

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

	Three Months Ended March 31, 2006	Three Months Ended December 31, 2005	Three Months Ended March 31, 2005
Revenues :			
Product	\$ 44,383	\$ 41,908	\$ 22,458
Service	15,589	15,342	11,152
Total revenues	<u>59,972</u>	<u>57,250</u>	<u>33,610</u>
Cost of revenues:			
Product	15,853	13,965	6,843
Service	7,381	6,905	5,269
Total cost of revenues	<u>23,234</u>	<u>20,870</u>	<u>12,112</u>
Gross profit	<u>36,738</u>	<u>36,380</u>	<u>21,498</u>
Gross profit %:			
Product	64.3%	66.7%	69.5%
Service	52.7%	55.0%	52.8%
Total gross profit	61.3%	63.5%	64.0%
Operating expenses:			
Research and development	12,891	12,483	11,017
Sales and marketing	13,898	12,886	9,027
General and administrative	6,719	8,116	6,800
Total operating expenses	<u>33,508</u>	<u>33,485</u>	<u>26,844</u>
Income (loss) from operations	<u>3,230</u>	<u>2,895</u>	<u>(5,346)</u>
Interest expense	(137)	(121)	(128)
Interest income	3,442	3,092	1,875
Income (loss) before provision for income taxes	6,535	5,866	(3,599)
Provision for income taxes	791	844	96
Net income (loss)	<u>\$ 5,744</u>	<u>\$ 5,022</u>	<u>\$ (3,695)</u>
Net income (loss) per share:			
Basic	\$ 0.02	\$ 0.02	\$ (0.01)
Diluted	\$ 0.02	\$ 0.02	\$ (0.01)
Weighted average shares outstanding:			
Basic	250,064	249,390	247,877
Diluted	254,459	252,356	247,877

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