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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 10, 2003

Date of Report (Date of earliest event reported)  
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SONUS NETWORKS, INC.  
(Exact Name of Registrant as Specified in its Charter)

DELAWARE  
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000-30229  
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04-3387074  
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(State or Other Jurisdiction (Commission File Number)  
of Incorporation)

(IRS Employer  
Identification No.)

5 CARLISLE ROAD, WESTFORD, MASSACHUSETTS 01886  
(Address of Principal Executive Offices) (Zip Code)

(978) 692-8999

(Registrant's telephone number, including area code)

Item 9. REGULATION FD DISCLOSURE (INFORMATION FURNISHED PURSUANT TO  
ITEM 12, "RESULTS OF OPERATIONS AND FINANCIAL CONDITION")

In accordance with SEC Release No. 33-8216, the information in this Form 8-K and the exhibit attached hereto, which is intended to be furnished under "Item 12. Results of Operations and Financial Condition," is instead being furnished under "Item 9. Regulation FD Disclosure." Such information 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.

On July 10, 2003, Sonus Networks, Inc. issued a press release providing financial results for the fiscal quarter ended June 30, 2003. A copy of the press release is attached as Exhibit 99.1 hereto.

The press release attached as an exhibit to this report includes "safe harbor" language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements about Sonus' business contained in the press release are "forward-looking" rather than "historic." The press release also states that these and other risks relating to Sonus' business are set forth in the documents filed by Sonus with the Securities and Exchange Commission.

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: July 10, 2003

SONUS NETWORKS, INC.

By:

/s/ Stephen J. Nill

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Stephen J. Nill

Chief Financial Officer, Vice President of  
Finance and Administration and Treasurer

Exhibit Index

- 99.1 Press release dated July 10, 2003 reporting the financial results of Sonus Networks, Inc. for the fiscal quarter ended June 30, 2003.

## Sonus Networks Reports 2003 Second Quarter Financial Results

WESTFORD, Mass.--(BUSINESS WIRE)--July 10, 2003--

Revenues Increase 33% Sequentially, Loss Narrows to \$0.01 Per Share;  
Verizon Deploys Sonus Networks for Select Long Distance VoIP Expansion

Sonus Networks, Inc. (Nasdaq: SONS), a leading provider of voice infrastructure solutions for the new public network, today reported its financial results for the second quarter ended June 30, 2003.

Revenues for the second quarter of fiscal 2003 were \$21.4 million compared with \$16.0 million for the first quarter of fiscal 2003 and \$21.3 million for the second quarter of fiscal 2002. Net loss for the second quarter of fiscal 2003 was \$3.2 million or \$0.01 per share compared with a net loss for the first quarter of fiscal 2003 of \$4.4 million or \$0.02 per share and a net loss of \$17.8 million or \$0.09 per share for the second quarter of fiscal 2002.

Revenues for the first six months of fiscal 2003 were \$37.4 million compared with \$42.5 million in the same period last year. Net loss for the first six months of fiscal 2003 was \$7.6 million or \$0.04 per share compared with a net loss for the first six months of fiscal 2002 of \$34.0 million or \$0.18 per share.

"We are pleased with the progress that we made in the second quarter, particularly with our 33% sequential revenue growth," said Hassan Ahmed, president and CEO, Sonus Networks. "We executed across all areas of the business - broadening and strengthening our customer base, expanding our leading product offering, bolstering our balance sheet and advancing our drive to profitability."

Sonus Networks also announced today that Verizon Communications has deployed Sonus' voice infrastructure solutions to support Verizon's delivery of long distance services to select markets. Verizon is now carrying customer traffic on its Sonus infrastructure.

"Implementing innovative network technologies is a critical component of Verizon's strategy, and we are proud to play a role in supporting the development of Verizon's advanced, next-generation network," continued Ahmed.

Under the agreement, Verizon is implementing Sonus' GSX9000(TM) Open Services Switch, the Insignus(TM) Softswitch and Sonus Insight(TM) Management System. Verizon has completed the first office application (FOA) and is now expanding its network footprint to additional U.S. markets.

During the second quarter, Sonus announced deployments with four new customers in North America and in Asia. IDT Corporation is deploying Sonus' voice infrastructure solutions to expand IDT's international reach and to deliver domestic and international calling card services. New York-based Epana Networks has also implemented a Sonus-based network to support the delivery of their prepaid calling services. In Mexico, Unefon is building out a VoIP network with Sonus to provide access services, as well as long distance and enhanced services, to enterprise customers. In Japan, Asia Internet Holdings recently launched its wholesale VoIP service for telecommunications service providers and carriers in the Asia Pacific region based on the Sonus Networks solution.

Further broadening its leading product offerings, Sonus this quarter introduced its new SMART Services(TM) packet-based enhanced services. By combining Sonus' native service capabilities with those of select Open Services Partner Alliance(SM) (OSPA) members, Sonus is now offering a suite of enhanced services, including IP Centrex, prepaid/postpaid calling cards, network based call centers, conferencing, unified communications and voice virtual private networks (VPN).

Finally, Sonus continued to focus on strengthening its financial position during the quarter. In April, the company completed a public offering of its common stock, adding approximately \$57 million to its balance sheet.

"Our revenue growth, coupled with premier customer wins like Verizon Communications underscores our belief that the packet voice market is entering a new phase," continued Ahmed. "Incumbent carriers are now adopting packet voice solutions and Sonus Networks is proud to be at the forefront of this transition."

#### About Sonus Networks

Sonus Networks, Inc., is a leading provider of packet voice infrastructure products for the new public network. With its Open Services Architecture (OSA), Sonus delivers end-to-end solutions addressing a full range of carrier applications, including trunking, residential access and Centrex, tandem switching, and IP voice termination, as well as enhanced services. Sonus' award-winning voice infrastructure solutions, including media gateways, softswitches and

network management systems, are deployed in service provider networks worldwide. Sonus, founded in 1997, is headquartered in Westford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sonus 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 the "Cautionary Statements" section of Sonus' Quarterly Report on Form 10-Q, dated May 9, 2003 and filed with the SEC, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. These risk factors include, among others, the adverse effect of recent developments in the telecommunications industry, the weakened financial position of many service providers, Sonus' ability to grow its customer base, dependence on new product offerings, market acceptance of its products, rapid technological and market change and manufacturing and sourcing risks. In addition, 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. Open Services Architecture, GSX9000, Insignus, Sonus Insight and SMARRT Services are trademarks of Sonus Networks. Open Services Partner Alliance is a service mark of Sonus Networks. All other company and product names may be trademarks of the respective companies with which they are associated.

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

	June 30, 2003	December 31, 2002
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash, cash equivalents and marketable securities	\$161,064	\$111,167
Accounts receivable, net	6,076	2,956
Inventories	11,552	10,776
Other current assets	6,464	3,806
<b>Total current assets</b>	<b>185,156</b>	<b>128,705</b>
Property and equipment, net	7,271	11,174
Purchased intangible assets, net	632	1,174
Other assets, net	365	480
	<b>\$193,424</b>	<b>\$141,533</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$35,954	\$37,521
Accrued restructuring expenses	1,204	3,143
Deferred revenue	34,182	29,235
Current portion of long-term obligations	1,431	1,606
<b>Total current liabilities</b>	<b>72,771</b>	<b>71,505</b>
Long-term obligations, less current portion	2,200	3,293
Convertible subordinated notes	10,000	10,000
<b>Stockholders' equity:</b>		
Common stock	228	207
Capital in excess of par value	915,698	858,126
Accumulated deficit	(805,459)	(797,868)
Deferred compensation	(1,748)	(3,469)
Treasury stock	(266)	(261)
<b>Total stockholders' equity</b>	<b>108,453</b>	<b>56,735</b>
	<b>\$193,424</b>	<b>\$141,533</b>

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

Three months ended June 30, 2003	
US GAAP	Adjustments Non-GAAP
Results	Results (A)

Revenues	\$21,356	\$--	\$21,356
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	--	--	--
Other cost of revenues	8,793	--	8,793
Total cost of revenues	8,793	--	8,793
Gross profit	12,563	--	12,563
Gross profit %	58.8%		58.8%
Operating expenses:			
Research and development	8,245	--	8,245
Sales and marketing	5,643	--	5,643
General and administrative	1,188	--	1,188
Stock-based compensation	739	(739)	--
Amort. of goodwill and purchased intangible assets	271	(271)	--
Restructuring charges (benefit), net	--	--	--
Total operating expenses	16,086	(1,010)	15,076
Loss from operations	(3,523)	1,010	(2,513)
Interest expense	(148)	--	(148)
Interest income	461	--	461
Net loss	\$(3,210)	\$1,010	\$(2,200)
Basic and diluted net loss per share	\$(0.01)		\$(0.01)
Shares used in computation	215,970		215,970

Three months ended June 30, 2002  
US GAAP Adjustments Non-GAAP  
Results Results (A)

Revenues	\$21,295	\$--	\$21,295
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	--	--	--
Other cost of revenues	9,948	--	9,948
Total cost of revenues	9,948	--	9,948
Gross profit	11,347	--	11,347
Gross profit %	53.3%		53.3%
Operating expenses:			
Research and development	12,225	--	12,225
Sales and marketing	8,280	--	8,280
General and administrative	1,690	--	1,690
Stock-based compensation	5,950	(5,950)	--
Amort. of goodwill and purchased intangible assets	383	(383)	--
Restructuring charges (benefit), net	1,013	(1,013)	--
Total operating expenses	29,541	(7,346)	22,195
Loss from operations	(18,194)	7,346	(10,848)
Interest expense	(136)	--	(136)
Interest income	512	--	512
Net loss	\$(17,818)	\$7,346	\$(10,472)
Basic and diluted net loss per share	\$(0.09)		\$(0.06)
Shares used in computation	189,193		189,193

Three months ended March 31, 2003  
US GAAP Adjustments Non-GAAP  
Results Results (A)

Revenues	\$16,019	\$--	\$16,019
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	(735)	735	--
Other cost of revenues	6,165	--	6,165
Total cost of revenues	5,430	735	6,165
Gross profit	10,589	(735)	9,854
Gross profit %	66.1%		61.5%
Operating expenses:			
Research and development	7,702	--	7,702
Sales and marketing	5,274	--	5,274
General and administrative	1,080	--	1,080

Stock-based compensation	894	(894)	--
Amort. of goodwill and purchased intangible assets	271	(271)	--
Restructuring charges (benefit), net	--	--	--
Total operating expenses	15,221	(1,165)	14,056
Loss from operations	(4,632)	430	(4,202)
Interest expense	(130)	--	(130)
Interest income	381	--	381
Net loss	\$(4,381)	\$430	\$(3,951)
Basic and diluted net loss per share	\$(0.02)		\$(0.02)
Shares used in computation	198,703		198,703

(A) These Adjusted Condensed Consolidated Statements of Operations are for informational purposes only and are not in accordance with US generally accepted accounting principles (GAAP). These statements exclude the impact of the write-off (benefit) of inventory and purchase commitments, amortization of stock-based compensation, amortization of goodwill and purchased intangible assets and restructuring charges (benefit). Sonus' management uses the Non-GAAP financial results as an alternative means for assessing Sonus' quarterly operations. Even though Sonus' management recognizes that Non-GAAP financial results are not a substitute for GAAP results, Non-GAAP measures are helpful in assisting Sonus' management understand and manage its business. Please refer to the section entitled Explanation of Use of Non-GAAP Financial Results on page 29 of Sonus' Annual Report on Form 10-K, dated March 19, 2003, which explains in detail the use by Sonus' management of Non-GAAP financial results.

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

	Six months ended June 30, 2003		
	US GAAP Results	Adjustments	Non GAAP Results (A)
Revenues	\$37,375	\$--	\$37,375
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	(735)	735	--
Other cost of revenues	14,958	--	14,958
Total cost of revenues	14,223	735	14,958
Gross profit	23,152	(735)	22,417
Gross profit %	61.9%		60.0%
Operating expenses:			
Research and development	15,947	--	15,947
Sales and marketing	10,917	--	10,917
General and administrative	2,268	--	2,268
Stock-based compensation	1,633	(1,633)	--
Amort. of goodwill and purchased intangible assets	542	(542)	--
Restructuring charges (benefit), net	--	--	--
Total operating expenses	31,307	(2,175)	29,132
Loss from operations	(8,155)	1,440	(6,715)
Interest expense	(278)	--	(278)
Interest income	842	--	842
Net loss	\$(7,591)	\$1,440	\$(6,151)
Basic and diluted net loss per share	\$(0.04)		\$(0.03)
Shares used in computation	207,483		207,483

	Six months ended June 30, 2002		
	US GAAP Results	Adjustments	Non GAAP Results (A)
Revenues	\$42,453	\$--	\$42,453
Cost of revenues:			
Write-off (benefit) of inventory			

and purchase commitments	9,434	(9,434)	--
Other cost of revenues	19,823	--	19,823
Total cost of revenues	29,257	(9,434)	19,823
Gross profit	13,196	9,434	22,630
Gross profit %	31.1%		53.3%
Operating expenses:			
Research and development	26,840	--	26,840
Sales and marketing	16,687	--	16,687
General and administrative	3,156	--	3,156
Stock-based compensation	11,693	(11,693)	--
Amort. of goodwill and purchased intangible assets	789	(789)	--
Restructuring charges (benefit), net	(11,128)	11,128	--
Total operating expenses	48,037	(1,354)	46,683
Loss from operations	(34,841)	10,788	(24,053)
Interest expense	(275)	--	(275)
Interest income	1,104	--	1,104
Net loss	\$(34,012)	\$10,788	\$(23,224)
Basic and diluted net loss per share	\$(0.18)		\$(0.12)
Shares used in computation	187,593		187,593

(A) These Adjusted Condensed Consolidated Statements of Operations are for informational purposes only and are not in accordance with US generally accepted accounting principals (GAAP). These statements exclude the impact of the write-off (benefit) of inventory and purchase commitments, amortization of stock-based compensation, amortization of goodwill and purchased intangible assets and restructuring charges(benefit). Sonus' management uses the non-GAAP financial results as an alternative means for assessing Sonus' quarterly operations. Even though Sonus' management recognizes that non-GAAP financial results are not a substitute for GAAP results, non-GAAP measures are helpful in assisting Sonus' management understand and manage its business. Please refer to the section entitled Explanation of Use of Non-GAAP Financial Results on page 29 of Sonus' Annual Report on Form 10-K, dated March 19, 2003, which explains in detail the use by Sonus' management of non-GAAP financial results.

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