

SONUS NETWORKS, INC.  
Condensed Consolidated Balance Sheets  
(in thousands, except share data)  
(unaudited)

	September 30, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 91,945	\$ 44,206
Marketable debt securities	234,221	256,485
Accounts receivable, net	73,193	70,726
Inventory, net	51,765	22,266
Deferred income taxes	37,573	21,808
Other current assets	22,759	18,523
Total current assets	<u>511,456</u>	<u>434,014</u>
Property and equipment, net	19,595	19,051
Purchased intangible assets, net	2,818	-
Goodwill	8,012	-
Long-term investments	51,475	60,189
Deferred income taxes	54,100	52,613
Other assets	2,947	23,737
	<u>\$ 650,403</u>	<u>\$ 589,604</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 20,764	\$ 17,219
Accrued expenses	73,742	43,714
Current portion of deferred revenue	75,317	60,383
Current portion of long-term liabilities	1,000	501
Total current liabilities	<u>170,823</u>	<u>121,817</u>
Long-term deferred revenue	17,296	33,787
Deferred income taxes	932	-
Long-term liabilities, net of current portion	2,494	1,467
Total liabilities	<u>191,545</u>	<u>157,071</u>
Commitments and contingencies		
Stockholders equity:		
Common stock	269	262
Additional paid-in capital	1,223,602	1,160,853
Accumulated deficit	(766,009)	(728,233)
Accumulated other comprehensive income (loss)	1,263	(82)
Treasury stock	(267)	(267)
Total stockholders' equity	<u>458,858</u>	<u>432,533</u>
	<u>\$ 650,403</u>	<u>\$ 589,604</u>