

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

	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 118,933	\$ 44,206
Marketable securities	207,088	256,485
Accounts receivable, net	84,951	70,726
Inventory, net	45,560	22,266
Deferred income taxes	30,683	21,808
Litigation settlement escrow	25,000	-
Insurance receivable - litigation settlement	15,328	-
Other current assets	18,842	18,523
Total current assets	<u>546,385</u>	<u>434,014</u>
Property and equipment, net	18,459	19,051
Purchased intangible assets, net	2,607	-
Goodwill	8,397	-
Long-term investments	66,568	60,189
Deferred income taxes	49,296	52,613
Other assets	2,338	23,737
	<u>\$ 694,050</u>	<u>\$ 589,604</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 17,379	\$ 17,219
Accrued expenses	39,980	43,653
Litigation settlement liability	40,000	-
Current portion of deferred revenue	82,743	60,383
Accrued restructuring	-	61
Current portion of long-term liabilities	1,079	501
Total current liabilities	<u>181,181</u>	<u>121,817</u>
Long-term deferred revenue	16,462	33,787
Deferred income taxes	760	-
Long-term liabilities, net of current portion	2,061	1,467
Total liabilities	<u>200,464</u>	<u>157,071</u>
Commitments and contingencies		
Stockholders equity:		
Common stock	273	262
Additional paid-in capital	1,244,232	1,160,853
Accumulated deficit	(751,920)	(728,233)
Accumulated other comprehensive income (loss)	1,268	(82)
Treasury stock	(267)	(267)
Total stockholders' equity	<u>493,586</u>	<u>432,533</u>
	<u>\$ 694,050</u>	<u>\$ 589,604</u>