

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

Notes	Three months ended			Six months ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
<b>Revenue</b>					
Product	\$ 36,796	\$ 36,278	\$ 36,320	\$ 73,074	\$ 55,723
Service	24,385	26,130	25,287	50,515	46,896
<b>Total revenue</b>	<b>\$ 61,181</b>	<b>\$ 62,408</b>	<b>\$ 61,607</b>	<b>\$ 123,589</b>	<b>\$ 102,619</b>
<b>Gross profit</b>					
Product	\$ 25,970	\$ 23,977	\$ 25,573	\$ 49,947	\$ 38,842
Service	12,543	14,201	14,719	26,744	24,665
<b>Total gross profit</b>	<b>\$ 38,513</b>	<b>\$ 38,178</b>	<b>\$ 40,292</b>	<b>\$ 76,691</b>	<b>\$ 63,507</b>
<b>GAAP Gross margin - product</b>					
Stock-based compensation expense	A 70.6%	66.1%	70.4%	68.4%	69.7%
Amortization of intangible assets	B 0.2%	0.2%	0.4%	0.2%	0.4%
<b>Non-GAAP Gross margin - product</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>
<b>GAAP Gross margin - service</b>					
Stock-based compensation expense	A 51.4%	54.3%	58.2%	52.9%	52.6%
<b>Non-GAAP Gross margin - service</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>GAAP Total gross profit</b>					
Stock-based compensation expense	A 38,513	38,178	40,292	76,691	63,507
Amortization of intangible assets	B 493	490	502	983	1,083
<b>Non-GAAP Total gross profit</b>	<b>38</b>	<b>38</b>	<b>48</b>	<b>76</b>	<b>144</b>
<b>GAAP Total gross margin</b>					
Stock-based compensation expense % of revenue	A 62.9%	61.2%	65.4%	62.1%	61.9%
Amortization of intangible assets % of revenue	B 0.8%	0.8%	0.8%	0.7%	1.1%
<b>Non-GAAP Total gross margin</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>GAAP Research and development expense</b>					
Stock-based compensation expense	A 15,106	14,940	15,501	30,046	31,854
Amortization of intangible assets	B (665)	(606)	(1,102)	(1,271)	(1,869)
<b>Non-GAAP Research and development expense</b>	<b>(100)</b>	<b>(100)</b>	<b>-</b>	<b>(200)</b>	<b>-</b>
<b>GAAP Sales and marketing expense</b>					
Stock-based compensation expense	A 14,341	14,234	14,399	28,575	29,985
<b>Non-GAAP Sales and marketing expense</b>	<b>12,392</b>	<b>13,594</b>	<b>12,344</b>	<b>25,986</b>	<b>24,491</b>
<b>GAAP General and administrative expense</b>					
Stock-based compensation expense	A (688)	(729)	(1,490)	(1,417)	(2,534)
<b>Non-GAAP General and administrative expense</b>	<b>11,704</b>	<b>12,865</b>	<b>10,854</b>	<b>24,569</b>	<b>21,957</b>
<b>GAAP Restructuring</b>					
Restructuring	A 10,971	10,144	10,186	21,115	20,681
<b>Non-GAAP Restructuring</b>	<b>(1,366)</b>	<b>(661)</b>	<b>(616)</b>	<b>(2,027)</b>	<b>(1,264)</b>
<b>GAAP Operating expenses</b>					
Stock-based compensation expense	A 9,605	9,483	9,570	19,088	19,417
Amortization of intangible assets	B -	-	-	-	-
Restructuring	C -	-	(7)	-	1,977
<b>Non-GAAP Operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,977)</b>
<b>GAAP Income (loss) from operations</b>					
Stock-based compensation expense	A 38,469	38,678	38,024	77,147	79,003
Amortization of intangible assets	B (2,719)	(1,996)	(3,208)	(4,715)	(5,667)
Restructuring	C (100)	(100)	-	(200)	-
<b>Non-GAAP Income (loss) from operations</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>(1,977)</b>
<b>GAAP Net income (loss)</b>					
Stock-based compensation expense	A 35,650	36,582	34,823	72,232	71,359
Amortization of intangible assets	B 44	(500)	2,268	(456)	(15,496)
Restructuring	C 3,212	2,486	3,710	5,698	6,750
<b>Non-GAAP Net income</b>	<b>138</b>	<b>138</b>	<b>48</b>	<b>276</b>	<b>144</b>
<b>GAAP Net income (loss)</b>					
Stock-based compensation expense	A -	-	(7)	-	1,977
Amortization of intangible assets	B -	-	-	-	-
Restructuring	C -	-	-	-	-
<b>Non-GAAP Net income</b>	<b>3,394</b>	<b>2,124</b>	<b>6,019</b>	<b>5,518</b>	<b>(6,625)</b>
<b>Net income (loss) per share - diluted</b>					
GAAP	\$ -	\$ -	\$ 0.02	\$ -	\$ (0.04)
Non-GAAP	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02	\$ (0.01)
<b>Shares used in computing diluted net income (loss) per share</b>					
GAAP Shares used to compute diluted net income or net loss per share	276,314	274,701	273,768	276,038	273,320
Non-GAAP Shares used to compute diluted net income or net loss per share	276,314	275,749	273,768	276,038	273,320

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				
		30-Jun-09 (Q2 2009)	30-Sep-09 (Q3 2009)	31-Dec-09 (Q4 2009)	31-Mar-10 (Q1 2010)	30-Jun-10 (Q2 2010)
<b>GAAP Gross profit</b>		\$ 40,292	\$ 35,250	\$ 45,379	\$ 38,178	\$ 38,513
Stock-based compensation expense	A	502	550	512	490	493
Amortization of intangible assets	B	48	40	40	38	38
<b>Non-GAAP Gross profit</b>		<u>\$ 40,842</u>	<u>\$ 35,840</u>	<u>\$ 45,931</u>	<u>\$ 38,706</u>	<u>\$ 39,044</u>
<b>GAAP Research and development expense</b>		\$ 15,501	\$ 14,141	\$ 13,869	\$ 14,940	\$ 15,106
Stock-based compensation expense	A	(1,102)	(774)	(706)	(606)	(665)
Amortization of intangible assets	B	-	-	-	(100)	(100)
<b>Non-GAAP Research and development expense</b>		<u>\$ 14,399</u>	<u>\$ 13,367</u>	<u>\$ 13,163</u>	<u>\$ 14,234</u>	<u>\$ 14,341</u>
<b>Non-GAAP Gross Profit to R&amp;D Spend Ratio - Trailing 12 Months</b>	D					
<i>Twelve Months (Four Quarters) Ended June 30, 2010</i>						
Non-GAAP Gross profit		\$ 159,521	(a)			
Non-GAAP Research and development expense		\$ 55,105	(b)			
<i>Non-GAAP Gross Profit to R&amp;D Spend Ratio (a)/(b)</i>		\$ 2.9				
<i>Twelve Months (Four Quarters) Ended March 31, 2010</i>						
Non-GAAP Gross profit		\$ 161,319	(c)			
Non-GAAP Research and development expense		\$ 55,163	(d)			
<i>Non-GAAP Gross Profit to R&amp;D Spend Ratio (c)/(d)</i>		\$ 2.9				