

SONUS NETWORKS, INC.
Reconciliation of Non-GAAP and GAAP Financial Information
(In thousands)

		<u>Quarter Ended</u>
	Notes	March 31, 2007
GAAP Cost of revenues - product		\$ 17,082
Stock-based compensation expense	A	<u>(90)</u>
Non-GAAP Cost of revenues - product		<u>16,992</u>
GAAP Cost of revenues - service		8,579
Stock-based compensation expense	A	<u>(582)</u>
Non-GAAP Cost of revenues - service		<u>7,997</u>
GAAP Gross profit		45,485
Stock-based compensation expense	A	<u>672</u>
Non-GAAP Gross profit		<u>46,157</u>
GAAP Gross profit % of revenue		63.9%
Stock-based compensation expense % of revenue	A	<u>0.9%</u>
Non-GAAP Gross profit % of revenue		<u>64.9%</u>
GAAP Research and development expenses		18,698
Stock-based compensation expense	A	<u>(3,209)</u>
Non-GAAP Research and development expenses		<u>15,489</u>
GAAP Sales and marketing expenses		23,050
Stock-based compensation expense	A	<u>(3,522)</u>
Non-GAAP Sales and marketing expenses		<u>19,528</u>
GAAP General and administrative expenses		14,062
Stock-based compensation expense	A	(1,466)
Stock option investigation costs	B	<u>(4,197)</u>
Non-GAAP General and administrative expenses		<u>8,399</u>
GAAP Total operating expenses % of revenue		78.4%
Stock-based compensation expense % of revenue	A	-11.5%
Stock option investigation costs % of revenue	B	<u>-5.9%</u>
Non-GAAP Total operating expenses % of revenue		<u>61.0%</u>
GAAP Loss from operations		(10,325)
Stock-based compensation expense	A	8,869
Stock option investigation costs		<u>4,197</u>
Non-GAAP Income from operations		<u>\$ 2,741</u>
GAAP Income tax benefit		2,407
Income tax effect of non-GAAP adjustments	F	<u>(4,947)</u>
Non-GAAP Income tax provision		<u>\$ (2,540)</u>