

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
MAY 8, 2006

DATE OF REPORT (Date of Earliest Event Reported)

SONUS NETWORKS, INC.  
(Exact Name of Registrant as Specified in its Charter)

|   |                             |                                      |
|---|-----------------------------|--------------------------------------|
| Delaware  | 000-30229                   | 04-3387074                           |
| (State or Other Jurisdiction<br>of Incorporation) | (Commission<br>File Number) | (IRS Employer<br>Identification No.) |
| 250 Apollo Drive, Chelmsford, Massachusetts       |                             | 01824                                |
| (Address of Principal Executive Offices)          |                             | (Zip Code)                           |

(978) 614-8100  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

The information in this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 8, 2006, Sonus Networks, Inc. issued a press release reporting its financial results for the quarter ended March 31, 2006. A copy of the press release is attached as Exhibit 99.1 hereto.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

- 99.1 Press release of Sonus Networks, Inc. dated May 8, 2006 reporting financial results for the quarter ended March 31, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 8, 2006

SONUS NETWORKS, INC.

By: /s/ Ellen Richstone

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Ellen Richstone  
Chief Financial Officer

EXHIBIT INDEX

99.1 Press Release of Sonus Networks, Inc. dated May 8, 2006 Reporting  
Financial Results for the Quarter Ended March 31, 2006.

SONUS NETWORKS REPORTS 2006 FIRST QUARTER RESULTS  
Record First Quarter Revenues Increased 78% Annually;  
EPS of \$0.02 Reflects \$0.01 Per Share for Stock-Based Compensation Expense

CHELMSFORD, MASS., MAY 8, 2006 - Sonus Networks, Inc. (Nasdaq: SONS), a leading supplier of service provider Voice over IP (VoIP) infrastructure solutions, today reported its financial results for the first quarter ended March 31, 2006.

Revenues for the first quarter of fiscal 2006 were \$60 million, compared with \$57.2 million in the fourth quarter of fiscal 2005 and \$33.6 million for the first quarter of fiscal 2005.

Net income on a GAAP basis for the first quarter of 2006 was \$5.7 million or \$0.02 per share. Excluding stock-based compensation expense of \$1.9 million, non-GAAP net income for the first quarter of 2006 was \$7.6 million or \$0.03 per share, compared with a net loss of \$3.7 million or \$0.01 per share for the first quarter of 2005.

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"Q1 was another solid quarter for Sonus. We reported record quarterly revenues and healthy cash flow from operations, while making strides toward achieving our long-term financial model," said Hassan Ahmed, chairman and CEO, Sonus Networks. "Our laser-focused mission to expand our presence around the globe and execute on our strategy generated results that went well beyond our financial performance for the quarter. We unveiled eight new deployments with operators globally, delivered the latest version of our industry-leading software, extended our wireless solutions, and bolstered our renowned Open Services Partner Alliance by announcing interoperability with some of the largest consumer brands. We are proud of our leadership position in the market and our ability to help the world's network operators deliver communications services that will enhance the consumer experience and improve service providers' business models."

With the adoption of Statement of Financial Accounting Standards No. 123R (FAS 123R) as of January 1, 2006, Sonus Networks is reporting stock-based compensation expense under FAS 123R in its generally accepted accounting principles (GAAP) results for the first time. Sonus recorded \$1.9 million of stock-based compensation on its condensed consolidated statement of operations for the three months ended March 31, 2006.

The financial statements attached to this press release present both GAAP net income and net income excluding this stock-based compensation expense. The reconciliation between GAAP and non-GAAP net income is provided in a table immediately following the GAAP Condensed Consolidated Statements of Operations.

Sonus reported today that the company has completed two years of selling its products through its reseller, Motorola, Inc., and, as a result of its positive history with Motorola, is now reporting this revenue on a sell-in basis where revenue is recognized upon the shipment of products to Motorola, resulting in approximately an additional \$3 million in revenue being recognized in the first quarter of fiscal 2006. Sonus' Quarterly Report on Form 10-Q filed today provides further details.

"We are very pleased that our focus on strengthening our relationship with Motorola and the positive experience we have had over the past two years has allowed us to take one more step in improving the transparency and efficiency of our revenue conversion cycle, which will benefit our shareholders," said Bert Notini, president and COO, Sonus Networks.

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In Q1 2006, Sonus announced new or expanded customer relationships with eight of the world's most innovative service providers. In North America, Vonage Network, a subsidiary of Vonage Holdings Corp., deployed Sonus' industry-leading IP Multimedia Subsystem (IMS)-ready solution to support traffic from their rapidly growing subscriber base. Vonage is a leading provider of broadband telephone services with over 1.6 million subscriber lines as of April 1, 2006. Also in the United States, Sonus announced that West Interactive Corporation and 360networks Corporation each selected Sonus' IMS-ready architecture as the foundation for their next generation IP-based voice service. Sonus announced that Intrado Inc., a global provider of integrated data and telecommunications solutions, has tapped Sonus to provide key elements of its IMS-ready architecture to support Intrado's nationwide expansion of its V9-1-1(R) Services.

Sonus also continued to extend its leadership position in Japan during Q1. The Company announced that KDDI, a leading telecommunication service provider in Japan, selected it as the exclusive vendor for its convergence-enabled packet voice network. The new packet voice network will deliver enhanced voice services to a key market that is at the forefront of technology adoption. It is planned to be the largest IP telephony network in Japan with KDDI aiming to have 100 percent of its long-distance traffic on a Sonus-based VoIP network by 2008. Sonus announced its first Japanese wireless customer, WILLCOM, Inc., a major provider of wireless data and voice services and the largest operator employing Personal Handyphone System (PHS) technology in Japan. JAPAN TELECOM Co., Ltd., one of Japan's largest carriers and a wholly owned subsidiary of SOFTBANK Corp., also announced that it selected Sonus as the foundation for its next-generation IP-based voice network.

Sonus' partnerships with the leading service providers throughout Japan solidified the Company's position as the market leader. According to a report issued by Synergy Research Group, for the full year 2005, Sonus led the Japanese market with a 36.1% market share position, more than double any other equipment provider. Sonus also accounted for approximately 76% of the Japanese high density gateway market and more than 61% of the total Japanese gateway market in 2005.

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Globally, Sonus continued to be recognized as a market share leader in IP-based voice solutions. By the end of Q1, voice traffic being carried over Sonus' solutions reached approximately 19 billion minutes per month. In recognition of Sonus' leadership position, Frost & Sullivan awarded the Company the 2006 IP Communications Carrier Infrastructure Technology Innovation & Leadership of the Year Award, an award that is presented to the company that has excelled delivering advanced telecommunications solutions to the market, enabling the seamless evolution of voice networks.

Recognizing that application delivery is a key competitive differentiator for today's carriers, Sonus continued to leverage its industry-leading partner program, the Open Services Partner Alliance (OSPA) to deliver greater value to its customers. In Q1, the Company announced that it extended its partnership with IP Unity to deliver a suite of enhanced services as part of the recently-introduced Sonus Certified Consumer Voice over Broadband (c-VoBB) solution. Sonus also announced a new partner relationship with Atreus Systems to deliver hosted value-added consumer and business voice services, including Hosted PBX, business trunking (Integrated Access), conferencing, and voice VPN services. Further, the Company announced that it successfully completed interoperability testing between Sonus' VoBB platform and NETGEAR's line of broadband phone adapters, streamlining next-generation customer access services.

"The impact of IP-based voice technologies has largely taken place behind the scenes, offering immense value to service providers, but remaining relatively transparent to consumers," continued Ahmed. "But in the coming years, the entire communications paradigm will change as a result of IP-based technologies. Consumers will experience a new level of richness in their communications experience with customizable applications and services that integrate both voice and data. This is a very exciting time in the history of voice communications, and as both wireless and wireline service providers continue to embrace next-generation voice solutions, Sonus is poised to capitalize on the market's evolution to a smarter, more robust voice network."

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## ABOUT SONUS NETWORKS

Sonus Networks, Inc. is a leading provider of voice over IP (VoIP) infrastructure solutions for wireline and wireless service providers. With its comprehensive IP Multimedia Subsystem (IMS) solution, Sonus addresses the full range of carrier applications, including residential and business voice services, wireless voice and multimedia, trunking and tandem switching, carrier interconnection and enhanced services. Sonus' voice infrastructure solutions are deployed in service provider networks worldwide. Founded in 1997, Sonus is headquartered in Chelmsford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release may contain forward-looking statements regarding future events that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to Item 1A "Risk Factors" of Sonus' Annual Report on Form 10-K dated March 14, 2006 and Quarterly Report on Form 10-Q dated May 8, 2006, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Risk factors include among others: the impact of material weaknesses in our disclosure controls and procedures and our internal control over financial reporting on our ability to report our financial results timely and accurately; the unpredictability of our quarterly financial results; risks associated with our international expansion and growth; consolidation in the telecommunications industry; and potential costs resulting from pending securities litigation against the company. Any forward-looking statements represent Sonus' views only as of today and should not be relied upon as representing Sonus' views as of any subsequent date. While Sonus may elect to update forward-looking statements at some point, Sonus specifically disclaims any obligation to do so.

Sonus is a registered trademark of Sonus Networks. All other company and product names may be trademarks of the respective companies with which they are associated.

In addition to Sonus' financial results which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), this release includes certain non-GAAP financial results to assist investors and analysts in assessing our periodic operating results. The non-GAAP financial results exclude non-cash stock-based compensation expense. Non-GAAP financial results are not a substitute for GAAP results.

Sonus uses non-GAAP financial results internally as an alternative means for assessing our results of operations. By excluding a non-cash charge such as stock-based compensation, Sonus can evaluate its operations excluding this non-cash charge and can compare its results on a more consistent basis to the results of other companies in the industry and to its operations in prior quarters where it did not include stock-based compensation expense under FAS123-R in its GAAP results. For its internal budgeting and planning, Sonus' management uses financial statements that do not include employee stock-based compensation. Sonus' management also uses the foregoing non-GAAP results, in addition to the corresponding GAAP results, in determining objectives for compensation and bonus programs or reviewing the financial performance of Sonus.

Non-GAAP financial results that exclude stock-based compensation expense also provide useful information to investors and analysts to more readily compare the Company's operations to prior financial results and to the financial results of other companies in the industry who similarly exclude stock-based compensation expense in non-GAAP results to investors and analysts. Because we have historically reported results that exclude stock-based compensation under FAS123-R to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting.

We intend to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

SONUS NETWORKS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

|   | THREE MONTHS<br>ENDED<br>MARCH 31,<br>2006 | THREE MONTHS<br>ENDED<br>DECEMBER 31,<br>2005 | THREE MONTHS<br>ENDED<br>MARCH 31,<br>2005 |
|---|--|---|--|
|   | -----                                      | -----   | -----                                      |
| REVENUES :                                      |  |   |  |
| Product   | \$ 44,383                                  | \$ 41,908                                     | \$ 22,458                                  |
| Service   | 15,589                                     | 15,342  | 11,152                                     |
|   | -----                                      | -----   | -----                                      |
| Total revenues                                  | 59,972                                     | 57,250  | 33,610                                     |
|   | -----                                      | -----   | -----                                      |
| COST OF REVENUES:                               |  |   |  |
| Product   | 15,853                                     | 13,965  | 6,843                                      |
| Service   | 7,381                                      | 6,905   | 5,269                                      |
|   | -----                                      | -----   | -----                                      |
| Total cost of revenues                          | 23,234                                     | 20,870  | 12,112                                     |
|   | -----                                      | -----   | -----                                      |
| GROSS PROFIT                                    | 36,738                                     | 36,380  | 21,498                                     |
|   | -----                                      | -----   | -----                                      |
| 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                        | 33,508                                     | 33,485  | 26,844                                     |
|   | -----                                      | -----   | -----                                      |
| INCOME (LOSS) FROM OPERATIONS                   | 3,230                                      | 2,895   | (5,346)                                    |
|   | -----                                      | -----   | -----                                      |
| 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)                               | \$ 5,744                                   | \$ 5,022                                      | \$ (3,695)                                 |
|   | =====                                      | =====   | =====                                      |
| 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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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                           | 59,972                            | --              | 59,972      |
| COST OF REVENUES:                        |                                   |                 |             |
| Product                                  | 15,853                            | (3)             | 15,850      |
| Service                                  | 7,381                             | (252)           | 7,129       |
| Total cost of revenues                   | 23,234                            | (255)           | 22,979      |
| GROSS PROFIT                             | 36,738                            | 255             | 36,993      |
| 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                 | 33,508                            | (1,648)         | 31,860      |
| INCOME FROM OPERATIONS                   | 3,230                             | 1,903           | 5,133       |
| Interest expense                         | (137)                             | --              | (137)       |
| Interest income                          | 3,442                             | --              | 3,442       |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 6,535                             | 1,903           | 8,438       |
| Provision for income taxes               | 791                               | --              | 791         |
| NET INCOME                               | \$ 5,744                          | \$ 1,903        | \$ 7,647    |
| 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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SONUS NETWORKS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)  
(UNAUDITED)

|  | MARCH 31,<br>2006 | DECEMBER 31,<br>2005 |
|--|-------------------|----------------------|
|  | -----             | -----                |
| ASSETS   |                   |                      |
| CURRENT ASSETS:                                  |                   |                      |
| 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                             | 375,778           | 422,752              |
| Property and equipment, net                      | 15,315            | 15,181               |
| Long-term investments                            | 50,616            | 17,993               |
| Other assets                                     | 1,878             | 631                  |
|  | -----             | -----                |
|  | \$ 443,587        | \$ 456,557           |
|  | =====             | =====                |
| LIABILITIES AND STOCKHOLDERS' EQUITY             |                   |                      |
| CURRENT LIABILITIES:                             |                   |                      |
| 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                        | 119,210           | 142,054              |
| Long-term deferred revenue, less current portion | 28,990            | 33,853               |
| Long-term liabilities, less current portion      | 422               | 485                  |
|  | -----             | -----                |
| Total liabilities                                | 148,622           | 176,392              |
|  | -----             | -----                |
| Commitments and contingencies                    |                   |                      |
| STOCKHOLDERS' EQUITY:                            |                   |                      |
| 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                       | 294,965           | 280,165              |
|  | -----             | -----                |
|  | \$ 443,587        | \$ 456,557           |
|  | =====             | =====                |

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SONUS NETWORKS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

|  | THREE MONTHS<br>ENDED<br>MARCH 31,<br>2006<br>----- | THREE MONTHS<br>ENDED<br>MARCH 31,<br>2005<br>----- |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |   |   |
| Net income (loss)  | \$ 5,744  | \$ (3,695)  |
| Adjustments to reconcile net income (loss) to cash flows provided by (used in) operating activities: |   |   |
| Depreciation and amortization of property and equipment  | 2,293   | 1,476   |
| Stock-based compensation   | 1,903   | --  |
| Loss of disposal of property and equipment   | 6   | --  |
| Changes in current assets and liabilities  |   |   |
| Accounts receivable  | 39,071  | 4,855   |
| Inventory  | 713   | (2,910)   |
| Other current assets   | (857)   | (762)   |
| Accounts payable   | (4,072)   | 1,334   |
| Accrued expenses and accrued restructuring expenses  | (3,926)   | (1,330)   |
| Deferred revenue   | (19,920)  | 948   |
|  | -----   | -----   |
| Cash flows provided by (used in) operating activities  | 20,955  | (84)  |
|  | -----   | -----   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |   |   |
| Purchases of property and equipment  | (2,328)   | (4,303)   |
| (Purchases) maturities of marketable debt securities, net  | (131,366)   | 2,977   |
| Decrease in restricted cash  | 250   | --  |
| Other assets   | 85  | (81)  |
|  | -----   | -----   |
| Net cash used in investing activities  | (133,359)   | (1,407)   |
|  | -----   | -----   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |   |   |
| Sales of common stock in connection with employee stock purchase plan                                | 2,311   | 2,313   |
| Proceeds from exercise of stock options  | 4,821   | 420   |
| Payments of long-term liabilities  | (12)  | (58)  |
|  | -----   | -----   |
| Net cash provided by financing activities  | 7,120   | 2,675   |
|  | -----   | -----   |
| Effect of exchange rate changes on cash and cash equivalents   | (86)  | --  |
| Net (decrease) increase in cash and cash equivalents   | (105,370)   | 1,184   |
|  | -----   | -----   |
| Cash and cash equivalents, beginning of period   | 155,679   | 121,931   |
|  | -----   | -----   |
| Cash and cash equivalents, end of period   | \$ 50,309   | \$ 123,115  |
|  | =====   | =====   |

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