

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

Notes	Three months ended		
	March 31, 2009	December 31, 2008	March 31, 2008
Revenue			
Product	\$ 19,403	\$ 53,642	\$ 50,706
Service	21,609	35,902	22,921
Total revenue	<u>\$ 41,012</u>	<u>\$ 89,544</u>	<u>\$ 73,627</u>
Gross profit			
Product	\$ 13,269	\$ 26,037	\$ 34,062
Service	9,946	13,879	11,887
Total gross profit	<u>\$ 23,215</u>	<u>\$ 39,916</u>	<u>\$ 45,949</u>
GAAP Gross margin - product	68.4%	48.5%	67.2%
Stock-based compensation expense	A 0.6%	0.3%	0.3%
Amortization of intangible assets	B 0.5%	0.5%	0.1%
Change in estimate - reduction of contingency for employment tax audit	C 0.0%	0.0%	0.0%
Non-GAAP Gross margin - product	<u>69.5%</u>	<u>49.3%</u>	<u>67.6%</u>
GAAP Gross margin - service	46.0%	38.7%	51.9%
Stock-based compensation expense	A 2.2%	1.0%	5.0%
Non-GAAP Gross margin - service	<u>48.2%</u>	<u>39.7%</u>	<u>56.9%</u>
GAAP Total gross profit	\$ 23,215	\$ 39,916	\$ 45,949
Stock-based compensation expense	A 581	512	1,334
Amortization of intangible assets	B 96	279	49
Change in estimate - reduction of contingency for employment tax audit	C -	(1)	(7)
Non-GAAP Total gross profit	<u>\$ 23,892</u>	<u>\$ 40,706</u>	<u>\$ 47,325</u>
GAAP Total gross margin	56.6%	44.6%	62.4%
Stock-based compensation expense % of revenue	A 1.5%	0.6%	1.8%
Amortization of intangible assets % of revenue	B 0.2%	0.3%	0.1%
Change in estimate - reduction of contingency for employment tax audit % of revenue	C 0.0%	0.0%	0.0%
Non-GAAP Total gross margin	<u>58.3%</u>	<u>45.5%</u>	<u>64.3%</u>
GAAP Research and development expense	\$ 16,353	\$ 15,780	\$ 20,327
Stock-based compensation expense	A (767)	(996)	(3,663)
Change in estimate - reduction of contingency for employment tax audit	C -	1	51
Non-GAAP Research and development expense	<u>\$ 15,586</u>	<u>\$ 14,785</u>	<u>\$ 16,715</u>
GAAP Sales and marketing expense	\$ 12,147	\$ 18,737	\$ 18,505
Stock-based compensation expense	A (1,044)	(1,279)	(1,876)
Amortization of intangible assets	B -	(52)	-
Change in estimate - reduction of contingency for employment tax audit	C -	3	96
Non-GAAP Sales and marketing expense	<u>\$ 11,103</u>	<u>\$ 17,409</u>	<u>\$ 16,725</u>
GAAP General and administrative expense	\$ 10,495	\$ 17,309	\$ 9,940
Stock-based compensation expense	A (648)	(2,319)	(1,292)
Change in estimate - reduction of contingency for employment tax audit	C -	117	387
Earnout settlement - Zynetix acquisition	D -	334	-
Non-GAAP General and administrative expense	<u>\$ 9,847</u>	<u>\$ 15,441</u>	<u>\$ 9,035</u>
GAAP Impairment of intangible assets	\$ -	\$ 2,727	\$ -
Impairment of intangible assets	E -	(2,727)	-
Non-GAAP Impairment of intangible assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GAAP Restructuring	\$ 1,984	\$ 702	\$ -
Restructuring	F (1,984)	(702)	-
Non-GAAP Restructuring	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GAAP Operating expenses	\$ 40,979	\$ 55,255	\$ 48,772
Stock-based compensation expense	A (2,459)	(4,594)	(6,831)
Amortization of intangible assets	B -	(52)	-
Change in estimate - reduction of contingency for employment tax audit	C -	121	534
Earnout settlement - Zynetix acquisition	D -	334	-
Impairment of intangible assets	E -	(2,727)	-
Restructuring	F (1,984)	(702)	-
Non-GAAP Operating expenses	<u>\$ 36,536</u>	<u>\$ 47,635</u>	<u>\$ 42,475</u>
GAAP Loss from operations	\$ (17,764)	\$ (15,339)	\$ (2,823)
Stock-based compensation expense	A 3,040	5,106	8,165
Amortization of intangible assets	B 96	331	49
Change in estimate - reduction of contingency for employment tax audit	C -	(122)	(541)
Earnout settlement - Zynetix acquisition	D -	(334)	-
Impairment of intangible assets	E -	2,727	-
Restructuring	F 1,984	702	-
Non-GAAP Income (loss) from operations	<u>\$ (12,644)</u>	<u>\$ (6,929)</u>	<u>\$ 4,850</u>
GAAP Interest expense	\$ (79)	\$ (34)	\$ (21)
Change in estimate - reduction of contingency for employment tax audit	C -	(71)	-
Non-GAAP Interest expense	<u>\$ (79)</u>	<u>\$ (105)</u>	<u>\$ (21)</u>
GAAP Other income (expense)	\$ (7)	\$ (29)	\$ 379
Change in estimate - reduction of contingency for employment tax audit	C -	-	(379)
Non-GAAP Other income (expense)	<u>\$ (7)</u>	<u>\$ (29)</u>	<u>\$ -</u>
GAAP Loss from discontinued operations, net of tax	\$ -	\$ (183)	\$ (396)
Loss from discontinued operations, net of tax	G -	183	396
Non-GAAP Loss from discontinued operations, net of tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GAAP Loss on disposal of discontinued operations, net of tax	\$ -	\$ (741)	\$ -
Loss on disposal of discontinued operations, net of tax	H -	741	-
Non-GAAP Loss on disposal of discontinued operations, net of tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GAAP Net income (loss)	\$ (16,227)	\$ (99,906)	\$ 566
Stock-based compensation expense	A 3,040	5,106	8,165
Amortization of intangible assets	B 96	331	49
Change in estimate - reduction of contingency for employment tax audit	C -	(193)	(920)
Earnout settlement - Zynetix acquisition	D -	(334)	-
Impairment of intangible assets	E -	2,727	-
Restructuring	F 1,984	702	-
Income tax effect of non-GAAP adjustments - benefit (provision)	I -	90,695	(2,830)
Loss from discontinued operations, net of tax	G -	183	396
Loss on disposal of discontinued operations, net of tax	H -	741	-
Non-GAAP Net income (loss)	<u>\$ (11,107)</u>	<u>\$ 52</u>	<u>\$ 5,426</u>
Net income (loss) per share - diluted			
GAAP	\$ (0.06)	\$ (0.37)	\$ -
Non-GAAP	\$ (0.04)	\$ -	\$ 0.02
Shares used in computing net income (loss) per share			
GAAP Shares used to compute diluted net income or net loss per share	273,095	272,536	271,222
Non-GAAP Shares used to compute diluted net income or net loss per share	273,095	273,121	271,222

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				
		March 31, 2008 (Q1 2008)	June 30, 2008 (Q2 2008)	Sept 30, 2008 (Q3 2008)	Dec 31, 2008 (Q4 2008)	March 31, 2009 (Q1 2009)
GAAP Gross profit		\$ 45,949	\$ 58,220	\$ 39,188	\$ 39,916	\$ 23,215
Stock-based compensation expense	A	1,334	619	578	512	581
Amortization of intangible assets	B	49	261	263	279	96
Change in estimate - reduction of contingency for employment tax audit	C	(7)	-	-	(1)	-
Non-GAAP Gross profit		<u>\$ 47,325</u>	<u>\$ 59,100</u>	<u>\$ 40,029</u>	<u>\$ 40,706</u>	<u>\$ 23,892</u>
GAAP Research and development expense		\$ 20,327	\$ 18,231	\$ 17,885	\$ 15,780	\$ 16,353
Stock-based compensation expense	A	(3,663)	(1,369)	(1,018)	(996)	(767)
Change in estimate - reduction of contingency for employment tax audit	C	51	-	-	1	-
Non-GAAP Research and development expense		<u>\$ 16,715</u>	<u>\$ 16,862</u>	<u>\$ 16,867</u>	<u>\$ 14,785</u>	<u>\$ 15,586</u>
Non-GAAP Gross Profit to R&D Spend Ratio - Trailing 12 Months	J					
<i>Twelve Months (Four Quarters) Ended March 31, 2009</i>						
Non-GAAP Gross profit		\$ 163,727	(a)			
Non-GAAP Research and development expense		\$ 64,100	(b)			
<i>Non-GAAP Gross Profit to R&D Spend Ratio (a)/(b)</i>		\$ 2.6				
<i>Twelve Months (Four Quarters) Ended December 31, 2008</i>						
Non-GAAP Gross profit		\$ 187,160	(c)			
Non-GAAP Research and development expense		\$ 65,229	(d)			
<i>Non-GAAP Gross Profit to R&D Spend Ratio (c)/(d)</i>		\$ 2.9				