash incentive plan as the measure primarily excludes certain non-cash charges for stock-based compensation, restructuring charges (benefit), U.S. tariff and tariff-related costs and gain on sale of product line, which Calix believes are not indicative of its core operating results. The presentation of this non-GAAP measure is not meant to be a substitute for results presented in accordance with GAAP, but rather should be evaluated in conjunction with the comparable GAAP measure. A reconciliation of the non-GAAP measure to the most directly comparable GAAP measure is provided above. The non-GAAP financial measures used by Calix may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

**Table of Contents**



**Table of Contents**