

Zhone Technologies, Inc.

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September 1, 2005

Dear Paradyne customers:

We are extremely pleased to let you know that Zhone Technologies, Inc. today announced that it has completed the acquisition of Paradyne Networks, Inc.

By bringing the two companies together, we hope to be able to better serve your needs as a single source for both access and transport network solutions. Zhone recognizes your existing business relationship with Paradyne and we want to ensure that you are provided with information that you might need as a result of this acquisition process.

The success of this merger will be determined by our ability to address your needs as a customer. As such, I wanted to write you personally and let you know that Zhone plans to carry forward with Paradyne's products, including both ongoing maintenance and new feature development, after the acquisition is complete. In addition, both Sean Belanger and Pat Murphy of Paradyne have agreed to remain with Zhone for up to two years to assist in the transition.

We have already begun to visit with Paradyne's customers to learn how we can better serve you. I also want to hear from you regarding any aspect of the relationship where we might improve.

In addition, we will be hosting our annual customer event in early 2006. There you will be able to meet with our entire management team and with the Zhone customer base in order to gain better understanding of our current products, applications and the direction of our company. We would like to invite you to join us at this event as our guest. Please look for details to follow.

I have enclosed a brief Question and Answer document that covers key points of the merger and includes a list of key contacts. Should you need further information, please visit our website at www.zhone.com or contact Zhone directly by calling: 1 (510) 777-7000. For your convenience, please also find my contact information below should you have immediate questions.

From all of us at Zhone, we very much look forward to a continued working relationship.

Sincerely,

/S/ Mory Ejabat

Mory Ejabat
Chairman and CEO
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