

SONUS NETWORKS, INC.
Reconciliation of Non-GAAP and GAAP Financial Information
(In thousands, except per share data)

	Notes	Three months ended		
		March 31, 2010	December 31, 2009	March 31, 2009
Revenue				
Product		\$ 36,278	\$ 47,009	\$ 19,403
Service		26,130	21,703	21,609
Total revenue		<u>\$ 62,408</u>	<u>\$ 68,712</u>	<u>\$ 41,012</u>
Gross profit				
Product		\$ 23,977	\$ 35,157	\$ 13,269
Service		14,201	10,222	9,946
Total gross profit		<u>\$ 38,178</u>	<u>\$ 45,379</u>	<u>\$ 23,215</u>
GAAP Gross margin - product		66.1%	74.8%	68.4%
Stock-based compensation expense	A	0.2%	0.1%	0.6%
Amortization of intangible assets	B	0.1%	0.1%	0.5%
Non-GAAP Gross margin - product		<u>66.4%</u>	<u>75.0%</u>	<u>69.5%</u>
GAAP Gross margin - service		54.3%	47.1%	46.0%
Stock-based compensation expense	A	1.7%	2.1%	2.2%
Non-GAAP Gross margin - service		<u>56.0%</u>	<u>49.2%</u>	<u>48.2%</u>
GAAP Total gross profit		\$ 38,178	\$ 45,379	\$ 23,215
Stock-based compensation expense	A	490	512	581
Amortization of intangible assets	B	38	40	96
Non-GAAP Total gross profit		<u>\$ 38,706</u>	<u>\$ 45,931</u>	<u>\$ 23,892</u>
GAAP Total gross margin		61.2%	66.0%	56.6%
Stock-based compensation expense % of revenue	A	0.8%	0.7%	1.5%
Amortization of intangible assets % of revenue	B	0.0%	0.1%	0.2%
Non-GAAP Total gross margin		<u>62.0%</u>	<u>66.8%</u>	<u>58.3%</u>
GAAP Research and development expense		\$ 14,940	\$ 13,869	\$ 16,353
Stock-based compensation expense	A	(606)	(706)	(767)
Amortization of intangible assets	B	(100)	-	-
Non-GAAP Research and development expense		<u>\$ 14,234</u>	<u>\$ 13,163</u>	<u>\$ 15,586</u>
GAAP Sales and marketing expense		\$ 13,594	\$ 12,911	\$ 12,147
Stock-based compensation expense	A	(729)	(812)	(1,044)
Non-GAAP Sales and marketing expense		<u>\$ 12,865</u>	<u>\$ 12,099</u>	<u>\$ 11,103</u>
GAAP General and administrative expense		\$ 10,144	\$ 10,958	\$ 10,495
Stock-based compensation expense	A	(661)	(891)	(648)
Non-GAAP General and administrative expense		<u>\$ 9,483</u>	<u>\$ 10,067</u>	<u>\$ 9,847</u>
GAAP Restructuring		\$ -	\$ -	\$ 1,984
Restructuring	C	-	-	(1,984)
Non-GAAP Restructuring		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GAAP Operating expenses		\$ 38,678	\$ 37,738	\$ 40,979
Stock-based compensation expense	A	(1,996)	(2,409)	(2,459)
Amortization of intangible assets	B	(100)	-	-
Restructuring	C	-	-	(1,984)
Non-GAAP Operating expenses		<u>\$ 36,582</u>	<u>\$ 35,329</u>	<u>\$ 36,536</u>
GAAP Income (loss) from operations		\$ (500)	\$ 7,641	\$ (17,764)
Stock-based compensation expense	A	2,486	2,921	3,040
Amortization of intangible assets	B	138	40	96
Restructuring	C	-	-	1,984
Non-GAAP Income (loss) from operations		<u>\$ 2,124</u>	<u>\$ 10,602</u>	<u>\$ (12,644)</u>
GAAP Net income (loss)		\$ (134)	\$ 10,309	\$ (16,227)
Stock-based compensation expense	A	2,486	2,921	3,040
Amortization of intangible assets	B	138	40	96
Restructuring	C	-	-	1,984
Non-GAAP Net income		<u>\$ 2,490</u>	<u>\$ 13,270</u>	<u>\$ (11,107)</u>
Net income (loss) per share - diluted				
GAAP		\$ -	\$ 0.04	\$ (0.06)
Non-GAAP		\$ 0.01	\$ 0.05	\$ (0.04)
Shares used in computing diluted net income (loss) per share				
GAAP Shares used to compute diluted net income or net loss per share		274,701	275,152	273,095
Non-GAAP Shares used to compute diluted net income or net loss per share		275,749	275,152	273,095

SONUS NETWORKS, INC.
Reconciliation of Non-GAAP and GAAP Financial Information
Gross Profit to R&D Spend Ratio - Trailing 12 Months
(In thousands, except Ratio)

	Notes	Three months ended				
		31-Mar-09 (Q1 2009)	30-Jun-09 (Q2 2009)	30-Sep-09 (Q3 2009)	31-Dec-09 (Q4 2009)	31-Mar-10 (Q1 2010)
GAAP Gross profit		\$ 23,215	\$ 40,292	\$ 35,250	\$ 45,379	\$ 38,178
Stock-based compensation expense	A	581	502	550	512	490
Amortization of intangible assets	B	96	48	40	40	38
Non-GAAP Gross profit		<u>\$ 23,892</u>	<u>\$ 40,842</u>	<u>\$ 35,840</u>	<u>\$ 45,931</u>	<u>\$ 38,706</u>
GAAP Research and development expense		\$ 16,353	\$ 15,501	\$ 14,141	\$ 13,869	\$ 14,940
Stock-based compensation expense	A	(767)	(1,102)	(774)	(706)	(606)
Amortization of intangible assets	B	-	-	-	-	(100)
Non-GAAP Research and development expense		<u>\$ 15,586</u>	<u>\$ 14,399</u>	<u>\$ 13,367</u>	<u>\$ 13,163</u>	<u>\$ 14,234</u>
Non-GAAP Gross Profit to R&D Spend Ratio - Trailing 12 Months	D					
<i>Twelve Months (Four Quarters) Ended March 31, 2010</i>						
Non-GAAP Gross profit		\$ 161,319	(a)			
Non-GAAP Research and development expense		\$ 55,163	(b)			
<i>Non-GAAP Gross Profit to R&D Spend Ratio (a)/(b)</i>		\$ 2.9				
<i>Twelve Months (Four Quarters) Ended December 31, 2009</i>						
Non-GAAP Gross profit		\$ 146,505	(c)			
Non-GAAP Research and development expense		\$ 56,515	(d)			
<i>Non-GAAP Gross Profit to R&D Spend Ratio (c)/(d)</i>		\$ 2.6				