
**UNITED STATES
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 18, 2010

Date of Report (Date of earliest event reported)

SONUS NETWORKS, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

001-34115
(Commission File Number)

04-3387074
(IRS Employer
Identification No.)

7 TECHNOLOGY PARK DRIVE, WESTFORD, MASSACHUSETTS 01886
(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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 18, 2010, Dr. Richard N. Nottenburg, President and Chief Executive Officer of Sonus Networks, Inc. (the "Company"), and the Company entered into a letter agreement (the "Retention Letter") pursuant to which Dr. Nottenburg agreed to stay with the Company while assisting the Company with an orderly transition of his duties and responsibilities. Dr. Nottenburg agreed to remain in his current role as President and Chief Executive Officer until the earlier of (i) the date the Board of Directors of the Company (the "Board") relieves him of such duties or (ii) March 31, 2011 (such earlier date, the "Effective Termination Date").

The Retention Letter includes the following material provisions relating to Dr. Nottenburg's compensation:

- Dr. Nottenburg will continue to be entitled to his "Base Salary", as defined in his employment letter dated May 13, 2008 (the "Employment Letter"), through March 31, 2011, with any unpaid balance payable in a lump sum if his employment is terminated by the Board prior to March 31, 2011 other than for "Cause" (as defined in the Employment Letter).
- If the Board relieves Dr. Nottenburg of his duties as President or Chief Executive Officer of the Company prior to December 31, 2010, other than for Cause, Dr. Nottenburg will be entitled to his full "Target Bonus" (as defined in the Employment Letter) for 2010, which equals 100% of his current Base Salary. If, however, the Company subsequently determines that Dr. Nottenburg's actual bonus would have been greater than his Target Bonus based on the Company's financial results for 2010, the Company will pay Dr. Nottenburg the difference.
- Dr. Nottenburg will be granted 750,000 restricted shares (the "Retention Shares") under the Company's 2007 Stock Incentive Plan, as amended, on June 15, 2010, of which (i) 250,000 Retention Shares will vest on the Effective Termination Date (unless his employment were terminated for Cause prior to March 31, 2011), (ii) 125,000 Retention Shares will vest upon the achievement of the financial metrics in the Company's 2010 operating plan, as previously approved by the Board and (iii) 125,000 Retention Shares will vest upon the achievement of the target bookings from new products, as reflected in the Company's 2010 Incentive Compensation Program Base Plan under the Senior Management Cash Incentive Plan. The remaining 250,000 Retention Shares will vest on the earlier of (i) sixty days after the first day of employment of Dr. Nottenburg's successor, provided that Dr. Nottenburg assists with the transition during such period, (ii) the date the Board relieves Dr. Nottenburg of his duties as President or Chief Executive Officer of the Company other than for Cause, if no successor has been appointed by such date, or (iii) March 31, 2011. If Dr. Nottenburg terminates his employment with the Company for "Good Reason" (as such term is defined in the Employment Letter) the Retention Shares will accelerate and become fully vested.
- Dr. Nottenburg agreed to relinquish his rights to two performance stock grants, each in the amount of 250,000 restricted shares, which were to be granted under the Employment Letter provided that certain performance targets were met.
- Upon the Effective Termination Date (unless his employment were terminated for Cause prior to March 31, 2011), Dr. Nottenburg will be entitled to terminate his employment with the Company for Good Reason, and will be entitled to the amounts payable to him and the benefits that are provided to him under the Employment Letter upon termination for Good Reason, in addition to the amounts payable to him under the Retention Letter.
- Dr. Nottenburg will execute a general release in favor of the Company.

The foregoing summary of the Retention Letter is qualified in its entirety by reference to the full text of the Retention Letter, a copy of which is filed as Exhibit 10.1 to this report and is incorporated herein by reference. A copy of the Employment Letter was filed as an exhibit to the Company's Current Report on Form 8-K filed on May 20, 2008.

On May 20, 2010, the Company issued a press release announcing the entry into the Retention Letter with Dr. Nottenburg. A copy of such press release is filed herewith as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01. Exhibits.

(d) Exhibits

10.1 Retention Letter between Sonus Networks, Inc. and Dr. Richard N. Nottenburg dated May 18, 2010.

99.1 Press Release dated May 20, 2010.

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 20, 2010

SONUS NETWORKS, INC.

By: /s/ Jeffrey M. Snider
Jeffrey M. Snider
Senior Vice President and General Counsel

Exhibit Index

- 10.1 Retention Letter between Sonus Networks, Inc. and Dr. Richard N. Nottenburg dated May 18, 2010.
- 99.1 Press Release dated May 20, 2010.

Dr. Richard N. Nottenburg
c/o Sonus Networks, Inc.
7 Technology Park Drive
Westford, MA 01886

May 18, 2010

The Board of Directors (the "Board") of Sonus Networks, Inc. (the "Company") greatly appreciates the contributions you have made to the Company and offers you the following in consideration for your agreement to stay with the Company while, together, we provide for an orderly transition of your duties and responsibilities. Reference is made to your employment letter dated May 13, 2008 (the "Employment Letter"); capitalized terms not defined in this letter (the "Retention Letter") will have the meanings ascribed to them in the Employment Letter.

1. Role and Responsibilities. You will remain in your current role as President and Chief Executive Officer of the Company until the earlier of (i) the date the Board relieves you of such duties or (ii) March 31, 2011.

2. Base Salary. You will receive your current Base Salary through March 31, 2011. If the Board relieves you of your duties as President or Chief Executive Officer of the Company other than for Cause prior to March 31, 2011, your employment will terminate and the Company will pay the balance of your Base Salary through March 31, 2011 in a single lump sum.

3. 2010 Target Bonus. As previously confirmed to you, your Target Bonus will be 100% of your current base salary. If the Board relieves you of your duties as President or Chief Executive Officer of the Company other than for Cause prior to December 31, 2010, (i) you will receive your full Target Bonus in a lump sum upon termination of your employment and (ii) if, after the Company's financial results for 2010 are announced, it is determined that your actual bonus would have been greater than your Target Bonus, the Company will pay you the difference; such subsequent payment will be made when bonus payments are made to other executives of the Company.

4. Restricted Stock. You will be granted 750,000 Restricted Shares (the "Retention Shares") under the Company's 2007 Stock Incentive Plan (the "Plan"), subject to the terms of the Plan and the Company's restricted stock agreement, which will reflect the terms of this letter. The grant date will be on the first 15th day of the month following your acceptance of the terms of this letter, or the first business day thereafter if that day is not a business day. The Retention Shares will vest as follows:

(A) 250,000 Retention Shares will vest on the earlier of (i) the date the Board relieves you of your duties as President or Chief Executive Officer of the Company other than for Cause or (ii) March 31, 2011;

(B) 125,000 Retention Shares will vest upon achievement of the financial metrics in the Company's 2010 operating plan, as previously approved by the Board;

(C) 125,000 Retention Shares will vest upon achievement of the target for bookings from new products, as reflected in the Company's 2010 Incentive Compensation Program Base Plan; and

(D) 250,000 Retention Shares will vest on the earlier of (i) sixty (60) days after the first day of employment of your successor as President or Chief Executive Officer of the Company (unless your employment has been terminated by the Board for Cause prior to such date), provided that you assist with the transition as reasonably requested during such sixty-day period, (ii) the date the Board relieves you of your duties as President or Chief Executive Officer of the Company other than for Cause, if no successor has been appointed by such date, or (iii) March 31, 2011.

This confirms that, (i) in the event of an Acquisition, all of the Retention Shares will be treated as described in Section 3(f) of the Employment Letter and (ii) in the event of your death or disability, all of the Retention Shares will be treated as described in Section 8(a)(vi) of the Employment Letter.

You may elect a Section 83(b) Election in connection with the Retention Shares. A Section 83(b) Election must be filed with the Internal Revenue Service within thirty (30) days of the grant date. If you do not make a Section 83(b) Election, then you will be obligated to pay to the Company the amount of any Federal, state, local or other taxes of any kind required by law to be withheld with respect to the vesting of the Restricted Shares. You will satisfy such tax withholding obligations by delivery to the Company, on each date on which Restricted Shares vest, such number of shares that vest on such date as have a fair market value (calculated using the last reported sale price of the common stock of the Company on the NASDAQ Global Select Market on the trading date immediately prior to such vesting date) equal to the amount of the Company's withholding obligation; provided, however, that the total tax withholding cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Such delivery of shares to the Company will be deemed to happen automatically, without any action required on your part, and the Company is hereby authorized to take such actions as are necessary to effect such delivery of shares to the Company.

You will relinquish all rights you have or may have in the future to the two performance stock grants referenced in Section 3(e) of the Employment Letter, each in the amount of 250,000 Restricted Shares, which are tied to the Company's achievement of certain performance metrics and certain incremental performance metrics between January 1, 2010 and December 31, 2012.

5. Good Reason.

(A) Upon the earlier of (i) the day the Board relieves you of your duties as President or Chief Executive Officer of the Company other than for Cause or (ii) March 31, 2011, you will be entitled to terminate your employment with the Company for Good Reason pursuant to Section 8 of the Employment Letter. Amounts paid pursuant to Section 8 of the Employment Letter will be in addition to the amount(s) described in Sections 2, 3 and 4 of this Retention Letter.

(B) If you terminate your employment with the Company for Good Reason as defined in Section 8(b)(ii)(A) or 8(b)(ii)(C) of the Employment Letter, the Retention Shares will accelerate, become fully vested, and any and all restrictions will be terminated and any and all legends will be removed.

6. Miscellaneous.

Upon termination of employment, you will receive a standard form separation letter. If such termination has occurred other than for Cause, you will be eligible to receive the benefits described in this Retention Letter and in the Employment Letter. In order to accept such benefits, you will be required to execute and deliver to the Company a standard general release, in the form attached hereto as Attachment A and incorporated herein by reference (the "General Release"), no later than the expiration of the period set forth in such general release. All payments or benefits provided pursuant to Section 8 of the Employment Letter and Sections 2, 3, 4 and 5 of this Retention Letter will be subject to Sections 8(c) and 9 of the Employment Letter. All lump sum payments will be made within seven (7) days after the effective date of the General Release.

Except as expressly modified by this Retention Letter, the terms of the Employment Letter remain in full force and effect. In the event of a conflict between the terms of this Retention Letter and the Employment Letter, the terms of this Retention Letter will govern.

If you agree to the terms of this Retention Letter, please sign and date below and return a copy of this letter to me.

Sincerely,
Sonus Networks, Inc.

By: /s/ Howard E. Janzen
Duly Authorized

Accepted and agreed:

/s/ Richard N. Nottenburg
Richard N. Nottenburg

05/18/10
Date

Attachment A

General Release of Claims

1. In consideration of the benefits offered to you in your employment letter dated May 13, 2008 (the "Employment Letter") and in your letter agreement dated May 18, 2010 (the "Retention Letter"), the receipt and sufficiency of which are hereby acknowledged, you hereby agree to remise, release and forever discharge the Company and its subsidiaries, and their respective officers, directors, shareholders and employees (collectively, the "Releasees") from any and all claims, losses, liabilities, obligations and causes of action, known or unknown, arising out of, in any way connected with or relating to your employment or termination of employment with the Company, including, but not limited to, (a) claims for compensation, wages, bonuses and benefits, breach of contract, impairment of economic opportunity, negligent and intentional infliction of emotional distress, wrongful discharge, defamation, or any other tort or personal injury, and (b) claims arising under any municipal, state or federal statute, regulation or ordinance relating to employment or the foregoing, including, without limitation, Title VII of the Civil Rights Act, the Equal Pay Act, 42 U.S.C. § 1981, the Americans with Disabilities Act, the Age Discrimination in Employment Act, Mass. G.L. c. 151B, the Family and Medical Leave Act, the Employee Retirement Income Security Act, and the Worker Adjustment and Retraining Notification Act (all as amended).

2. Except as provided in Section 8 of the Employment Letter, Sections 2, 3, 4 and 5 of the Retention Letter, and Section 6 of this General Release, you acknowledge and agree that the Releasees have fully satisfied any and all obligations owed to you arising out of your employment with and termination from the Company, and no further sums or benefits are owed to you by the Releasees at any time.

3. You represent that you have made no assignment, and will make no assignment, of any claim, right of action or any right of any kind whatsoever, embodied in any of the claims released by you herein, and that no other person or entity of any kind had or has any interest in any of the respective claims, demands, obligations, actions, causes of action, debts, liabilities, rights, contracts, damages, attorneys' fees, costs, expenses or losses released by you herein.

4. You acknowledge that you desire the foregoing release to be a full and complete resolution of any and all claims, complaints or grievances you have, may have or ever had against the Releasees, whether known or unknown, relating to your employment with and termination from the Company.

5. Nothing in this General Release is to be construed as an admission by you or the Releasees of any liability or unlawful conduct whatsoever.

6. You agree not to take any action or make any statement, written or oral, which disparages or criticizes the Company, its management, directors, or investors. Members of the Board will not take any action or make any statement, written or oral, which disparages or criticizes you.

7. If one or more of the provisions contained in this General Release is held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions will be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with applicable law.

8. You agree that you have entered into this General Release voluntarily and that you have had the opportunity to review this General Release with an independent lawyer of your choosing.

You have twenty-one (21) days after your last day of employment by the Company within which to accept the terms of the offer made to you in the Employment Letter and the Retention Letter by signing this General Release. You also will have a period of seven (7) days from the date that you sign this General Release within which to revoke your signature, and this General Release will not become effective or enforceable until the expiration of that seven (7) day revocation period. If you intend to revoke this General Release within such seven day period, you must send a written letter of revocation to General Counsel, Sonus Networks, Inc., 7 Technology Park Drive, Westford, MA 01886.

YOU REPRESENT THAT YOU HAVE READ THE FOREGOING GENERAL RELEASE, THAT YOU FULLY UNDERSTAND THE TERMS AND CONDITIONS CONTAINED HEREIN, AND THAT YOU ARE VOLUNTARILY EXECUTING THE SAME. IN ENTERING INTO THIS GENERAL RELEASE, YOU DO NOT RELY ON ANY REPRESENTATION, PROMISE OR INDUCEMENT MADE BY THE RELEASEES WITH THE EXCEPTION OF THE CONSIDERATION DESCRIBED IN THIS DOCUMENT.

Richard N. Nottenburg

Date



SONUS NETWORKS ANNOUNCES CEO SUCCESSION PLAN

Richard Nottenburg to Remain with Sonus through March 2011

Westford, MA, May 20, 2010 – Sonus Networks, Inc. (Nasdaq: SONS), a market leader in next generation IP-based network solutions, today announced that Richard Nottenburg plans to step down as President and Chief Executive Officer and a director of the Company by the end of March 2011.

Sonus' Board will commence a search process to identify a new CEO. To ensure a smooth transition, Nottenburg will continue to serve as President, CEO and a director through March 31, 2011, and will assist the Board in its search process.

"When I arrived at Sonus in June 2008, I set forth a clear plan to re-establish the Company's growth, profitability and market leadership," said Nottenburg. "Since then, we have developed and articulated a clear market and product strategy, re-focused on innovation and new product development, right-sized and realigned the business, established strong financial footing and strengthened our management team with key appointments. I am proud of the significant progress Sonus has made, as demonstrated by our solid financial results and the recent launch of the NBS-5200, our first product on our next generation ConnexIP™ platform.

"I am eager to explore my next challenge, and I believe that with the strong foundation we have put in place at Sonus, now is the right time to begin transitioning to new leadership," continued Nottenburg. "Sonus has a valuable portfolio of innovative products and solutions, strong customer relationships and some of the best employees in the business and I am confident that the Company is solidly positioned for its next phase of growth and development. I look forward to continuing to lead Sonus until my successor is named and I am committed to working closely with the Board to help identify a new CEO and ensure a smooth transition."

"Sonus' Board is unanimous in its belief that Sonus is in the strong and dramatically improved position it is today as a result of Rich's leadership," said Howard Janzen, Chairman of the Board of Sonus. "Over the last two years, Rich has implemented a focused strategy, accelerated product introduction, improved profitability and set the Company on a path to increased shareholder value. Sonus today has the right plan and an outstanding team of hard working and dedicated employees in place to help drive the

Company's continued growth and profitability. The Board is committed to conducting a comprehensive search to identify the right candidate to serve as Sonus' next CEO."

Outlook Affirmed

The Company today reconfirmed its full year 2010 outlook, as provided on February 25, 2010 and reaffirmed on May 4, 2010. Sonus continues to expect to achieve flat to low single digit percent revenue growth for the year and continues to see the opportunity to grow NBS product revenues faster than the market. For 2010, gross margin is expected to be within the Company's longer term target range of 58% to 62%, and total operating expenses are expected to be in the range of \$142 to \$146 million.

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About Sonus Networks

Sonus Networks Inc. is a leader in IP networking with proven expertise in delivering secure, reliable and scalable next generation infrastructure and subscriber solutions. With customers in over 50 countries across the globe and over a decade of experience in transforming networks to IP, Sonus has enabled service providers and enterprises to capture and retain users and generate significant ROI. Sonus products include media and signaling gateways, policy/routing servers, session border controllers and subscriber feature servers. Sonus products are supported by a global services team with experience in design, deployment and maintenance of some of the world's largest and most complex IP networks. For more information visit <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 for the year ended December 31, 2009 and Quarterly Report filed on Form 10-Q for the quarter ended March 31, 2010, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. 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, except as required by law.

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

For more information, please contact:

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