

SONUS NETWORKS, INC.
Non- GAAP Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended March 31, 2006		
	As Reported	Adjustments (1)	As Adjusted
Revenues :			
Product	\$ 44,383	\$ -	\$ 44,383
Service	15,589	-	15,589
Total revenues	<u>59,972</u>	<u>-</u>	<u>59,972</u>
Cost of revenues:			
Product	15,853	(3)	15,850
Service	7,381	(252)	7,129
Total cost of revenues	<u>23,234</u>	<u>(255)</u>	<u>22,979</u>
Gross profit	<u>36,738</u>	<u>255</u>	<u>36,993</u>
Gross profit %:			
Product	64.3%		64.3%
Service	52.7%		54.3%
Total gross profit	61.3%		61.7%
Operating expenses:			
Research and development	12,891	(610)	12,281
Sales and marketing	13,898	(405)	13,493
General and administrative	6,719	(633)	6,086
Total operating expenses	<u>33,508</u>	<u>(1,648)</u>	<u>31,860</u>
Income from operations	<u>3,230</u>	<u>1,903</u>	<u>5,133</u>
Interest expense	(137)	-	(137)
Interest income	<u>3,442</u>	<u>-</u>	<u>3,442</u>
Income before provision for income taxes	<u>6,535</u>	<u>1,903</u>	<u>8,438</u>
Provision for income taxes	791	-	791
Net income	<u>\$ 5,744</u>	<u>\$ 1,903</u>	<u>\$ 7,647</u>
Net income per share:			
Basic	\$ 0.02		\$ 0.03
Diluted	\$ 0.02		\$ 0.03
Weighted average shares outstanding:			
Basic	250,064		250,064
Diluted	254,459		254,459

(1) Non-GAAP adjustments represent recorded stock-based compensation expense.

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