Sonus Networks, Inc.
Discussion of Non-GAAP Financial Measures
Quarter ended June 30, 2009

The attached tables include non-GAAP financial measures derived from our Condensed Consolidated Statements of Operations. These non-GAAP financial measures of Gross margin – product; Gross margin – service; Gross profit; Gross margin, Research and development expense, Sales and marketing expense, General and administrative expense, Restructuring; Operating expenses; Income (loss) from operations; Loss from discontinued operations, net of tax; Net income (loss); Net income (loss) per share (diluted) and Gross profit to R&D spend ratio are not presented in accordance with, nor are they intended to be a substitute for, accounting principles generally accepted in the United States of America ("GAAP"). In addition, our presentations of these measures may not be comparable to similarly titled measures used by other companies. The non-GAAP financial measures described below, and used in the attached tables, should not be considered alternatives for, or in isolation from, the financial information prepared and presented in accordance with GAAP.

We use a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of our business, in making operating decisions, planning and forecasting future periods, and determining payments under compensation programs. We consider the use of these non-GAAP financial measures helpful in assessing the core performance of our continuing operations and liquidity, and when planning and forecasting future periods. We define continuing operations as the ongoing revenue and expenses of the business, excluding certain items. These items are Stock-based compensation expense; Amortization of intangible assets; Change in estimate – reduction of contingency for employment tax audit; Restructuring; Loss from discontinued operations, net of tax and the Income tax effect of non-GAAP adjustments.

Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to the Company's GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in the Company's financial results for the foreseeable future.

Note A – Stock-Based Compensation Expense

On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* ("SFAS 123R") to account for employee and non-employee director stock-based awards. We recognize the fair value of stock-based compensation over the requisite service period, generally on a straight-line basis for time-vested awards.

Stock-based compensation is different from other forms of compensation, as it is a non-cash expense. A cash salary or bonus has a fixed and unvarying cash cost. In contrast, the expense associated with the award of an option is generally unrelated to the amount of cash ultimately received by the employee, and the cost to us is based on a stock-based compensation valuation methodology and underlying assumptions that may vary over time. We believe that excluding non-cash stock-based compensation expense from our operating results enables the readers of our financial statements to more accurately compare our operating results to our historical results and to other companies in our industry.

Note B – Amortization of Intangible Assets

On April 18, 2008, we completed our acquisition of Atreus Systems, Inc. and its subsidiaries (collectively, "Atreus"), a supplier of service provisioning software for Voice over IP and IP Multimedia subsystem-based services. In connection with this acquisition we recorded intangible assets consisting of customer relationships, developed technology and order backlog. The amortization expense for the intangible assets arising from this acquisition is included in Amortization of intangible assets. In connection with the preparation of our financial statements for the fourth quarter of fiscal 2008, we performed a review of the intangible assets, determined that the customer relationship and intellectual property intangible assets acquired in the Atreus acquisition were impaired and recorded impairment charges aggregating $2.7 million. As a result, the net book values of those intangible assets were reduced to zero at December 31, 2008.

On April 13, 2007, we completed our acquisition of Zynetix Limited ("Zynetix"), a privately-held designer of innovative Global System for Mobile Communications infrastructure solutions located in the United Kingdom. In connection with this acquisition we recorded intangible assets consisting of customer relationships, intellectual property and a trade name. A portion of the Intellectual property was allocated to the Sonus reporting unit. In connection with the preparation of our financial statements for the second quarter of fiscal 2008, we performed a review of the intangible assets, determined that the intangible assets and goodwill allocable to the Zynetix reporting unit were impaired and recorded impairment charges aggregating $3.6 million. As a result, the net book values of the intangible assets and goodwill attributable to the Zynetix reporting unit were reduced to zero at June 30, 2008. During the third quarter of fiscal 2008, we committed to a plan to sell Zynetix, and completed the sale transaction on November 26, 2008. As a result, we have reclassified the results of operations of Zynetix, including amortization expense and impairment charges for the intangible assets and goodwill allocated to the Zynetix reporting unit, to discontinued operations for all periods presented (see Note E). The amortization expense for the intellectual property allocated to the Sonus reporting unit is included in Amortization of intangible assets.

We believe that excluding the non-cash amortization of intangible assets facilitates the comparison of our financial results to our historical operating results and to other companies in our industry and provides meaningful information regarding our liquidity.

Note C – Change in Estimate – Reduction of Contingency for Employment Tax Audit

The Internal Revenue Service ("IRS") notified us that our payroll tax returns for the years ended December 31, 2004, 2005 and 2006 had been selected for audit in connection with our stock option review. In connection with the restatement of our financial statements, we had recorded $1.6 million of accrued liabilities for additional federal and state payroll tax, penalties and interest related to adjustments resulting from errors in stock option accounting. In April 2008, we reached an agreement with the IRS and paid $0.5 million to settle this audit. As a result of this settlement, we recorded a reduction of $0.9 million to the previously recorded loss contingency. We believe that the exclusion of the amount related to this change in estimate allows for a more accurate comparison of our financial results to our historical results and to other companies in our industry, as it is unusual both in magnitude and occurrence.

Note D – Restructuring

In the first quarter of fiscal 2009 we recorded restructuring expenses aggregating $2.0 million related to two headcount initiatives implemented as part of our efforts to right-size the business to align with market opportunities while managing costs to position Sonus for profitable growth. We recorded $0.9 million of severance and related expenses for our January 9, 2009 restructuring initiative, which reduced our workforce by approximately 40 people, or 4% of employees worldwide. We recorded $1.1 million for our March 10, 2009 restructuring initiative, which further reduced our workforce by approximately 60 people, or 6% of employees worldwide. In the fourth quarter of fiscal 2008, we recorded $0.7 million of restructuring expense related to a headcount reduction initiative, which reduced our workforce by approximately 50 people, or 5% of employees worldwide.

We believe that excluding these restructuring expenses facilitates the comparison of our financial results to our historical operating results and to other companies in our industry and provides meaningful information regarding our liquidity.

Note E – Loss from Discontinued Operations, Net of Tax

During the third quarter of fiscal 2008, we committed to a plan to sell Zynetix. As a result, we have reclassified the results of operations of Zynetix, net of income taxes, to discontinued operations for all periods presented. We believe that the exclusion of Loss from discontinued operations, net of tax, from our results provides users of our financial statements a better understanding of our continuing operations trends.

Note F – Income Tax Effect of Non-GAAP Adjustments

We have calculated and adjusted our GAAP income tax benefit (provision) for the income tax effect of non-GAAP adjustments. We believe financial information excluding the income tax effect of non-GAAP adjustments provides readers of our financial statements a better understanding of our continuing operations trends.

Note G – Gross Profit to R&D Spend Ratio – Trailing 12 Months

We are committed to supporting our customer-based R&D projects on a go-forward basis. However, we need to ensure that our R&D investments will generate acceptable return on investment in support of our objective of continuous improvement in our R&D efforts. Our Gross profit to R&D spend ratio is calculated by dividing non-GAAP gross profit by non-GAAP research and development expense. Due to the quarterly unevenness of our business, our gross profit to R&D spend ratio is most meaningful on a trailing 12-month, or four quarters, basis. We believe that this is an important metric when used internally to ensure that our R&D investments deliver appropriate returns.