



SONUS NETWORKS, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Six months ended June 30, 2007	Six months ended June 30, 2006
Revenue:		
Product	\$ 103,798	\$ 93,395
Service	42,841	31,080
Total revenue	<u>146,639</u>	<u>124,475</u>
Cost of revenue:		
Product	40,643	32,082
Service	18,142	13,716
Total cost of revenue	<u>58,785</u>	<u>45,798</u>
Gross profit	<u>87,854</u>	<u>78,677</u>
Gross profit %		
Product	60.8%	65.6%
Service	57.7%	55.9%
Total gross profit	59.9%	63.2%
Operating expenses:		
Research and development	41,048	25,976
Sales and marketing	44,269	29,671
General and administrative	28,264	14,228
Total operating expenses	<u>113,581</u>	<u>69,875</u>
Income (loss) from operations	(25,727)	8,802
Interest expense	(83)	(218)
Interest income	9,146	7,341
Other income (expense), net	<u>(936)</u>	<u>-</u>
Income (loss) before income taxes	(17,600)	15,925
Income tax benefit (provision)	6,646	(1,195)
Net income (loss)	<u>\$ (10,954)</u>	<u>\$ 14,730</u>
Net income (loss) per share:		
Basic	\$ (0.04)	\$ 0.06
Diluted	\$ (0.04)	\$ 0.06
Shares used in computing net income (loss) per share:		
Basic	259,777	251,371
Diluted	259,777	255,454