

**SONUS NETWORKS, INC.**  
**Condensed Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 50,309	\$ 155,679
Marketable debt securities	239,312	140,569
Accounts receivable, net	33,272	72,321
Inventory, net	37,169	37,831
Other current assets	15,197	15,833
Deferred income taxes	519	519
Total current assets	<u>375,778</u>	<u>422,752</u>
<b>Property and equipment, net</b>	15,315	15,181
<b>Long-term investments</b>	50,616	17,993
<b>Other assets</b>	<u>1,878</u>	<u>631</u>
	<u>\$ 443,587</u>	<u>\$ 456,557</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 16,370	\$ 20,408
Accrued expenses	19,384	23,204
Accrued restructuring expenses	198	195
Current portion of deferred revenue	73,209	88,199
Current portion of long-term liabilities	49	48
Convertible subordinated note	10,000	10,000
Total current liabilities	<u>119,210</u>	<u>142,054</u>
<b>Long-term deferred revenue, less current portion</b>	28,990	33,853
<b>Long-term liabilities, less current portion</b>	<u>422</u>	<u>485</u>
Total liabilities	<u>148,622</u>	<u>176,392</u>
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Common stock	254	252
Capital in excess of par value	1,064,989	1,055,941
Accumulated deficit	(769,973)	(775,717)
Accumulated other comprehensive loss	(38)	(44)
Treasury stock	(267)	(267)
Total stockholders' equity	<u>294,965</u>	<u>280,165</u>
	<u>\$ 443,587</u>	<u>\$ 456,557</u>