

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2003

Commission File Number 000-30229

SONUS NETWORKS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	04-3387074 (I.R.S. employer identification no.)
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250 Apollo Drive, Chelmsford, Massachusetts 01824
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common stock, \$0.001 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy statement or information proxy statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$869,240,000 based on the closing price for the Common Stock on the NASDAQ National Market on June 30, 2003. As of January 31, 2004, there were 245,520,956 shares of \$0.001 par value per share, common stock, outstanding.

Pursuant to Rule 12b-25, this Form 10-K does not include disclosures for Items 6, 7, 8 and 9A. These items and the complete certifications by the chief executive officer and chief financial officer pursuant to Rule 13a-14 will be filed by amendment.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in Items 10-14 is incorporated by reference to specified portions of the Registrant's definitive Proxy Statement to be issued in conjunction with the Registrant's 2004 Annual Meeting of Shareholders, which is expected to be filed not later than 120 days after the Registrant's fiscal year ended December 31, 2003.

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PART I

ITEM 1. BUSINESS.

This Form 10-K, as well as all other reports filed with or furnished to the Securities and Exchange Commission (SEC), are available free of charge through our Internet site (<http://www.sonusnet.com>) as soon as practicable after we electronically file such material with, or furnish it to, the SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Overview

We are a leading provider of voice infrastructure solutions for the new public network. Our products are a new generation of carrier-class switching equipment and software that enable voice services to be delivered over packet-based networks. Our target customers include new and established communications service providers, including long distance carriers, local exchange carriers, Internet service providers, wireless operators, cable operators, international telephone companies and carriers that provide services to other carriers. Many of these carriers have been building packet-based networks to support the dramatic growth in data traffic resulting from Internet use. Packet-based networks, which transport traffic in small bundles, or "packets," offer a significantly more flexible, cost-effective and efficient means for providing communications services than existing circuit-based networks, designed years ago to primarily deliver telephone calls. By enabling voice traffic to be carried over these packet-based networks, our products will accelerate the convergence of voice and data into the new public network.

Our suite of voice infrastructure solutions includes the GSX9000™ Open Services Switch, the Insignus™ Softswitch and the Sonus Insight™ Management System. Our products, designed for deployment as the foundation of a service provider's network, can significantly reduce the cost to build and operate voice services compared to traditional alternatives. Moreover, our products offer a powerful and open platform for service providers to increase their revenues through the creation and delivery of new and innovative voice and data services. Our switching equipment and software can be rapidly and easily deployed, and readily expanded to accommodate growth in traffic volumes. Our products also interoperate with service providers' existing telephone infrastructure, allowing them to preserve the investment in their current networks. Designed for the largest telephone networks in the world, our products offer the reliability and voice quality that have been hallmarks of the public telephone network for decades.

We have been recognized by three market research firms as the worldwide market share leader in several key segments of the carrier-class packet voice infrastructure equipment market. Our announced customers include many of the world's major service providers: Alestra (Mexico), America Online, AT&T, BellSouth Corporation, China Netcom, Fusion Communications (Japan), Global Crossing, IDT Corp., Level 3 Communications, NTT Communications, Qwest Communications, SOFTBANK BB, Time Warner Telecom, T-Systems International (a division of Deutsche Telekom Group) and Verizon Communications. We

sell our products principally through a direct sales force and, in some markets, through distributors and resellers. We also collaborate with our customers to identify and develop new advanced services and applications that they can offer to their customers.

In 2003, the challenging business environment in the telecommunications industry continued to affect the spending by service providers for products such as those we offer. While it remains uncertain as to the speed and extent of the adoption of carrier packet voice infrastructure products by large carriers, we believe that over time the market opportunity for packet voice solutions is substantial.

Synergy Research Group projects that the market for service provider voice over Internet protocol equipment and software will grow to approximately \$2.7 billion in 2006. Our objective is to capitalize on our early technology and market lead and build the premier franchise in voice infrastructure solutions for the new public network. The following are key elements of our strategy:

- leverage our technology leadership to achieve key service provider design wins;
- continue to extend our technology platform from the core of the network to the access edge;
- expand and broaden our customer base by targeting specific market segments;
- expand our global sales, marketing, support and distribution capabilities;
- grow our base of software applications and development partners;
- actively contribute to the standards definition and adoption process; and
- pursue strategic acquisitions and alliances.

Industry Background

The public telephone network is an integral part of our everyday lives. For most of its 100-year history, the telephone industry has been heavily regulated, which has slowed the evolution of its underlying circuit-switching technologies and limited innovation in service offerings and the pricing of telephone services. Two global forces—deregulation and the expansion of the Internet—are revolutionizing the public telephone network worldwide.

Deregulation of the telephone industry accelerated with the passage of the Telecommunications Act of 1996. The barriers that once restricted service providers to a specific geography or service offering, such as local or long distance, are disappearing. The opportunity created by opening up the telephone services market has encouraged new participants to enter the market and incumbent service providers to expand into new markets, both domestically as well as internationally. For example, certain incumbent regional service providers are receiving regulatory approval from the Federal Communications Commission allowing them to offer long-distance telephone service to in-region consumers and businesses. Some of these carriers may build-out their own long distance networks creating an opportunity for next generation, packet-voice solutions.

Competition between new players and incumbents is driving down service prices. With limited ability to reduce the cost structure of the public telephone network, profit margins for traditional telephone services are eroding. In response, service providers are seeking new, creative and differentiated services as a means to increase revenues and as an opportunity to reduce costs.

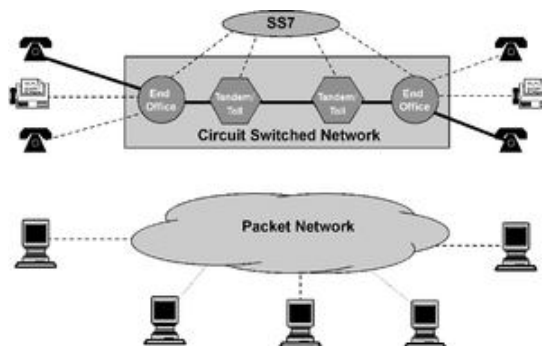
Simultaneously, the rapid adoption of the Internet is driving dramatic growth of data traffic. Today, a significant portion of this data traffic is carried over the traditional circuit-switched telephone network. However, the circuit-switched network, designed for voice traffic and built long before the advent of the Internet, is not suited to efficiently transport data traffic. In a circuit-switched network, a dedicated path, or circuit, is established for each call, reserving a fixed amount of capacity or bandwidth in each direction. The dedicated circuit is maintained for the duration of the call across all of the circuit switches spanning the path from origination to the destination of the call, even when no traffic is being sent. As a result, a circuit-switched architecture is highly inefficient for Internet applications, which tend to create large bursts of data traffic followed by long periods of silence.

In contrast, a packet network divides traffic into distinct units called packets and routes each packet independently. By combining traffic from users with differing capacity demands at different times, packet networks more efficiently fill available network bandwidth with packets of data from many users, thereby reducing the bandwidth wasted due to silence from any single user. The volume of

data traffic continues to increase as use of the Internet and the number of connected users grow, driving service providers to build large-scale, more efficient packet networks.

With voice traffic carried over the vast installed base of traditional circuit-switched networks and data traffic carried over rapidly expanding packet networks, service providers are faced with the expense and complexity of building and maintaining parallel networks.

The following diagrams depict these parallel voice and data networks.



The need for, and benefits of, combining voice and data networks

We believe significant opportunities exist in uniting these separate, parallel networks into a new integrated public network capable of transporting both voice and data traffic. Enormous potential savings can be realized by eliminating redundant or overlapping equipment purchases and reducing network operating costs. Also, combining traditional voice services with Internet or Web-based services in a single network is expected to enable new and powerful high-margin, revenue-generating service offerings such as voice virtual private networks (voice VPNs), one-number/follow-me services, unified messaging, conferencing, prepaid and postpaid card services and sophisticated call centers and other services.

The packet network is the platform for the new public network. The volume of data traffic has already eclipsed voice traffic and is growing much faster than voice. Packet architectures are more efficient at moving data, are more flexible and reduce equipment and operating costs. The key to realizing the full potential of a converged, packet-based network is to enable the world's voice traffic to run over those networks.

Early attempts to develop new technologies to carry voice traffic over packet networks have included voice over Internet protocol, or VoIP, systems using a personal computer platform and devices that added VoIP capability to existing data devices such as remote access servers. While demonstrating the viability of transmitting voice over packet technology, these approaches fell far short of the quality, reliability and scalability required by the public telephone network.

The early VoIP systems also lacked the ability to interoperate with the signaling infrastructure of the circuit-switched network. Without this signaling capability, VoIP applications cannot provide the consistent "look, sound and feel" of traditional telephone calls and are not well-suited to more complex applications such as voicemail, unified messaging and other value-added services.

The public telephone network is large, highly complex and generates significant revenues, a substantial majority of which are derived from voice services. Given service providers' substantial investment in, and dependence upon, traditional circuit-switched technology, their transition to the new public network will be gradual.

Requirements for voice infrastructure products for the new public network

Users demand high levels of quality and reliability from the public telephone network and service providers require a cost-efficient network that enables new revenue-generating services. As a result, carrier packet voice infrastructure products must satisfy the following requirements:

Carrier-class performance. Because they operate complex, mission-critical networks, service providers have clear infrastructure requirements. These include extremely high reliability, quality and interoperability. For example, service providers typically require equipment that complies with their 99.999% availability standard.

Compatibility with standards and existing infrastructure. New infrastructure equipment and software must support the full range of telephone network standards, including signaling protocols such as SS7 or ISDN and international signaling variants, and various physical interfaces such as T1 and E1. It must also support data networking protocols such as Internet protocol, or IP, and asynchronous transfer mode, or ATM, as well as telephony protocols such as SIP, SIP-T, MGCP, Megaco (H.248) and H.323. Infrastructure solutions must also seamlessly integrate with service providers' existing operations support systems.

Scalability and density. Carrier voice infrastructure solutions face challenging scalability requirements. Service providers' central offices typically support tens or even hundreds of thousands of simultaneous calls. In order to be economically attractive, the new infrastructure must compare favorably with existing networks in terms of cost per port, space occupied, power consumption and cooling requirements.

Intelligent software in an open and flexible platform. The architecture of packet voice infrastructure solutions decouples the capabilities of traditional circuit-switching equipment into robust hardware elements and highly intelligent software platforms that provide control, signaling and service creation capabilities. This approach will transform the closed, proprietary circuit-switched public telephone network into a flexible, open environment accessible to a wide range of software developers. Service providers and third-party vendors will be able to develop and implement new applications independent of switch vendors. Moreover, the proliferation of independent software providers promises to drive the creation of innovative voice and data services that could expand service provider revenues.

Simple and rapid installation, deployment and support. Infrastructure solutions must be easy to install, deploy, configure and manage. These attributes will enable rapid growth and effective management of dynamic and complex service provider networks.

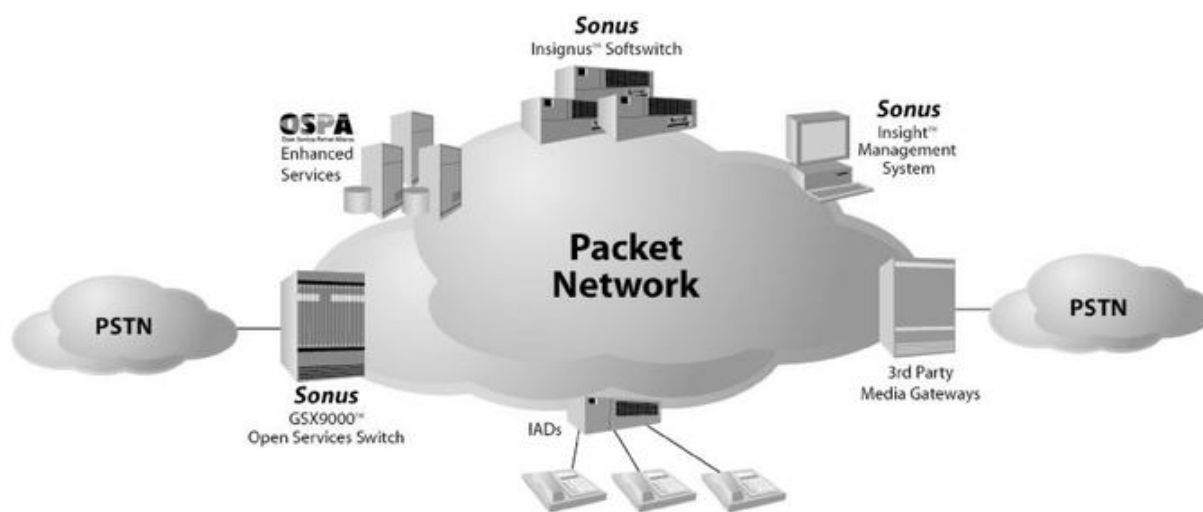
The Sonus Solution

We develop, market and sell a comprehensive suite of voice infrastructure products purpose-built for the deployment and management of voice and data services over carrier packet networks. The Sonus solution consists of the following carrier-class products:

- GSX9000 Open Services Switch;

- Insignus Softswitch; and
- Sonus Insight Management System.

These products are designed to offer high reliability, toll-quality voice, improved economics, interoperability, rapid deployment and an open architecture enabling the design and implementation of new services and applications. Our solution has been specifically designed to meet the requirements of the new public network. As shown in the following diagram, our products unite the voice and data networks.



Carrier-class performance. Our products are designed to offer the highest levels of quality, reliability and interoperability, including:

- full redundancy, enabling 99.999% availability;
- voice quality equal or superior to today's circuit-switched network;
- system hardware designed for Network Equipment Building Standards, or NEBS Level 3, compliance;
- network monitoring and provisioning designed for Operations System Modifications for the Integration of Network Elements, or OSMINE, compliance;
- a complete set of service features, addressing those found in the existing voice network and extending them to offer greater flexibility; and
- sophisticated network management and configuration capabilities.

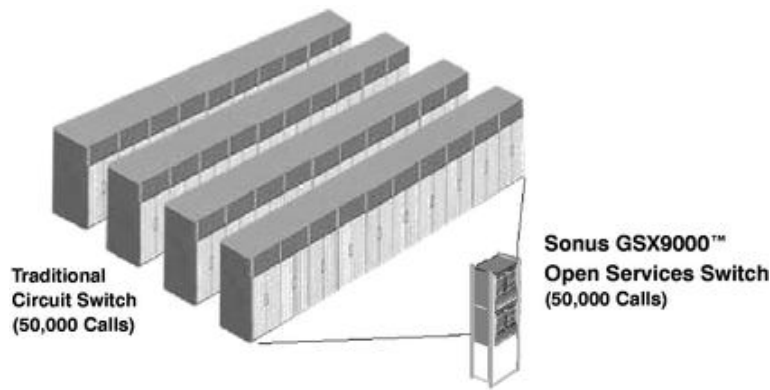
Compatibility with industry standards and existing infrastructure. Our products are designed to be compatible with all applicable voice and data networking standards and interfaces, including:

- SS7 and other telephone network signaling protocols, including international signaling variants, advanced services and simple call management and routing;
- IP, ATM, Ethernet and optical data networking standards;
- call management standards including SIP, SIP-T, MGCP, Megaco (H.248) and H.323 and others;
- voice coding standards such as G.711 and echo cancellation standard G.168; and
- all common interfaces, including T1, T3, E1 and optical interfaces.

The Sonus solution is designed to interface with legacy circuit-switching equipment, supporting the transparent flow of calls and other information between the circuit and packet networks. As a result, our products allow service providers to migrate to a new packet voice infrastructure, while preserving their significant legacy infrastructure investments.

Cost effectiveness and high scalability. The Sonus solution can be used to cost-effectively build packet-based switch configurations supporting a range from a few hundred calls to hundreds of thousands of simultaneous calls. In addition, the capital cost of our equipment is typically half that of traditional circuit-switched equipment. At the same time, our GSX9000 Open Services Switch offers unparalleled density, requires less than one-tenth of the space needed by typical circuit-switching implementations and requires significantly less power and cooling. This makes possible a significant reduction in expensive central office facilities cost and allows service providers to deploy our equipment in locations where traditional circuit switches are not even an option given the limited space and environmental services.

The GSX9000 Open Services Switch can create central office space savings as shown below.



Open software architecture and flexible platform. Our Open Services Architecture, or OSA, is based on a software-centric design and a flexible platform, allowing rapid development of new products and services. New services may be developed by us, by service providers or by any number of third parties including software developers and systems integrators. The OSA also facilitates the creation of services that were previously not possible on the circuit-switched network. In addition, we have partnered with a number of third-party application software developers in our Open Services Partner AllianceSM, or OSPA, to stimulate the growth of new applications available for our platform.

Ease of installation and deployment. Our equipment and software can be installed and placed in service by our customers much more quickly than circuit-switching equipment. By offering comprehensive testing, configuration and management software, we expedite the deployment process as well as the ongoing management and operation of our products. We believe that typical installations of our solution require just weeks of time from product arrival to final testing, thereby reducing the cost of deployment and speeding the time to market for new services.

The Sonus Strategy

Our objective is to capitalize on our early technology and market lead and build the premier franchise in carrier voice infrastructure solutions for wireline and wireless carriers. The following are key elements of our strategy:

Leverage our technology leadership to achieve key service provider design wins. As the first company to provide voice infrastructure products for the new public network, we have achieved key design wins with market-leading service providers as they develop the architecture for their new voice networks. We expect service providers to select vendors that provide leading technology and the ability to maintain that technology leadership. Our equipment is an integral part of the network architecture and achieving design wins will enable us to expand our business as these networks are deployed. We have been awarded projects by major service providers, including Alestra (Mexico), America Online, AT&T,

BellSouth Corporation, China Netcom, Fusion Communications (Japan), Global Crossing, IDT Corp., Level 3 Communications, NTT Communications, SOFTBANK BB, Qwest Communications, Time Warner Telecom, T-Systems International (a division of Deutsche Telekom Group) and Verizon Communications. Furthermore, by working closely with our customers as they deploy these networks, we gain valuable knowledge regarding their requirements, positioning us to develop product enhancements and extensions that address evolving service provider needs.

Extend our technology platform from the core of the network to the access edge. Our robust and sophisticated technology platform has been designed to operate at the heart of the largest networks in the world. From this fundamental position in the trunking infrastructure, we are extending our reach by moving outward to the access segments of the network. We support multiple carrier applications in a single platform. These applications include long distance/international calling, tandem switching, network border switching, Internet call diversion, business PBX access, residential access, H.323 termination, direct voice over broadband and enhanced services. This approach will allow our customers to design and execute a coordinated migration and expansion strategy as they build entirely new networks or transition from their legacy circuit-switched infrastructure.

Expand and broaden our customer base by targeting specific market segments, such as wireless operators. We plan to leverage our early success to penetrate new customer segments. We believe new and incumbent service providers will build out their packet voice infrastructures at different rates. The next-generation service providers, who are relatively unencumbered by legacy equipment, have been among the initial purchasers of our equipment and software. Other newer entrants, including wireless operators, cable operators and Internet service providers, or ISPs, have also been early adopters of our products. Incumbents, including interexchange carriers, or IXC, Regional Bell Operating Companies, or RBOCs, and international PTTs are also adopting packet voice technologies over time.

Expand our global sales, marketing, support and distribution capabilities. Becoming the primary supplier of carrier packet voice infrastructure solutions will require a strong worldwide presence. We are broadening our sales, marketing, support and distribution capabilities to address this need. We have established offices throughout the United States, in China, India, Japan, Malaysia, Singapore, Germany and France, and in the United Kingdom. In addition, we plan to augment our global direct sales effort with international distribution partners. As a carrier-class solution provider, we are making a significant investment in professional services and customer support.

Grow our base of software applications and development partners. We have established and promote a partner program, the Open Services Partner Alliance, or OSPA, which brings together a broad range of development partners to provide our customers with a variety of advanced services, application options and interoperability testing. Our OSPA partners include application developers such as Pactolus Communication Software, Sylanro Systems, Iperia, BayPackets, BroadSoft, and infrastructure suppliers such as Juniper Networks and Riverstone Networks.

Actively contribute to the standards definition and adoption process. To advance our technology and market leadership, we will continue to actively lead and contribute to standards bodies such as the International Packet Communications Consortium, the Internet Engineering Task Force and the International Telecommunications Union. The definition of standards for carrier packet voice infrastructure is in an early stage and we intend to drive these standards to meet the requirements for an open, accessible, scalable and powerful new public network infrastructure.

Pursue strategic acquisitions and alliances. We intend to expand our products and services through selected acquisitions and alliances. These may include acquisitions of complementary products, technologies and businesses that further enhance our technology leadership or product breadth. We also believe that teaming with companies providing complementary products or services will enable us to bring greater value to our customers and extend our lead over potential competitors.

Sonus Products

GSX9000 Open Services Switch

The Sonus GSX9000 Open Services Switch enables voice traffic to be transported over packet networks. Its carrier-class hardware, which is NEBS Level 3 compliant and designed to provide 99.999% availability with no single point of failure, offers optional full redundancy and full hot-swap capability. It is powered from -48VDC sources standard in central offices and attaches to the central office timing network. The basic building block of a GSX9000 is a shelf. Each shelf is 28" high, mounts in a standard 19" or 23" rack and provides 16 slots for server and adapter modules. The first two slots are reserved for management modules, while the other 14 slots may be used for any mix of other module types. It supports the following interfaces:

- T1;
- T3;
- E1;
- OC3;
- 100BaseT;
- 1000BaseT; and
- OC12c/STM-4.



The GSX9000 is designed to deliver voice quality equal, or superior, to that of the legacy circuit-switched public network. It is designed to support the multiple encoding schemes used in circuit switches such as G.711 and delivers a number of other voice compression algorithms. It also is designed to provide world-class echo cancellation, conforming to the latest G.168 standard, on every circuit port. It automatically disables echo cancellation when it detects a modem signal. The GSX9000 is also designed to minimize delay, further enhancing perceived voice quality. The GSX9000 scales to the very large configurations required by major service providers. A single GSX9000 shelf can support up to 22,000 simultaneous calls. A single GSX9000, consisting of multiple shelves, can support 100,000 or more simultaneous calls. The GSX9000 is designed to operate with our Insignus Softswitch and with softswitches and network products offered by other vendors.

Insignus Softswitch

Softswitches provide the network intelligence in next-generation networks, including call control, signaling, core network routing and a management foundation. Our Insignus Softswitch is based on a modular architecture that is designed for high performance and scalability, as well as interoperability with third-party gateways, devices and services. The Insignus Softswitch includes the following functionality:

- call control and signaling;
- service selection and routing;
- line-side endpoint control and services for both residential and enterprise markets;
- local calling features and regulatory requirements such as emergency services routing;
- a gateway between existing SS7/C7 signaling networks and the packet network; and
- network border switching.

The Insignus Softswitch functions can be deployed on the same or separate platforms, and can be configured in either a centralized or distributed manner, based on a service provider's network requirements. This high level of flexibility allows service providers to precisely allocate functionality and processing performance, avoiding the cost of unused resources. Service providers can also deploy additional Insignus modules as their requirements change. For instance, a service provider deploying the functions for a long distance application might require only service selection routing and SS7 connectivity. As the service provider moves into the local market, it can add line-side endpoint control to deliver access services on the same platform. The Insignus Softswitch can scale from the smallest single point of presence to the largest global networks.

The Insignus Softswitch supports industry-standard protocols such as SIP, H.323 and MGCP, using them for interaction with third-party products, for communication among components of the Open Services Architecture and for communications between carrier networks. The Insignus Softswitch supports a large number of international SS7/C7 variants, for both call signaling and interaction with legacy intelligent network, or IN, and advanced intelligent network, or AIN, services.

The Insignus Softswitch is deployed on industry-standard, NEBS-compliant computing platforms. The Insignus Softswitch supports redundancy, providing carrier-class reliability. In fully redundant configurations, there is no loss of active calls during switchover for any hardware and software component.

We believe that in addition to traditional voice services, our Insignus Softswitch will enable service providers to offer differentiated, value-added features and services developed by us, by application software developers, system integrators or service providers themselves, including:

- one-number/follow-me services, which route a subscriber's phone services to any location;
- unified messaging that integrates telephone services, email and Web applications, and allows subscribers to have a unified mailbox for email, voicemail and message filtering;
- conference calling across the Internet and multimedia conferencing;
- Prepaid and postpaid calling cards;
- Internet-enabled call centers;
- Voice VPNs; and
- Internet content delivered with voice.

Sonus Insight Management System

Sonus Insight is a complete, web-based management system designed to simplify the operation of carrier-class packet voice networks. Sonus Insight includes the Element Management System, or EMS, and the DataStream Integrator, or DSI, the Subscriber Management System, or SMS, the Network Traffic Manager, or NTM, and the Sonus Insight Developer's Kit, that together provide comprehensive configuration, provisioning, security, alarm reporting, performance data and billing mediation capabilities. Sonus Insight seamlessly integrates with service providers' existing back-office systems, and offers many tools that enhance and consolidate key management functions, allowing service providers to streamline many of today's labor-intensive processes. Sonus Insight scales to support hundreds of switches and concurrent users, and is based on industry standards and protocols to facilitate management from any location worldwide.

Customer Support and Professional Services

We believe our comprehensive SonusCARE technical customer support and professional services capabilities are an important element of our solution for customers. SonusCARE covers the full

network lifecycle: planning; design; installation; and operations. We help our customers create or revise their business plans and design their networks and also provide the following:

- turnkey network installation services;
- system integration and testing;
- 24-hour technical support; and
- educational services to customer personnel on the installation, operation and maintenance of our equipment.

We have established technical assistance centers in Chelmsford, Massachusetts and in the United Kingdom. The technical assistance centers provide customers with around-the-clock technical support, as well as periodic updates to our software and product documentation. We offer our customers a variety of service plans.

A key differentiator of our support activities is our professional services group, many members of which hold advanced technical degrees in electrical engineering or related disciplines. We offer a broad range of professional services, including sophisticated network deployment, assistance with logistics and project management support. We also maintain a customer support laboratory in which customers can test the utility of our products for their specific applications and in which they can gain an understanding of the applications enabled by the converged network. Our approach to professional services is designed to ensure that our products are integrated into our customers' networks to meet their specific needs and that these customers realize the maximum value from their networking technology investments. As of December 31, 2003, our customer support and professional services organization consisted of 99 employees.

Customers

Our target customer base includes long distance carriers, local exchange carriers, ISPs, wireless operators, cable operators, international telephone companies and carriers that provide services to other carriers. We have shipped products to customers including: Alestra (Mexico), America Online, AT&T, BellSouth Corporation, China Netcom, Fusion Communications (Japan), Global Crossing, IDT Corp., Level 3 Communications, NTT Communications, Qwest Communications, SOFTBANK BB, Time Warner Telecom, T-Systems International (a division of Deutsche Telekom Group) and Verizon Communications. As a result of the current challenging business environment in the telecommunications industry, many service providers, including some of our customers, have experienced financial difficulties, and some are in the process of restructuring their businesses or have filed or recently emerged from bankruptcy.

Sales and Marketing

We sell our products principally through a direct sales force and, in some markets, through distributors and resellers, such as AsiaInfo Holdings, Inc. (China), Commuture (Japan), Compta (Portugal), IBIL (Malaysia), Nissho Electronics Corporation (Japan), PT Abhimata Citra Abadi (Indonesia), Samsung Corporation (Korea), Sumitomo Corporation (Japan), UpTechnology (China) and Welltech Computer Corporation (Taiwan). In February 2004, we established an original equipment manufacturer relationship with Motorola, Inc., whereby the GSX 9000 has been integrated with the Motorola SoftSwitch, creating a next generation switching platform for wireless carriers around the world. We intend to establish additional relationships with selected original equipment manufacturers and

As of December 31, 2003, our sales and marketing organization consisted of 72 employees, of whom 17 were located in our corporate headquarters and 55 were located in sales and support offices in the United States and around the world.

Research and Development

We believe that strong product development capabilities are essential to our strategy of enhancing our core technology, developing additional applications, incorporating that technology into new products and maintaining comprehensive product and service offerings. Our research and development process is driven by the availability of new technology, market data and customer feedback. We have invested significant time and resources in creating a structured process for undertaking all product development projects.

We have assembled a team of highly skilled engineers with significant telecommunications and networking industry experience. Our engineers have experience in, and have been drawn from, leading computer data networking, telecommunications and multimedia companies. As of December 31, 2003, we had 189 employees responsible for research and development, of which 173 were software and quality assurance engineers and 16 were hardware engineers. Our engineering effort is focused on new applications and network access features, new network interfaces, improved scalability, interoperability, quality, reliability and next generation technologies. We currently maintain United States research and development offices in Massachusetts, New Jersey, Texas and Virginia and have an office in the United Kingdom. We have made, and intend to continue to make, a substantial investment in research and development.

Competition

The market for carrier packet voice infrastructure solutions is intensely competitive, subject to rapid technological change and significantly affected by new product introductions and other market activities of industry participants. We expect competition to persist and intensify in the future. Our primary sources of competition include vendors of networking and telecommunications equipment, such as Cisco Systems, Lucent Technologies, Nortel Networks and Siemens. Some of our competitors have significantly greater financial resources than we do and are able to devote greater resources to the development, promotion, sale and support of their products. In addition, these competitors have more extensive customer bases and broader customer relationships than we do, including relationships with our potential customers. Other smaller and mostly private companies are also focusing on similar market opportunities.

In order to compete effectively, we must deliver innovative products that:

- provide extremely high network reliability and voice quality;
- scale easily and efficiently;
- interoperate with existing network designs and other vendors' equipment;
- provide effective network management;
- are accompanied by comprehensive customer support and professional services; and
- provide a cost-effective and space-efficient solution for service providers.

Intellectual Property

Our success and ability to compete are dependent on our ability to develop and maintain our technology and operate without infringing on the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect the

proprietary aspects of our technology. These legal protections afford only limited protection for our technology. We presently hold four U.S. patents, and have nine patent applications pending in the United States. In addition, we have sixteen patent applications pending abroad. We cannot be certain that additional patents will be granted based on these pending applications. We seek to protect our intellectual property by:

- protecting our source code for our software, documentation and other written materials under trade secret and copyright laws;
- licensing our software pursuant to signed license agreements, which impose restrictions on others' ability to use our software; and
- seeking to limit disclosure of our intellectual property by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements.

Due to rapid technological change, we believe that factors such as the technological and creative skills of our personnel, new product developments and enhancements to existing products are more important than the various legal protections of our technology to establishing and maintaining technology leadership.

We have incorporated third-party licensed technology into our current products. From time to time, we may be required to license additional technology from third parties to develop new products or product enhancements. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The inability to maintain or re-license any third-party licenses required in our current products, or to obtain any new third-party licenses to

develop new products and product enhancements, could require us to obtain substitute technology of lower quality or performance standards or at greater cost, and delay or prevent us from making these products or enhancements, any of which could seriously harm the competitiveness of our products.

Manufacturing

Currently, we outsource the manufacturing of our products. Our contract manufacturers provide comprehensive manufacturing services, including assembly of our products and procurement of materials on our behalf. We perform final test and assembly at our facility to ensure that we meet our internal and external quality standards. We believe that outsourcing our manufacturing will enable us to conserve working capital, better adjust manufacturing volumes to meet changes in demand and more quickly deliver products. At present, we purchase products from our outside contract manufacturers on a purchase order basis. We may not be able to enter into long-term contracts with outside manufacturers on terms acceptable to us, if at all. If we do enter into long-term contracts without outside manufacturers and our purchase requirements change, we may have excess inventory, which would increase our costs. As of December 31, 2003, we had 17 employees responsible for manufacturing, purchasing, final testing and assembly.

Employees

As of December 31, 2003, we had a total of 401 employees, including 189 in research and development, 72 in sales and marketing, 99 in customer support and professional services, 17 in manufacturing and 24 in finance and administration. Our employees are not represented by any collective bargaining unit. We believe our relations with our employees are good.

ITEM 2. PROPERTIES.

In February 2004 we relocated our headquarters to a leased facility in Chelmsford, Massachusetts, consisting of 144,000 square feet under a sublease that expires in January 2007. We have additional facilities in Westford, Massachusetts, consisting of 87,000 square feet under a sublease that expires in

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March 2004, in Littleton, Massachusetts, consisting of 33,000 square feet under a sublease that expires in May 2004 and 9,000 square feet under a sublease that expires in December 2008, and in Richardson, Texas, consisting of 16,000 square feet under a lease expiring in October 2005. We also lease short-term office space in Colorado, New Jersey, Virginia, China, France, India, Japan, Malaysia, Singapore and the United Kingdom. We believe our existing facilities are adequate for our current needs and that suitable additional space will be available as needed.

ITEM 3. LEGAL PROCEEDINGS.

In November 2001, a purchaser of our common stock filed a complaint in the federal district court for the Southern District of New York against us, two of our officers and the lead underwriters alleging violations of the federal securities laws in connection with our initial public offering (IPO) and seeking unspecified monetary damages. The purchaser seeks to represent a class of persons who purchased our common stock between the IPO on May 24, 2000 and December 6, 2000. An amended complaint was filed in April 2002. The amended complaint alleges that our registration statement contained false or misleading information or omitted to state material facts concerning the alleged receipt of undisclosed compensation by the underwriters and the existence of undisclosed arrangements between underwriters and certain purchasers to make additional purchases in the after market. The claims against us are asserted under Section 10(b) of the Securities Exchange Act of 1934 and Section 11 of the Securities Act of 1933 and against the individual defendants under Sections 11 and 15 of the Securities Act. Other plaintiffs have filed substantially similar class action cases against approximately 300 other publicly traded companies and their IPO underwriters which, along with the actions against us, have been transferred to a single federal judge for purposes of coordinated case management. On July 15, 2002, we, together with the other issuers named as defendants in these coordinated proceedings, filed a collective motion to dismiss the consolidated amended complaints on various legal grounds common to all or most of the issuer defendants. The plaintiffs voluntarily dismissed the claims against the individual defendants, including those Sonus officers named in the complaint. On February 19, 2003, the court granted a portion of the motion to dismiss by dismissing the Section 10(b) claims against certain defendants including us, but denied the remainder of the motion as to the defendants. Accordingly, the case proceeded against us on the Section 11 claims. In June 2003, a special committee of our Board of Directors authorized us to enter into a proposed settlement with the plaintiffs on terms substantially consistent with the terms of a Memorandum of Understanding negotiated among representatives of the plaintiffs, the issuer defendants and the insurers for the issuer defendants. The settlement contemplated by the Memorandum of Understanding is subject to a number of conditions including approval by the court. It remains uncertain whether and when the conditions will be met and the settlement will become final. We do not expect that the settlement contemplated by the Memorandum of Understanding would have a material impact on our business or financial results.

Beginning in July 2002, several purchasers of our common stock filed complaints in federal district court for the District of Massachusetts against us, certain officers and directors and a former officer under Sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 (Class Action Complaints). The purchasers seek to represent a class of persons who purchased our common stock between December 11, 2000 and January 16, 2002, and seek unspecified monetary damages. The Class Action Complaints were essentially identical and alleged that we made false and misleading statements about our products and business. On March 3, 2003, the plaintiffs filed a Consolidated Amended Complaint. On April 22, 2003, we filed a motion to dismiss the Consolidated Amended Complaint on various grounds. The plaintiffs filed an opposition to the motion on June 6, 2003. We filed our reply on July 8, 2003. The parties requested oral argument on the motion, which has been scheduled for March 17, 2004. We believe the claims in the Consolidated Amended Complaint are without merit and that we have substantial legal and factual defenses, which we intend to pursue vigorously.

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2004 Class Action Litigation and Derivative Litigation

Beginning in February 2004, a number of purported shareholder class action complaints were filed in the United States District Court for the District of Massachusetts against us and certain of our current officers and directors. The complaints bring claims under the federal securities laws, specifically Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, relating to our announcement that we had identified issues, practices and actions of certain employees relating to both the timing of revenue recognized from certain customer transactions and other financial statement accounts, which could affect our 2003 financial statement accounts and possibly financial statements for prior periods. Specifically, these actions allege that we issued a series of false or misleading statements to the market during the class period that failed to disclose that (i) we had materially overstated our

revenue by improperly recognizing revenue on certain customer contracts; (ii) we lacked adequate internal controls and were therefore unable to ascertain our true financial condition; and (iii) as a result of the foregoing, our financial statements issued during the class period were materially false and misleading. Plaintiffs contend that such statements caused our stock price to be artificially inflated. The complaints seek unspecified damages on behalf of a purported class of purchasers of our common stock during the period from April 9, 2003, June 3, 2003 or June 5, 2003 through February 11, 2004. We believe that we have substantial legal and factual defenses to the claims, which we intend to pursue vigorously.

In February 2004, two purported shareholder derivative lawsuits were filed in the United States District Court for the District of Massachusetts against us and certain of our officers and directors, naming the company as a nominal defendant. Also in February 2004, two purported shareholder derivative lawsuits were filed in the business litigation session of the superior court of Suffolk County of Massachusetts against us and certain of our directors and officers, also naming the company as a nominal defendant. The suits claim that certain of our officers and directors breached their fiduciary duties to our stockholders and us. As stated, the complaints are derivative in nature and do not seek relief from us. However, we have entered into indemnification agreements in the ordinary course of business with certain of the defendant officers and directors and may be obligated throughout the pendency of these actions to advance payment of legal fees and costs incurred by the defendants pursuant to our obligations under the indemnification agreements and/or applicable Delaware law. We believe that we have substantial legal and factual defenses to the claims, which we intend to pursue vigorously.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock has been quoted on the Nasdaq National Market under the symbol "SONS" since May 25, 2000. Prior to that time, there was no public market for the common stock. All companies listed on Nasdaq are required to comply with certain continued listing standards.

The following table sets forth, for the time periods indicated, the high and low sales prices of our common stock as reported on the Nasdaq National Market.

	High	Low
Fiscal 2003:		
First quarter	\$ 2.37	\$ 1.00
Second quarter	5.53	2.10
Third quarter	8.57	4.85
Fourth quarter	9.80	6.82
Fiscal 2002:		
First quarter	6.25	2.18
Second quarter	3.10	1.29
Third quarter	1.99	0.19
Fourth quarter	1.57	0.18

We have never declared or paid cash dividends and have no present intention to pay cash dividends in the foreseeable future. Further, our bank agreement, which expires in March 2004, prohibits us from declaring any cash dividends. At January 31, 2004, there were approximately 800 holders of record of our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve substantial risks and uncertainties. In some cases you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or of financial position or state other "forward-looking" information. You are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results as a result of various important factors including those referred to in the "Cautionary Statements" section of our Quarterly Report on Form 10-Q, dated November 10, 2003 and filed with the SEC, as well as unforeseen issues encountered in the completion of our independent investigation and of the year-end audit and pending securities litigation matters that could result in substantial cost and divert the attention of key personnel. You should be aware that the occurrence of any of these events could have a material adverse effect on our business, results of operations and financial position.

Any forward-looking statements in this report are not guarantees of future performances, and actual results, developments and business decisions may differ from those anticipated by such forward-looking statements, possibly materially. We disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not currently use derivative financial instruments. We generally place our marketable security investments in high-quality credit instruments, primarily U.S. Government obligations and

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corporate obligations with contractual maturities of less than one year. We do not expect any material loss from our marketable security investments and, therefore, believe that our potential interest rate exposure is not material. We have no current material exposure to foreign currency rate fluctuations, though we will continue to evaluate the impact of foreign currency exchange risk on our results of operations as we expand internationally.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table sets forth our executive officers and directors, their respective ages and positions as of December 31, 2003:

Name	Age	Position
Rubin Gruber	59	Chairman of the Board of Directors
Hassan M. Ahmed	46	President, Chief Executive Officer and Director
Edward N. Harris	42	Vice President of Manufacturing
Michael G. Hluchyj	49	Chief Technology Officer, Vice President and Secretary
Paul R. Jones	54	Vice President of Engineering
Jeffrey Mayersohn	52	Vice President of Customer Support and Professional Services
Stephen J. Nill	52	Chief Financial Officer, Vice President of Finance and Administration and Treasurer
John Michael O'Hara	37	Vice President of Marketing
Gary A. Rogers	48	Vice President of Worldwide Sales
Edward T. Anderson (1)	54	Director
Paul J. Ferri (2)(3)	65	Director
Albert A. Notini (1)	47	Director
Paul J. Severino (1)(2)	57	Director
H. Brian Thompson (3)	64	Director

- (1) Member of audit committee. The Board of Directors has determined that Mr. Notini is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K and that each of the members of this committee is an "independent director" as defined in Rule 4200(a)(15) of the listing standards of the Nasdaq National Market.
- (2) Member of compensation committee.
- (3) Member of nominating committee.

Rubin Gruber is one of our founders and has been a Director since November 1997 and Chairman of our Board of Directors since November 1998. From November 1997 until November 1998, Mr. Gruber was our President. Before founding Sonus, Mr. Gruber was a founder of VideoServer, Inc., now Ezenia!, Inc., a manufacturer of videoconference network equipment, and from February 1992 until September 1996 served as Vice President of Business Development. Previously, Mr. Gruber was a founder and served as President of both Cambridge Telecommunications, Inc., a manufacturer of networking equipment, and Davox Corporation, a developer of terminals supporting voice and data applications, and served as a Senior Vice President of Bolt, Beranek and Newman Communications Corporation, a subsidiary of Bolt, Beranek and Newman, Inc., a manufacturer of data communications equipment. Mr. Gruber also serves on the Board of Directors of the IP Communications Consortium. Mr. Gruber holds a B.Sc. in mathematics from McGill University and an M.A. in mathematics from Wayne State University.

Hassan M. Ahmed has been our President and Chief Executive Officer and a member of our Board of Directors since November 1998. From July 1998 to November 1998, Mr. Ahmed was Executive Vice President and General Manager of the Core Switching Division of Ascend Communications, Inc., a provider of wide area network switches and access data networking equipment, and from July 1997 until July 1998 was a Vice President and General Manager of the Core Switching Division. From June 1995 to July 1997, Mr. Ahmed was Chief Technology Officer and Vice President of Engineering

for Cascade Communications Corp., a provider of wide area network switches. From 1993 until June 1995, Mr. Ahmed was a founder and President of WaveAccess, Inc., a supplier of wireless communications. Prior to that, he was an Associate Professor at Boston University, Engineering Manager at Analog Devices, a chip manufacturer, and director of VSLI Systems at Motorola Codex, a supplier of communications equipment. Mr. Ahmed holds a B.S. and an M.S. in engineering from Carleton University and a Ph.D. in engineering from Stanford University.

Edward N. Harris has been our Vice President of Manufacturing since October 2002. From September 2000 to October 2002, Mr. Harris was our Director of Materials and Planning. From July 1999 to September 2000, Mr. Harris was Senior Supply Chain Manager for Lucent Technologies, Integrated Network Solutions, a provider of core switching products. He was previously employed by Ascend Communications prior to its acquisition by Lucent, as Supply Chain Manager from January 1998 to June 1999 and as Senior Buyer/Planner from June 1997 to December 1997, and with Cascade Communications prior to its acquisition by Ascend, as Senior Buyer/Planner from 1994 to June 1997. Prior to that, he worked in materials management at American Science & Engineering, a manufacturer of x-ray inspection equipment and at Analog Devices. Mr. Harris holds a B.S. from the University of New Hampshire.

Michael G. Hluchyj is one of our founders and has been our Chief Technology Officer and Vice President since November 1997. He also has been our Secretary since our inception, and was our President from August 1997 to November 1997, our Treasurer from inception until March 2000 and a Director from our inception until November 1998. From July 1994 until July 1997, he was Vice President and Chief Technology Officer at Summa Four, Inc., a supplier of switches for carrier networks. Previously, he was Director of Networking Research at Motorola Codex and on the technical staff at AT&T Bell Laboratories. Mr. Hluchyj holds a B.S. in engineering from the University of Massachusetts and an M.S. and a Ph.D. in engineering from the Massachusetts Institute of Technology.

Paul R. Jones has been our Vice President of Engineering since June 2000. From February 1997 until May 2000, he was Vice President of Engineering for Indus River Networks, Inc., a developer of virtual private network solutions. From December 1994 until February 1996, he was Chief Operating Officer at Isis Distribution Systems, a wholly owned subsidiary of Stratus Computers. From March 1990 until November 1994, he was Vice President of Engineering at Stratus Computers, Inc., a provider of fault tolerant computer systems and services. Previously, Mr. Jones held senior engineering management positions at Stellar Computers, Inc. and Prime Computer, Inc. Mr. Jones holds an A.B. from Brown University and an M.S. in engineering from the University of Massachusetts.

Jeffrey Mayersohn has been our Vice President of Customer Support and Professional Services since July 1999. From March 1998 until July 1999, he was our Vice President of Carrier Relations. From June 1997 to March 1998, Mr. Mayersohn was a Senior Vice President at GTE Internetworking, an Internet service provider. From January 1995 to June 1997, he was with BBN Corporation, formerly Bolt, Beranek and Newman, Inc., and was a Vice President at the BBN Planet division, an Internet service provider. From 1978 to January 1995, he held a number of positions at Bolt, Beranek and Newman Communications Corporation, including Senior Vice President of Engineering, Senior Vice President responsible for U.S. Government Networks and Vice President of Professional Services. Mr. Mayersohn holds an A.B. in physics from Harvard College and an M.Phil. in physics from Yale University.

Stephen J. Nill has been our Chief Financial Officer and Vice President of Finance and Administration since September 1999 and our Treasurer since March 2000. From June 1994 until August 1999, he was Vice President of Finance and Chief Financial Officer of VideoServer, Inc., now Ezenia!, Inc. Previously, he served as Corporate Controller and Chief Accounting Officer at Lotus Development Corporation, a software supplier. Prior to that, Mr. Nill held various financial positions with Computervision, Inc., a supplier of workstation-based software, International Business Machines

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Corporation and Arthur Andersen LLP. Mr. Nill has a B.A. in accounting from New Mexico State University and an M.B.A. from Harvard University.

John Michael O'Hara has been our Vice President of Marketing since July 2002. From 1987 to March 2002, Mr. O'Hara held a number of positions at Nortel Networks Corporation, a communications technology provider. From March 2001 to March 2002, he served as Vice President of Marketing in Europe, the Middle East and Africa, from April 1999 to March 2001 was Vice President of Business Operations, from April 1997 to March 1999 was Executive Assistant to the President and, from January 1996 to March 1997 was Senior Manager of Order Management. Prior to that, he held a number of management positions including sales, operations and customer service with Nortel in the European region. He holds a degree in engineering from the Queens University of Belfast.

Gary A. Rogers has been our Vice President of Worldwide Sales since March 1999. From March 1999 to December 2000, Mr. Rogers was also our Vice President of Marketing. From February 1997 to March 1999, Mr. Rogers was Senior Vice President of Worldwide Sales and Operations at Security Dynamics, Inc., now RSA Security, Inc., a supplier of network security products. Previously, he served at Bay Networks, Inc., as Vice President of International Sales from July 1996 to February 1997 and as Vice President of Europe, Middle East and Africa from 1994 until July 1996. Prior to that, he held sales and marketing positions with International Business Machines Corporation. Mr. Rogers holds a B.A. in mathematics from Dartmouth College and an M.B.A. from the University of Chicago.

Edward T. Anderson has been a Director since November 1997. Mr. Anderson has been managing general partner of North Bridge Venture Partners, a venture capital firm, since 1994. Previously, he was a general partner of ABS Ventures, the venture capital affiliate of Alex Brown & Sons. He has an M.F.A. from the University of Denver and an M.S. from Columbia University.

Paul J. Ferri has been a Director since November 1997. Mr. Ferri has been a general partner of Matrix Partners, a venture capital firm, since 1982. He also serves on the Board of Directors of Sycamore Networks, Inc. Mr. Ferri has a B.S. in engineering from Cornell University, an M.S. in engineering from Polytechnic Institute of New York and an M.B.A. from Columbia University.

Albert A. Notini has been a Director since March 2003. Mr. Notini has served as Executive Vice President and Chief Financial Officer of Manufacturers' Services Limited, a global electronics and supply chain services company, since October 2000. He joined Manufacturers' Services Limited in May 2000 as Executive Vice President, Business Development and General Counsel and served in that capacity until October 2000. From January 1999 to June 1999, Mr. Notini was the Executive Vice President, Corporate Development and Administration and General Counsel of Wang Global, a worldwide provider of network services. Wang Global was acquired by Getronics NV in June 1999 and Mr. Notini served as Executive Vice President of Getronics until February 2000. He joined Wang Global in February 1994 as Senior Vice President and General Counsel. Mr. Notini has a B.A. from Boston College and a J.D. from Boston College Law School. Mr. Notini also serves on the Board of Directors of Manufacturers' Services Limited and ePresence, Inc.

Paul J. Severino has been a Director since March 1999. Mr. Severino is a private investor. From 1994 to October 1996, he was Chairman of Bay Networks, Inc. after its formation from the merger of Wellfleet Communications, Inc. and Synoptics Communications, Inc. Prior to that, he was a founder, President and Chief Executive Officer of Wellfleet Communications, Inc. He also serves on the Board of Directors of MCK Communications, Inc. and Media 100, Inc. Mr. Severino has a B.S. in engineering from Rensselaer Polytechnic Institute.

H. Brian Thompson has been a Director since October 2003. Mr. Thompson currently serves as Chairman of the Board of Directors for Comsat International, an independent telecommunications operator with operations throughout Latin America. He also heads his own private equity investment

and advisory firm, Universal Telecommunications, Inc. Mr. Thompson currently serves on the Board of Directors of Bell Canada International, ArrayComm, Inc., Axcelis Technologies, Inc. and United Auto Group. He has a B.S. in chemical engineering from the University of Massachusetts and a MBA from Harvard University.

The information required by this Item 10 relating to compliance with Section 16(a) of the Securities Act of 1934 is included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement with respect to our 2004 Annual Meeting of Shareholders to be filed with the SEC not later than 120 days after the end of the fiscal year and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to all executive officers, directors and employees of the company. The Code of Business Conduct and Ethics is attached as an exhibit to this Annual Report on Form 10-K and also can be found under the "Investor Relations" section of our website at www.sonusnet.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics with respect to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website, unless a Form 8-K is otherwise required by applicable rules of the Nasdaq National Market.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 is included under the captions "Proposal One—Election of Directors—Director Compensation" and "Summary of Executive Compensation" in our definitive Proxy Statement with respect to our 2004 Annual Meeting of Shareholders to be filed with the SEC not later than 120 days after the end of the fiscal year and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item 12 relating to security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is included under the captions "Beneficial Ownership of Securities" and "Equity Compensation Plan Information" in our definitive Proxy Statement with respect to our 2004 Annual Meeting of Shareholders to be filed with the SEC not later than 120 days after the end of the fiscal year and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item 13 is included, as applicable, under the caption "Executive Compensation and Related Information" in our definitive Proxy Statement with respect to our 2004 Annual Meeting of Shareholders to be filed with the SEC not later than 120 days after the end of the fiscal year and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item 14 is included under the captions "Proposal Two—Ratification of Independent Auditors—Fees for Independent Auditors during Fiscal Year Ended December 31, 2003" and "Proposal Two—Ratification of Independent Auditors—Policy on Audit Committee Pre-approval of Audit and Non-audit Services" in our definitive Proxy Statement with respect to our 2004 Annual Meeting of Shareholders to be filed with the SEC not later than 120 days after the end of the fiscal year and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) Listing of Exhibits.

The Exhibits filed as part of this Annual Report on Form 10-K are listed in the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

(b) Reports on Form 8-K filed during the fourth quarter of fiscal 2002.

Sonus furnished a Current Report on Form 8-K dated October 8, 2003 reporting under Item 12 (Results of Operations and Financial Condition) its actual financial results for the quarter ended September 30, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Chelmsford, Commonwealth of Massachusetts, on this 15 day of March, 2004.

By: /s/ HASSAN M. AHMED

Hassan M. Ahmed
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ HASSAN M. AHMED Hassan M. Ahmed	President, Chief Executive Officer and Director (Principal Executive Officer)	March 15, 2004
/s/ STEPHEN J. NILL Stephen J. Nill	Chief Financial Officer, Vice President of Finance and Administration and Treasurer (Principal Financial and Accounting Officer)	March 15, 2004
/s/ RUBIN GRUBER Rubin Gruber	Chairman of the Board of Directors	March 15, 2004
/s/ EDWARD T. ANDERSON Edward T. Anderson	Director	March 15, 2004
/s/ PAUL J. FERRI Paul J. Ferri	Director	March 15, 2004
/s/ ALBERT A. NOTINI Albert A. Notini	Director	March 15, 2004
/s/ PAUL J. SEVERINO Paul J. Severino	Director	March 15, 2004
/s/ H. BRIAN THOMPSON H. Brian Thompson	Director	March 15, 2004

EXHIBIT INDEX

Exhibit Number	Description
3.1*	Fourth Amended and Restated Certificate of Incorporation of Sonus Networks, Inc., as amended.
3.2(b)	Amended and Restated By-Laws of Sonus Networks, Inc.
4.1(b)	Form of Stock Certificate representing shares of Sonus Networks, Inc. Common Stock.
10.1(a)	Registration Rights Agreement, dated as of November 2, 2000, by and among Sonus Networks, Inc. and the Stockholder parties thereto.
10.2(a)+	Sonus 2000 Retention Plan.
10.3(a)+	Telecom technologies, inc. 1998 Amended Equity Incentive Plan.
10.4(b)+	Amended and Restated 1997 Stock Incentive Plan of the Registrant.
10.5(b)+	2000 Employee Stock Purchase Plan of the Registrant.
10.6(b)	Lease, dated January 21, 1999, as amended, between the Registrant and Glenborough Fund V, Limited Partnership with respect to property located at 5 Carlisle Road, Westford, Massachusetts.
10.7(a)	Sub-lease, dated October 20, 2000, between the Registrant and Unisphere Networks, Inc. with respect to property located at 5 Carlisle Road, Massachusetts.
10.8(a)	Sub-Lease, dated October 20, 2000, between the Registrant and Unisphere Networks, Inc. with respect to property located at 235 Littleton Road, Westford, Massachusetts.
10.9(a)	Lease, dated September 30, 2000, between the Registrant and BCIA New England Holdings LLC with respect to property located at 25 Porter Road, Littleton, Massachusetts.
10.10(b)	Agreement of Sublease, dated April 14, 2000, between the Registrant and Unisphere Solutions, Inc. with respect to property located at 25 Porter Road, Littleton, Massachusetts.
10.11(a)	Office Lease Agreement, dated as of November 14, 2000, between telecom technologies, inc. and TR Lookout Partners, Ltd. with respect to property located at 1301 East Lookout Drive, Suite 3000, Richardson,

- Texas.
- 10.12(a) First Amendment to Office Lease Agreement, dated as of January 8, 2001, between telecom technologies, inc. and TR Lookout Partners, Ltd. with respect to property located at 1300 East Lookout Drive, Suite 3000, Richardson, Texas.
- 10.13(c) Office Lease Agreement dated April 4, 1997, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.14(c) First Amendment to Office Lease Agreement, dated November 1, 1997, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.15(c) Second Amendment to Office Lease Agreement, dated July 1, 1998, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.16(c) Third Amendment to Office Lease Agreement, dated July 1, 1998, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.17(c) Fourth Amendment to Office Lease Agreement, dated February 1, 1999, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.

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- 10.18(c) Global Agreement, dated March 5, 2002, by and between TR Lookout Partners, Ltd., Collins Campbell Joint Venture, telecom technologies, inc. and Registrant related to property lease agreements.
- 10.19(e) Fifth Amendment to Office Lease Agreement, dated February 28, 2002, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.20(e) Sixth Amendment to Office Lease Agreement, dated February 1, 2003, between telecom technologies, inc. and Collins Campbell Joint Venture with respect to property located at 1701 North Collins Blvd., Suite 3000, Richardson, Texas.
- 10.21* Sublease Agreement, dated October 16, 2003, by and between Cisco Systems, Inc. and Sonus Networks, Inc. with respect to property located at 250 Apollo Drive, Chelmsford, Massachusetts
- 10.22(c) Loan and Security Agreement, dated as of January 16, 2002, by and between the Registrant and Silicon Valley Bank.
- 10.23(f) Amendment to Loan and Security Agreement, dated as of March 14, 2003, by and between the Registrant and Silicon Valley Bank.
- 10.24(d) Offer to Exchange Outstanding Stock Options dated October 16, 2002, as amended.
- 14.1* Code of Business Conduct and Ethics.
- 21.1* Subsidiaries of the Registrant.
- 23.1*** Consent of Ernst & Young LLP.
- 23.2*** Information regarding Consent of Arthur Andersen LLP.
- 31.1** Certificate of Sonus Networks, Inc. Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2** Certificate of Sonus Networks, Inc. Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1*** Certificate of Sonus Networks, Inc. Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2*** Certificate of Sonus Networks, Inc. Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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- (a) Incorporated by reference to the Registrant's Registration Statement on Form S-4 (file No. 333-52682).
- (b) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (file No. 333-32206).
- (c) Incorporated by reference from the Registrant's Form 10-K, filed March 28, 2002 with the SEC.
- (d) Attached as Exhibit (a)(1) to Tender Offer Statement on Schedule TO, filed October 16, 2002 with the SEC, and subsequently amended by Amendment No. 1, filed on October 17, 2002, Amendment No. 2, filed on November 12, 2002, and Amendment No. 3, filed on November 26, 2002.
- (e) Incorporated by reference from the Registrant's Form 10-K, filed March 19, 2003 with the SEC.
- (f) Incorporated by reference from the Registrant's Form 10-Q, filed May 9, 2003 with the SEC.

* Filed herewith.

** To be supplemented by amendment.

*** To be filed by amendment.

+ Management contract or compensatory plan or arrangement filed herewith in response to Item 15(a)(3) of the Instructions to the Annual Report on Form 10-K.

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SONUS NETWORKS, INC.

CERTIFICATE OF INCORPORATION (AS AMENDED THROUGH MAY 30, 2001)

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* -----
 Text of Certificate of Incorporation as set forth in the Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on May 30, 2000. Article IV was subsequently amended on May 30, 2001, to change the authorized number of shares of common stock from 300,000,000 to 600,000,000 and make a corresponding increase in the total number of shares of capital stock from 305,000,000 to 605,000,000.

ARTICLE I
 NAME

The name of the corporation (the "CORPORATION") is Sonus Networks, Inc.

ARTICLE II
 REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is 1013 Centre Road in the City of Wilmington, County of New Castle; and the name of its registered agent is Corporation Service Company.

ARTICLE III
 PURPOSE

The nature of the business or purposes to be conducted or promoted by the Corporation is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV
 CAPITAL STOCK

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 605,000,000 shares, consisting solely of:

- 600,000,000 shares of common stock, par value \$0.001 per share ("COMMON STOCK"); and
- 5,000,000 shares of preferred stock, par value \$0.01 per share ("PREFERRED STOCK").

The following is a statement of the powers, designations, preferences,

privileges, and relative rights in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. GENERAL. The voting, dividend and liquidation rights of the holders of Common Stock are subject to and qualified by the rights of the holders of Preferred Stock.

2. VOTING. The holders of Common Stock are entitled to one vote for each share held at all meetings of stockholders. There shall be no cumulative voting.

3. DIVIDENDS. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor if, as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding shares of Preferred Stock.

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4. LIQUIDATION. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding shares of Preferred Stock.

B. PREFERRED STOCK.

Shares of Preferred Stock may be issued from time to time in one or more series, each of such series to have such powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and such qualifications and restrictions, if any, of such preferences and rights, as are stated or expressed in the resolution or resolutions of the Board of Directors providing for such series of Preferred Stock. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly so provided in such resolution or resolutions.

Authority is hereby granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions to determine and fix the powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and the qualifications and restrictions, if any, of such preferences and rights, including without limitation dividend rights, conversion rights, voting rights (if any), redemption privileges, and liquidation preferences, of such series of Preferred Stock (which need not be uniform among series), all to the fullest extent now or hereafter permitted by the General Corporation Law of Delaware. Without limiting the generality of the foregoing, the resolution or resolutions providing for the creation or issuance of any series of Preferred Stock may provide that such series shall be superior to, rank equally with, or be junior to the Preferred Stock of any other series, all to the fullest extent permitted by law. No resolution, vote, or consent of the holders of the capital stock of the Corporation shall be required in connection with the creation or issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of this Amended and Restated Certificate of Incorporation, the right to any such resolution, vote, or consent being expressly waived by all present and future holders of the capital stock of the Corporation.

Any resolution or resolutions adopted by the Board of Directors pursuant to the authority vested in them by this Article IV shall be set forth in a certificate of designation along with the number of shares of stock of such series as to which the resolution or resolutions shall apply and such certificate shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with Section 103 of the General Corporation Law of the State of Delaware. Unless otherwise provided in any such resolution or resolutions, the number of shares of stock of any such series to which such resolution or resolutions apply may be increased (but not above the total number of authorized shares of the class) or decreased (but not below the number of shares thereof then outstanding) by a certificate likewise executed, acknowledged, filed and recorded, setting forth a statement that a specified increase or decrease therein has been authorized and directed by a resolution or resolutions likewise adopted by the Board of Directors. In case the number of such shares shall be decreased, the number of shares so specified in the certificate shall resume the status which they had prior to the adoption of the first resolution or resolutions. When no shares of any such class or series are outstanding, either because none were issued or because none remain outstanding, a certificate setting forth a resolution or resolutions adopted by the Board of Directors that none of the authorized shares of such class or series are outstanding,

and that none will be issued subject to the certificate of designations previously filed with respect to such class or series, may be executed, acknowledged, filed and recorded in the same manner as previously described and it shall have the effect of eliminating from this Amended and Restated Certificate of Incorporation all matters set forth in the certificate of designations with respect to such class or series of stock. If no shares of any such class or series established by a resolution or resolutions adopted by the Board of Directors have been issued, the voting powers, designations, preferences and relative, participating, optional or other rights, if any, with the qualifications, limitations or restrictions thereof, may be amended by a resolution or resolutions adopted by the Board of Directors. In the event of any such amendment, a certificate which (i) states that no shares of such class or series have been issued, (ii) sets forth the copy of the amending resolution or resolutions and (iii) if the designation of such class or series is being changed, indicates the original designation and the new designation, shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with Section 103 of the General Corporation Law of the State of Delaware.

ARTICLE V BOARD OF DIRECTORS

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and for defining and regulating the powers of the Corporation and its directors and stockholders and are in furtherance and not in limitation of the powers conferred upon the Corporation by statute:

(a) The Board of Directors shall be divided into three classes of directors, such classes to be as nearly equal in number of directors as possible, having staggered three-year terms of office, the term of office of the directors of the first such class to expire as of the first annual meeting of the Corporation's stockholders following the closing of the Corporation's first public offering of shares of Common Stock registered pursuant to the Securities Act of 1933, as amended, those of the second class to expire as of the second annual meeting of the Corporation's stockholders following such closing, and those of the third class as of the third annual meeting of the Corporation's stockholders following such closing, such that at each annual meeting of stockholders after such closing, nominees will stand for election to succeed those directors whose terms are to expire as of such meeting. Any director serving as such pursuant to this paragraph (b) of Article V may be removed only for cause and only by the vote of the holders of 66 2/3% of the shares of the Corporation's stock entitled to vote for the election of directors.

(b) The Board of Directors shall have the power and authority: (i) to adopt, amend or repeal By-Laws of the Corporation, subject only to such limitations, if any, as may be from time to time imposed by other provisions of this Certificate, by law, or by the By-Laws; and (ii) to the full extent permitted or not prohibited by law, and without the consent of or other action by the stockholders, to authorize or create mortgage, pledges or other liens or encumbrances upon any or all of the assets, real, personal or mixed, and franchises of the Corporation, including after-acquired property, and to exercise all of the powers of the Corporation in connection therewith.

ARTICLE VI LIMITATION OF LIABILITY

No director of the Corporation shall be personally liable to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability; PROVIDED, HOWEVER, that to the extent required from time to time by applicable law, this Article VI shall not eliminate or limit the liability of a director, to the extent such liability is provided by applicable law, (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of Title 8 of the Delaware Code, or (iv) for any transactions from which the director derived an improper personal benefit. No amendment to or repeal of this Article VI shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to the effective date of such amendment or repeal.

ARTICLE VII
INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as amended from time to time, indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom.

Indemnification may include payment by the Corporation of expenses in defending an action or proceeding in advance of the final disposition of such action or proceeding upon receipt of an undertaking by the person indemnified to repay such payment if it is ultimately determined that such person is not entitled to indemnification under this Article VII, which undertaking may be accepted without reference to the financial ability of such person to make such repayment.

The Corporation shall not indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person unless the initiation thereof was approved by the Board of Directors.

The indemnification rights provided in this Article VII (i) shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, agreement or vote of stockholders or disinterested directors or otherwise, and (ii) shall inure to the benefit of the heirs, executors and administrators of such persons. The Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article VII.

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ARTICLE VIII
COMPROMISES AND ARRANGEMENTS

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any Class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 391 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such a manner as the said court directs. If a majority of the number representing three-fourths (3/4ths) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all creditors or class of creditors, and/or stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

ARTICLE IX
CERTAIN TRANSACTIONS

The Board of Directors, when considering a tender offer or merger or acquisition proposal, may take into account factors in addition to potential economic benefits to stockholders, including without limitation (i) comparison of the proposed consideration to be received by stockholders in relation to the then current market price of the Corporation's capital stock, the estimated current value of the Corporation in a freely negotiated transaction, and the estimated future value of the Corporation as an independent entity, (ii) the impact of such a transaction on the employees, suppliers, and customers of the

Corporation and its effect on the communities in which the Corporation operates, and (iii) the impact of such a transaction on the unique corporate culture and atmosphere of the Corporation.

ARTICLE X
STOCKHOLDER ACTION

Any action required or permitted to be taken by the stockholders of the Corporation may be taken only at a duly called annual or special meeting of the stockholders, and not by written consent in lieu of such a meeting, and special meetings of stockholders may be called only by the Chairman of the Board of Directors, the President, or a majority of the Board of Directors.

ARTICLE XI
AMENDMENTS

The affirmative vote of the holders of at least 66 2/3% of the outstanding voting stock of the Corporation (in addition to any separate class vote that may in the future be required pursuant to the terms of any outstanding Preferred Stock) shall be required to amend or repeal the provisions of Articles IV (to the extent it relates to the authority of the Board of Directors to issue shares of Preferred Stock in one or more series, the terms of which may be determined by

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the Board of Directors), V, VII, IX, X, or XI of this Certificate of Incorporation* or to reduce the numbers of authorized shares of Common Stock or Preferred Stock.

* * *

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* Text of Certificate of Incorporation as set forth in the Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on May 30, 2000. Article IV was subsequently amended on May 30, 2001, to change the authorized number of shares of common stock from 300,000,000 to 600,000,000 and make a corresponding increase in the total number of shares of capital stock from 305,000,000 to 605,000,000.

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SUBLEASE AGREEMENT
BY AND BETWEEN

CISCO SYSTEMS, INC.
A CALIFORNIA CORPORATION
AS SUBLANDLORD

AND

SONUS NETWORKS, INC.
A DELAWARE CORPORATION
AS SUBTENANT

250 APOLLO DRIVE
CHELMSFORD, MASSACHUSETTS 01824

DATED AS OF OCTOBER__, 2003

SUBLEASE AGREEMENT

DEFINED TERMS

BASE RENT:

RENT

- (a) In order to achieve the lower monthly rent set forth in paragraph (b) below for the period of the Sublease Term commencing on the Rent Commencement Date and continuing through the Expiration Date, Subtenant shall make a one-time rent payment of \$1,250,000.00 due and payable on the Commencement Date ("Advanced Rent Payment").
- (b) Six Hundred and Eighty Thousand Six Hundred Eighty-Eight Dollars (\$680,688.00) per annum, payable in monthly payments of Fifty Six Thousand, Seven Hundred Twenty-Four and 00/100 Dollars (\$56,724.00) commencing on the Rent Commencement Date and continuing through the Expiration Date.

BROKER:

The Staubach Company

BUILDING:

An approximately 144,375 rentable square foot building situated upon approximately 10.99 acres of land located at 250 Apollo Drive, Chelmsford, Massachusetts.

COMMENCEMENT DATE:

The date of receipt by Sublandlord of an executed original of the Master Landlord's Consent to Sublease with respect to this fully executed Sublease and substantially in the form attached hereto and incorporated herein as EXHIBIT X ("MASTER LANDLORD'S CONSENT").

EXPIRATION DATE:

January 31, 2007

OCCUPANCY DATE:

The earlier of (a) April 1, 2004, or (b) the date Subtenant first occupies any part of the Sublease Premises for any of the Permitted Uses.

MASTER LANDLORD:

CSDV, Limited Partnership, as successor to 250 Apollo Investors LLC

MASTER LEASE:

That certain Lease Agreement dated March 2, 1999 between Master Landlord and Sublandlord, attached hereto as EXHIBIT A.

PERMITTED USES:

General administrative office, industrial, assembly, light

manufacturing and distribution of computer products and related uses as and to the extent permitted by Section 8 of the Master Lease and in compliance with all Laws.

MASTER PREMISES: Improved real property, including the Building containing approximately 144,375 rentable square feet, located on approximately 10.99 acres of land, as more particularly described in the Master Lease.

RENT COMMENCEMENT DATE: April 1, 2004.

SUBLEASE PREMISES: A portion of the Master Premises, consisting of approximately 133,621 total rentable square feet consisting of approximately 60,547 rentable square feet located on the first floor and 73,074 rentable square feet located on the second floor of the Building as depicted in EXHIBIT B.

SECURITY DEPOSIT: Seven Hundred and Fifty Thousand Dollars (\$750,000.00) plus Restoration Costs as defined in Section 3(g) due and payable on or before January 15, 2004 and in the form of cash or a Letter of Credit as provided in Section 3(g), subject to reduction as provided in Section 3(g).

SUBTENANT: Sonus Networks, a Delaware corporation

SUBTENANT'S ADDRESS: Prior to the Occupancy Date:
5 Carlisle Road
Westford, MA 01886
Attn:Adam Wasylyshyn
From and after the Occupancy Date:
250 APOLLO DRIVE
CHELMSFORD, MA 01824
Attn:Adam Wasylyshyn

SUBTENANT'S SHARE: 92.5%

SUBLANDLORD: Cisco Systems, Inc., a California corporation.

SUBLANDLORD'S ADDRESS FOR NOTICES: 170 West Tasman Drive
San Jose, California 95134-1706
Attn: Director, Worldwide Real Estate

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SUBLANDLORD'S ADDRESS FOR PAYMENT: Cisco Systems, Inc.
File #74172
P.O. Box 60000
San Francisco, California 94160

SUBLEASE TERM: Approximately forty (40) months, commencing on the Commencement Date and expiring on the Expiration Date.

EXHIBITS: EXHIBIT A - Master Lease
EXHIBIT B - Sublease Premises
EXHIBIT C - Form of Letter of Credit
EXHIBIT D - Preliminary Plans for Tenant Improvements
EXHIBIT E - Schedule of Sublandlord Property
EXHIBIT E-1 - Form of Bill of Sale
EXHIBIT X - Form of Master Landlord Consent

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THIS SUBLEASE AGREEMENT (this "SUBLEASE") is entered as of the Commencement Date by and between Sublandlord and Subtenant.

THE PARTIES ENTER this Sublease on the basis of the following facts, understandings and intentions:

A. Sublandlord presently leases the Sublease Premises pursuant to the Master Lease.

B. Sublandlord desires to sublease the Sublease Premises to Subtenant and Subtenant desires to sublease the Sublease Premises from Sublandlord on all of the terms, covenants and conditions hereinafter set forth.

C. All of the terms and definitions in the Defined Terms section are incorporated herein by this reference, and any capitalized terms not defined in the Defined Terms or elsewhere in this Sublease shall have the meanings given to such terms in the Master Lease.

NOW, THEREFORE, IN CONSIDERATION of the Sublease Premises subleased herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. SUBLEASE PREMISES AND TERM.

(a) DEMISE. Sublandlord hereby subleases to Subtenant, and Subtenant hereby subleases from Sublandlord, the Sublease Premises, for the Sublease Term subject to the terms, covenants and conditions set forth herein. The Sublease Term shall commence on the Commencement Date. Sublandlord and Subtenant shall execute a Commencement Date notice promptly following the Commencement Date. The Sublease Term shall end on January 31, 2007 (the "EXPIRATION DATE") or on such earlier date upon which said term may expire or be cancelled or terminated pursuant to any of the provisions of this Sublease. As used herein, "Sublease Premises" shall include the appurtenances, the existing interior improvements, equipment and systems of the Sublease Premises as of the Commencement Date, together with the appurtenant right to use in common with others entitled thereto the following areas (collectively the "COMMON AREAS"): (i) the common lobbies, loading docks, hallways and stairways of the Building serving the Sublease Premises, (ii) common walkways and driveways necessary for access to the Building and delivery of products to the Subleased Premises, and (iii) the common toilets and other common facilities of the floors on which the Subleased Premises is located. If Sublandlord fails to deliver possession of the Sublease Premises to Subtenant on or before the Commencement Date this Sublease shall not be void or voidable nor shall Sublandlord be liable to Subtenant for any resulting loss or damage; provided, however, Subtenant shall not be liable for Subtenant's Electricity or janitorial services costs for the Sublease Premises until the later to occur of delivery of the Sublease Premises to Subtenant or the Occupancy Date. Subtenant covenants that, as a material part of the consideration for this Sublease, it shall keep and perform each and all of such terms, covenants and conditions by it to be kept and performed, and that this Sublease is made upon the condition of such performance. Subtenant assumes and agrees to perform Sublandlord's obligations under the Master Lease during the Sublease Term to the extent such obligations are applicable to the Sublease Premises and are not either excluded from incorporation herein or specifically contradicted or modified herein. Subtenant shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease incorporated herein.

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(b) MEASUREMENT OF THE SUBLEASE PREMISES. Subtenant understands that the Sublease Premises is to contain approximately 133,621 "rentable square feet" as determined pursuant to the standard method for measuring floor area in office buildings published by the Building Owners and Managers Association International ("BOMA") as revised and readopted June 7, 1996 (the "STANDARD MEASURE").

(c) CONDITION PRECEDENT. The parties' obligations hereunder are expressly conditioned upon, within ten (10) days after execution of this Sublease, delivery to Sublandlord of certified copies of corporate resolutions of Subtenant, authorizing or ratifying the execution of this Sublease.

The foregoing condition precedent runs to the benefit of Sublandlord and if Subtenant does not timely satisfy same, this Sublease may be terminated by Sublandlord in its sole and absolute discretion by notice to Subtenant, whereupon Sublandlord shall refund to Subtenant the Security Deposit and any Base Rent or Advanced Rent Payment paid to Sublandlord.

(d) INSTALLATION OF SUBTENANT'S FURNITURE, EQUIPMENT AND FIXTURES. As of the Commencement Date, Subtenant and its agents, employees, invitees, consultants and contractors (collectively "AGENTS") shall have the right to enter the Sublease Premises for space planning, construction of tenant improvements and installation of furniture, equipment and furnishings in the Sublease Premises, at Subtenant's sole cost (provided that Subtenant shall obtain the consent of Sublandlord and Master Landlord to any Alterations as required by Section 6 of this Sublease).

(e) PARKING. Subtenant shall be entitled to a Subtenant's Share of Sublandlord's parking rights under the Master Lease (i.e., 92% of the parking spaces depicted in a plan of the Master Premises, prepared by Vannesse Hangen and Brustlin, Inc. (VHB), and attached as Exhibit B to the Master Lease) which spaces shall be unreserved and otherwise subject to the terms and conditions of the Master Lease.

(f) ACCEPTANCE OF SUBLEASE PREMISES. Subtenant agrees to accept the Sublease Premises in its current "as is" condition. Without limiting the foregoing, Subtenant's rights in the Sublease Premises are subject to all local, state and federal laws, regulations, codes and ordinances (collectively, "LAWS") governing and regulating the use and occupancy of the Sublease Premises, the terms and conditions of the Master Lease, and all matters now or hereafter of record. Sublandlord has not received notice of any violations of any Laws by or at the Sublease Premises, including with respect to the use thereof. Subtenant acknowledges that, neither Sublandlord nor Sublandlord's agent has made any representation or warranty as to: (i) the present or future suitability of the Sublease Premises for the conduct of Subtenant's business; (ii) the physical condition of the Sublease Premises; (iii) the expenses of operation of the Sublease Premises; (iv) the safety of the Sublease Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents; (v) the compliance of the Sublease Premises with applicable Laws; or (vi) any other matter or thing affecting or related to the Sublease Premises.

Subtenant acknowledges that no rights, easements or licenses are acquired by Subtenant by implication or otherwise except as expressly set forth herein. Subtenant has inspected or will

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inspect, prior to delivery of possession of the Sublease Premises, the Sublease Premises and become thoroughly acquainted with their condition. Subtenant acknowledges that the taking of possession of the Sublease Premises by Subtenant will be conclusive evidence that the Sublease Premises were in good and satisfactory condition at the time such possession was taken. Subtenant specifically agrees that, except as specifically provided by Laws in force as of the date hereof, Sublandlord has no duty to make any disclosures concerning the condition of the Building and the Sublease Premises and/or the fitness of the Building and the Sublease Premises for Subtenant's intended use and Subtenant expressly waives any duty which Sublandlord might have to make any such disclosures. Subtenant further agrees that, in the event Subtenant is permitted to and in fact assigns this Sublease or sub-subleases all or any portion of the Sublease Premises, Subtenant will indemnify and defend Sublandlord (in accordance with Section 8(a) hereof) for, from and against any matters which arise as a result of Subtenant's failure to disclose any relevant information about the Building or the Sublease Premises to any sub-sublessee or assignee of Subtenant. Subtenant will comply with all Laws relating to the use or occupancy of the Sublease Premises and the Common Areas (other than those requiring structural alterations, except as required as a result of Subtenant's Alterations). Subtenant shall have no obligation to make non-structural alterations or provide auxiliary aids and services to the Sublease Premises and to the Common Areas of the Premises as required by the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq. (the "ADA") except to the extent such alterations, aids or services (x) are required by Subtenant's particular use or occupancy of the Sublease Premises, or (y) are due to any alterations or improvements installed by Subtenant in the Sublease Premises (including any resulting ADA compliance requirements in the Common Areas). Subtenant further agrees that all telephone and other communication installation and use requirements will be compatible with the Building and that Subtenant will be solely responsible for all of its telephone and communication installation and usage costs.

(g) REMOVAL OF PERSONAL PROPERTY. All articles of personal property, and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions, if any, owned or installed by Subtenant at its expense in the Sublease Premises will be and remain the property of Subtenant and may be removed by Subtenant at any time, provided that Subtenant, at its expense, shall repair any damage to the Sublease Premises caused by such removal or by the original installation. Sublandlord may elect to require Subtenant to remove all or any part of Subtenant's personal property at the expiration of the Sublease Term or sooner termination of this Sublease, in which event the removal will be done at Subtenant's expense and Subtenant, prior to the end of the Sublease Term or upon sooner termination of this Sublease, will repair any damage to the Sublease Premises caused by its removal.

(h) HOLDING OVER. If Subtenant holds over after the expiration of the Sublease Term or earlier termination of this Sublease, with or without the express or implied consent of Sublandlord, then Subtenant will become and be only a tenant at sufferance at a per diem Base Rent equal to (i) one hundred and twenty five percent (125%) of the Base Rent payable by Sublandlord under the

Master Lease, or (ii) if Sublandlord is then subleasing the remaining space in the Building, one hundred and twenty five percent (125%) of the Base Rent allocable to the Sublease Premises payable by Sublandlord under the Master Lease, immediately prior to such expiration or termination, and otherwise upon the terms, covenants and conditions herein specified. Notwithstanding any provision to the contrary contained herein, (a) Sublandlord expressly reserves the right to require Subtenant to surrender possession of the Sublease

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Premises upon the expiration of Sublease Term or upon the earlier termination of this Sublease and the right to assert any remedy at law or in equity to evict Subtenant and/or collect damages in connection with any holding over, and (b) Subtenant will indemnify, defend and hold Sublandlord harmless from and against any and all liabilities, claims, demands, actions, losses, damages, obligations, costs and expenses, including, without limitation, attorneys' fees incurred or suffered by Sublandlord by reason of Subtenant's failure to surrender the Sublease Premises on the expiration of the Sublease Term or earlier termination of this Sublease.

(i) PURCHASE OF SUBLANDLORD PROPERTY. Subtenant agrees to purchase and Sublandlord agrees to sell certain personal property, equipment, and furniture presently located within the Sublease Premises (the "SUBLANDLORD PROPERTY") as described generally on EXHIBIT E attached hereto and incorporated herein. Subtenant agrees to pay Sublandlord the sum of One Dollar (\$1.00) ("SUBLANDLORD PROPERTY PURCHASE PRICE") for the Sublandlord Property upon execution of this Sublease. Sublandlord shall, upon the full execution of this Sublease and Sublandlord's receipt of a fully executed copy of the Master Landlord's Consent to Sublease, execute and deliver to Subtenant a bill of sale for the Sublandlord Property in the form of EXHIBIT E-1 attached hereto and incorporated herein. Subtenant acknowledges that Sublandlord shall have the option, prior to the Commencement Date, of removing certain items of its personal property from the Sublease Premises, including networking equipment and certain business and trade fixtures, provided however Sublandlord shall not remove any office furniture or installed wiring not connected to any networking equipment which is set forth in Exhibit E and which is currently located within the Sublease Premises. The Sublandlord Property shall be conveyed to Subtenant in its "AS IS, WHERE IS, WITH ALL FAULTS, IF ANY" condition as of the Commencement Date, without any warranties, express or implied regarding the number of such items, their physical condition, existence, capacity, quality, value, workmanship, operating capability or performance, compliance with applicable laws, or their fitness or suitability for Subtenant's purposes (but with a warranty by Sublandlord that as of the date of such conveyance, Sublandlord has good title to and the right and authority to convey the Sublandlord Property; and that the Sublandlord Property is free and clear of all security interests, liens and encumbrances). Notwithstanding the foregoing, if this Sublease is terminated due to the failure of any of the conditions set forth in Section 1(c) of this Sublease, the Sublandlord Property shall be deemed not conveyed to Subtenant and the Sublandlord Property Purchase Price, if received by Sublandlord, shall be promptly refunded to Subtenant.

(j) RIGHT OF FIRST OFFER. Sublandlord hereby grants Subtenant a continuing right of first offer to lease any unoccupied space within the first floor of the Building which is currently available or later becomes available during the Sublease Term (the "RIGHT OF FIRST OFFER"). Subtenant shall have three (3) business days after receipt of Sublandlord's written notice that Sublandlord is marketing such space in which to exercise the Right of First Offer upon any such vacant space. In the event Subtenant chooses not to exercise its Right of First Offer, then if Sublandlord has not entered into a letter of intent with a subtenant for the unoccupied space within one hundred and eighty (180) days following Sublandlord's notice to Subtenant, Subtenant's right of First Offer shall be restored and Sublandlord must send a new notice to Subtenant pursuant to the previous sentence prior to subleasing such vacant space to a subtenant. Upon the exercise of the Right of First Offer and the execution of an amendment to this Sublease, the space subject to the Right of First Offer shall become part of the Sublease Premises and the Rent shall increase based upon a rental rate of \$6.68 per square foot effective as of the

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date of such amendment and the Subtenant's Share shall increase accordingly. Subtenant shall be responsible for the construction and cost of demising such excess space, if any.

2. SUBLEASE SUBJECT TO MASTER LEASE.

(a) INCLUSIONS. All of the terms, conditions and covenants of the Master Lease are hereby incorporated into this Sublease by reference, except as excluded in Section 2(b) herein. Subtenant shall be subject to, bound by,

benefit from and comply with all of said included terms, conditions, rights and covenants of the Master Lease with respect to the Sublease Premises herein for the benefit of both Sublandlord and Master Landlord, it being understood and agreed that wherever in the Master Lease the word "Tenant" appears, for the purposes of this Sublease, the word "Subtenant" shall be substituted, and wherever the word "Landlord" appears, for the purposes of this Sublease, the word "Sublandlord" shall be substituted; and that upon the breach of any of said terms, conditions or covenants of the Master Lease by Subtenant or upon the occurrence of an event of default by Subtenant, Sublandlord may exercise any and all rights and remedies granted to Master Landlord by the Master Lease and Subtenant shall have all of the rights of the Tenant under the Master Lease. In the event of any conflict between this Sublease and the Master Lease, the terms of this Sublease shall control between Sublandlord and Subtenant. It is further understood and agreed that Sublandlord has no duty or obligation to Subtenant under the aforesaid Sections of the Master Lease other than to perform the obligations of Sublandlord as tenant under the Master Lease during the Sublease Term. Whenever the provisions of the Master Lease incorporated as provisions of this Sublease require the written consent of Master Landlord, said provisions shall be construed to require the written consent of both Master Landlord and Sublandlord. Subtenant hereby acknowledges that it has read and is familiar with all the terms of the Master Lease, and agrees that this Sublease is subordinate and subject to the Master Lease. With respect to the following incorporated provisions, the references therein to Landlord shall be deemed to be references to Sublandlord and Master Landlord: Sections 8.1 (Compliance with Laws), 8.2 (Prohibition on Use), 9.1 (Alterations), 10.4 (Tenant's Failure to Perform Repairs and Maintenance Obligations), 11.3 (Additional Insured's), 11.4 (Failure of Tenant to Purchase Insurance), 12 (Waiver of Subrogation), 17 (Right of Entry), 18 (Estoppel Certificate), 26 (Environmental Matters), 27 (Financial Statements), 29 (Signs), and 31 (Quitclaim).

(b) EXCLUSIONS. The terms and provisions of the following Sections and Exhibits of the Master Lease are not incorporated into this Sublease: The last Sentence of Section 1 (Premises), Sections 2 (Term), 3 (Rent), 4 (Security Deposit), 5 (Additional Rent), the first four sentences and the seventh sentence of Section 6 (Utilities), Sections 7 (Late Charges), 10.1 (Tenant's Repairs and Maintenance Obligations), 11.5 (Self Insurance), the second full paragraph of Section 14.1 (Assignment), the sentences in the first paragraph of Section 24 beginning with "Notwithstanding anything to the contrary . . ." and "In the event the holder of any indebtedness . . .", and Addendum 1 to the Master Lease. Section 28.10 of the Master Lease shall apply to notices to Master Landlord and not payment hereunder.

(c) TIME FOR NOTICE. Except for the time limits for notice, demands, performance or exercise of rights specified in this Sublease which shall not be altered by this Section 2(c), including without limitation the time frames set forth in Sections 11 and 12 hereof, the time limits provided for in the Master Lease for the giving of notice, making of demands,

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performance of any act, condition or covenant, or the exercise of any right, remedy or option, are amended for the purposes of this Sublease by lengthening or shortening the same in each instance by five (5) days, as appropriate, so that notices may be given, demands made, or any act, condition or covenant performed, or any right, remedy or option hereunder exercised, by Sublandlord or Subtenant, as the case may be, within the time limit relating thereto contained in the Master Lease. If the Master Lease allows only five (5) days or less for Sublandlord to perform any act, or to undertake to perform such act, or to correct any failure relating to the Sublease Premises or this Sublease, then Subtenant shall nevertheless be allowed three (3) days to perform such act, undertake such act and/or correct such failure. In the event of a conflict between the time frame set forth elsewhere in this Sublease and the time frame specified in the Master Lease as modified by this Section 2(c), the time frame set forth elsewhere in this Sublease shall control.

(d) MASTER LANDLORD'S OBLIGATIONS. It shall be the obligation of Master Landlord to provide all services to be provided by Master Landlord under the terms of the Master Lease and to satisfy all obligations and covenants of Master Landlord made in the Master Lease. Subtenant acknowledges that Sublandlord shall be under no obligation to provide any such services or satisfy any such obligations or covenants; provided, however, Sublandlord, upon written notice by Subtenant, shall use reasonable and diligent efforts to enforce all obligations of Master Landlord under the Master Lease, without any obligation of Sublandlord to incur any costs or bring any legal action against Master Landlord.

(e) RULES AND PROCEDURES. Subtenant hereby acknowledges and agrees that other subtenants of Sublandlord are occupying or may in the future occupy other portions of the Master Premises. In addition to the rules and regulations of the Master Lease, Subtenant's use of the Sublease Premises and access to and use of the Common Areas of the Building and Lot and any other services in connection

with the Sublease Premises or this Sublease shall be subject to such additional rules and procedures reasonably promulgated by Sublandlord and delivered to Subtenant from time to time. Subtenant's compliance with such rules and procedures constitutes a material inducement to Sublandlord's willingness to enter into this Sublease; any material violation thereof shall constitute a material breach of this Sublease.

(f) TERMINATION OF MASTER LEASE. If the Master Lease terminates with respect to the Sublease Premises, prior to the expiration or earlier termination of this Sublease, this Sublease shall concurrently terminate, unless this Sublease becomes a direct lease of the Building between Master Landlord and Subtenant as provided in the Master Landlord's Consent or unless Master Landlord and Subtenant agree to deem this Sublease to be a direct lease of the Sublease Premises between Master Landlord and Subtenant; provided that as a condition to such direct lease, Sublandlord shall be released from all liabilities and obligations under this Sublease, and the Master Lease with respect to the Sublease Premises arising from and after the date that the Master Lease terminated with respect to the Sublease Premises.

(g) CONSENT OR APPROVAL OF MASTER LANDLORD. All references in this Sublease (whether in the text itself or by incorporation from the Master Lease) to the consent or approval of Master Landlord or Sublandlord shall mean the written consent or approval of Master Landlord or Sublandlord, as the case may be. If any request or demand is made by Master Landlord (whether requiring an act, restraint or payment) directly to Subtenant pursuant to the

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Master Lease in respect of a corresponding obligation under the Master Lease, then such request or demand shall be honored and performed or adhered to as if the request or demand was made directly by Sublandlord. In all provisions of this Sublease requiring the satisfactory approval or consent of Sublandlord, Subtenant first shall be required to obtain the approval or consent of Sublandlord and then, if Sublandlord under similar circumstances would be required under the terms of the Master Lease, to obtain the like approval or consent of Master Landlord, Sublandlord shall forward to Master Landlord such requests as Subtenant may submit for approval or consent from Master Landlord. In the case of a time sensitive matter, Subtenant may submit the request for approval or consent simultaneously to Master Landlord and Sublandlord. Whenever, pursuant to this Sublease, Master Landlord or Sublandlord's consent or approval, or the review or consideration by Master Landlord or Sublandlord of any matter, is permitted, solicited or required prior to or in connection with any activity planned or undertaken on behalf of Subtenant, Subtenant shall reimburse Master Landlord and Sublandlord for all reasonable expenses (including, without limitation, the reasonable fees and disbursements of attorneys and other professional consultants) incurred by Master Landlord and Sublandlord, as the case may be, in connection with such consideration, review, consent or approval. Such reimbursement shall be made by Subtenant within twenty (20) days after written demand. Expenses incurred by Sublandlord shall be deemed to include any expenses or fees payable to Master Landlord under the Master Lease.

(h) REPRESENTATIONS OF SUBLANDLORD. Sublandlord represents to Subtenant that a true and correct copy of the Master Lease, redacted to expunge certain confidential economic information, is attached hereto as EXHIBIT A, that the Master Lease is in full force and effect and has not been amended, and that, to Sublandlord's knowledge, no default nor any matter or event which with the passage of time or the giving of notice would constitute a default exists on the part of Sublandlord or Master Landlord under the Master Lease. As long as no Event of Default by Subtenant exists hereunder, Sublandlord (i) shall continue to perform the obligations of tenant under the Master Lease which are not incorporated herein, including the obligation of Sublandlord to pay rent to Master Landlord in accordance with the provisions of the Master Lease and (ii) agrees not to voluntarily amend, terminate, cancel or surrender the Master Lease with respect to the Sublease Premises during the Sublease Term.

(i) RESPONSIBILITY FOR REPAIRS AND MAINTENANCE. Except as otherwise provided in this Sublease, Subtenant shall have no responsibility for repairs and maintenance that are the responsibility of Sublandlord as Tenant under Section 10.1 of the Master Lease except that Subtenant shall be responsible, at Subtenant's sole cost and expense, for the completion of (i) any repairs or replacements necessitated by damage caused by Subtenant or Subtenant's Agents, (ii) any repairs to Alterations installed by Subtenant, or (iii) repairs to mechanical systems, heating, ventilation and air conditioning systems installed by Subtenant to serve its manufacturing areas within the Subleased Premises.

3. RENT.

(a) BASE RENT. Base rent ("BASE RENT") shall be as set forth in the Defined Terms. Subtenant shall pay Base Rent in monthly installments in advance on or before the first day of each and every calendar month during the Sublease

Term commencing as of April 1, 2004, without being invoiced; provided however that Subtenant shall pay to Sublandlord upon the

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Commencement Date, the Advanced Rent Payment of One Million, Two Hundred and Fifty Thousand Dollars (\$1,250,000) in cash, which amount shall be non-refundable except with regard to any termination of this Sublease pursuant to Sections 1(c), 2(f), 13 or 16(o) of this Sublease, in which event a pro-rated portion of the Advanced Rent Payment may be refundable for the period of time between the date the Subtenant enters the Sublease Premises for space planning, construction of tenant improvements or installation of furniture, equipment and furnishings pursuant to Section 1(d) of this Sublease and the Expiration Date which has not expired as of the date of termination of the Master Lease, provided however, in the event of any such termination of the Sublease pursuant to Sections 1(c), 2(f), 13 or 16(o) of this Sublease prior to Subtenant's payment of the Security Deposit pursuant to Section 3(g) of this Sublease, Seven Hundred and Fifty Thousand Dollars (\$750,000) of such Advanced Rent Payment shall constitute the Security Deposit securing the performance of Subtenant's obligations under this Sublease.

(b) **SUBLANDLORD'S PAYMENT OF OPERATING EXPENSES AND TAX EXPENSES.**

Subtenant shall have no obligation to pay to Sublandlord or Master Landlord Operating Expenses, Tax Expenses or Utility Expenses (except as set forth below in 3(c)), as those terms are defined within Section 5 of the Master Lease.

(c) **SUBTENANT'S ELECTRICITY.**

From and after the Occupancy Date, Subtenant agrees to pay to Sublandlord the cost and expense of electricity for Subtenant's light, HVAC and outlet consumption ("Subtenant's Electricity") use in the Subleased Premises on a monthly basis based upon Sublandlord's estimate thereof. If actual Subtenant's Electricity is greater than Sublandlord's estimate thereof, a lump sum payment (which payment shall be deemed a payment of rent hereunder for all purposes) will be made from Subtenant to Sublandlord within thirty (30) days of the delivery of such statement equal to the amount by which actual Subtenant's Electricity exceeded Sublandlord's estimate thereof. If actual Subtenant's Electricity is less than Sublandlord's estimate thereof, Sublandlord shall promptly after delivery of such statement (but in no event within more than thirty (30) days) make a lump sum payment to Subtenant (or at Sublandlord's option, Sublandlord may credit such lump sum amount against the rent installment due in the immediately succeeding month) equal to the amount by which estimated Subtenant's Electricity exceeded the actual amount thereof. Notwithstanding the foregoing, Sublandlord reserves the right to assess Subtenant's Electricity based on an engineer's survey of Subtenant's electrical usage conducted from time to time or on the sub-metering of all or part of the Sublease Premises. Subtenant's Electricity shall be paid by Subtenant as additional rent at the same time and in the same manner as payments of Base Rent.

(d) **PERSONAL PROPERTY AND JANITORIAL SERVICE.**

From and after the Occupancy Date, Subtenant shall be responsible to pay directly (i) all personal property taxes assessed upon the Sublease Premises including without limitation any entitlement fees related to Subtenant's particular use of the Sublease Premises and any penalties related thereto to the extent any such penalties result from Subtenant's failure to so timely make such payments, and (ii) for the cost of all janitorial services provided to the Sublease Premises. Subtenant shall be responsible for contracting directly with a third party vendor for janitorial services for the Sublease Premises from and after the Occupancy Date.

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(e) **PAYMENT OF RENT.**

As used herein, "RENT" shall include Base Rent, Subtenant's Electricity and any other additional rent, costs, charges and expenses to be paid by Subtenant to Sublandlord pursuant to this Sublease. Rent herein reserved or payable shall be paid at Sublandlord's election, (i) to Sublandlord's address for payment of Rent set forth in the Defined Terms, or (ii) to such other payee and/or at such other place as Sublandlord may designate from time to time in writing, in lawful money of the United States of America, as and when the same become due and payable, without demand therefor and without any deduction, set-off or abatement whatsoever, except as expressly provided otherwise in this Sublease or the Master Lease. In the event the first day of the Sublease Term shall not be the first day of a calendar month or the last day of the Sublease Term is not the last day of the calendar month, Base Rent and other costs and expenses shall be appropriately prorated based on a thirty (30) day month. Additionally, Subtenant shall pay to Sublandlord, as additional rent hereunder, within twenty (20) days after written request therefor, any other payments for which Sublandlord shall become responsible to Master Landlord and which are otherwise the responsibility of Subtenant pursuant to the terms of this Sublease, including, but not limited to, additional rent arising (i) by reason of Subtenant's request for extraordinary services or utilities (such as

replacement lighting or other utilities not otherwise provided to Sublandlord under the Master Lease) from Master Landlord or Sublandlord, or (ii) as a result of Subtenant's Event of Default hereunder.

(f) LATE PAYMENT CHARGES. Any payment of Rent or other amount from Subtenant to Sublandlord or Master Landlord under this Sublease which is not paid on the date due shall accrue interest from the date due until the date paid at a rate equal to the lesser of ten percent (10%) per year or the maximum rate then permitted by law (the "INTEREST RATE"). If any installment of Rent is not paid promptly on the first of the month, or otherwise when due, Subtenant shall pay to Sublandlord a late payment charge equal to five percent (5%) of the amount of such delinquent payment of Rent, in addition to the installment of Rent then owing. Notwithstanding the foregoing two sentences, no late charge shall be imposed on the first late payment of Rent in any single calendar year of the Sublease Term unless Subtenant fails to make such payment within five (5) days after written notice from Sublandlord of such delinquency. This Section shall not relieve Subtenant of Subtenant's obligation to pay any amount owing hereunder at the time and in the manner provided.

(g) SECURITY DEPOSIT. On or before January 15, 2004, Subtenant shall pay to Sublandlord the amount of (i) Seven Hundred and Fifty Thousand Dollars (\$750,000.00), plus (ii) an amount equal to the total projected cost of the work, as estimated by Sublandlord in its reasonable discretion on or before January 15, 2004, to remove, repair and perform restoration work caused by such removal, of any Subtenant Improvements (herein defined in Section 6) required to be removed pursuant to Section 6 of this Sublease or Section 9.2 of the Master Lease ("RESTORATION COSTS"). Such cumulative security deposit shall be in the form of either cash or a letter of credit to be held by Sublandlord as a security deposit ("SECURITY DEPOSIT") for the performance of Subtenant's obligations under this Sublease. The Security Deposit shall be held by Sublandlord as security for the faithful performance by Subtenant of all of its obligations under this Sublease. Sublandlord shall not be required to keep the Security Deposit separate from its other accounts, provided that if Subtenant deposits the Security Deposit with the Sublandlord in the form of cash, such deposit shall be deemed to earn an interest at an annual rate of two percent (2%), which interest shall be payable to Subtenant upon the return of Security Deposit pursuant to this Section 3. Sublandlord may apply all or a part of the Security Deposit to

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any unpaid Rent due from Subtenant or to cure any other default of Subtenant hereunder and to compensate Sublandlord for all damage and expense sustained as a result of such default. If all or any portion of the Security Deposit is so applied, Subtenant shall deposit cash sufficient to restore the Security Deposit to its original amount within five (5) days after receipt of Sublandlord's written demand. Provided that Subtenant complies with all of its obligations hereunder and promptly pays Rent when due, Sublandlord shall refund the Security Deposit, plus interest to Subtenant within thirty (30) days after the later of the expiration or earlier termination of the Sublease or Subtenant's vacating of the Sublease Premises. No trust relationship is created herein between Sublandlord and Subtenant with respect to the Security Deposit. Any deposit under the Master Lease which may be returned by the Master Landlord will be the property of Sublandlord.

In lieu of a cash Security Deposit, Subtenant may deliver to Sublandlord a clean, irrevocable, non-documentary and unconditional letter of credit (the "LETTER OF CREDIT") issued by and drawn upon Silicon Valley Bank or another financial institution acceptable to Sublandlord (the "ISSUER"), which Letter of Credit shall have a term of not less than one year, be in form and content satisfactory to Sublandlord (and substantially as shown on EXHIBIT C to this Sublease), be for the account of Sublandlord, be in the amount of the Security Deposit then required to be deposited hereunder, and be fully transferable by Sublandlord to its successors and/or assigns without the payment of any fees or charges, it being agreed that if any such fees or charges shall be so imposed, then such fees or charges, shall be paid by Subtenant. The Letter of Credit shall provide that it shall be deemed automatically renewed, without amendment, for consecutive periods of one (1) year each thereafter during the Sublease Term, unless the Issuer sends notice (the "NON-RENEWAL NOTICE") to Sublandlord by certified mail, return receipt requested, not less than thirty (30) days next preceding the then expiration date of the Letter of Credit that it elects not to have such Letter of Credit renewed. Additionally, the Letter of Credit shall provide that Sublandlord shall have the right, exercisable upon its receipt of the Non-Renewal Notice, by sight draft on the Issuer, to receive the monies represented by the existing Letter of Credit and in such event, Sublandlord shall hold such proceeds pursuant to the terms of this Section as a cash security pending the replacement of such Letter of Credit. If an Event of Default shall have occurred and be continuing with respect to any provision of this Sublease, including but not limited to the provisions relating to the payment of Rent, Sublandlord may apply or retain the whole or any part of the

cash security so deposited or may notify the Issuer and thereupon receive all the monies represented by the Letter of Credit and use, apply, or retain the whole or any part of such proceeds, as provided in this Section. Any portion of the cash proceeds of the Letter of Credit not so used or applied by Sublandlord in satisfaction of the obligations of Subtenant as to which such an Event of Default shall have occurred shall be retained by Sublandlord as a cash Security Deposit as provided herein. If Sublandlord applies or retains any part of the cash security or proceeds of the Letter of Credit, as the case may be, Subtenant shall, within five (5) days after written demand therefor, deposit with Sublandlord the amount so applied or retained so that Sublandlord shall have the full Security Deposit required pursuant to this Section on hand at all times during the Term.

If the credit rating of the Issuer is downgraded, at any time during the Term of this Sublease, below the level of "A-" (long term) as issued by Standard and Poor's, or below the level of "A3" (long term) as issued by Moody's, Sublandlord may, in Sublandlord's sole discretion, require Subtenant to provide Sublandlord with a replacement Letter of Credit from a

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new Issuer with a credit rating of at least "A-" (long term) as issued by Standard and Poor's and at least "A3" (long term) as issued by Moody's (provided that if such Issuer is only rated by one of such rating bureaus, it satisfies the aforesaid rating requirement for such rating bureau), and otherwise acceptable to Sublandlord. Such replacement Letter of Credit shall be in the form called for by this Section 3(f) and shall be provided by Subtenant within thirty (30) days following Sublandlord's notice to Subtenant, and Subtenant's failure to provide such replacement Letter of Credit shall constitute an Event of Default. Upon Sublandlord's receipt of such replacement Letter of Credit, Sublandlord shall return the Letter of Credit originally issued by the downgraded Issuer to Subtenant.

If Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Sublease, the Letter of Credit shall be returned to Subtenant within thirty (30) days after the Expiration Date and after delivery of possession of the Sublease Premises to Sublandlord. In the event of a transfer of Sublandlord's interest in the Premises, within thirty (30) days of notice of such transfer, Subtenant, at Subtenant's sole cost and expense, shall arrange for the transfer of the Letter of Credit to the new Sublandlord, as designated by Sublandlord, or have the Letter of Credit reissued in the name of the new Sublandlord and Sublandlord shall thereupon be released by Subtenant from all liability for the return of the reissued Letter of Credit, provided that Sublandlord shall return the original Letter of Credit issued in Sublandlord's name to Subtenant.

Notwithstanding the foregoing, provided Subtenant is not then otherwise in default Sublandlord shall return to Subtenant the following portions of a cash Security Deposit, or so much thereof as shall not have theretofore been applied in accordance with the terms of this Section 3, on the dates specified below:

February 1, 2005	\$250,000.00
February 1, 2006	\$250,000.00
March 1, 2007	\$250,000.00

If the Security Deposit is in the form of a Letter of Credit, Subtenant shall furnish Sublandlord with a replacement Letter of Credit in the form called for by this Section 3, on the dates specified above and reduced by the amounts set forth above.

4. USE. The Sublease Premises shall be used for the Permitted Uses only and for no other purpose or business without the prior written consent of Master Landlord and Sublandlord, as provided for in the Master Lease. At its own expense, Subtenant will procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental approvals required for Subtenant's use of the Sublease Premises.

5. ASSIGNMENT AND SUBLETTING.

(a) TRANSFER OF SUBLEASEHOLD ESTATE. Subtenant shall not permit occupancy of the Sublease Premises by any person or persons other than Subtenant or sell, assign, encumber, sublease or otherwise transfer by operation of law or otherwise (collectively, "TRANSFER") the Sublease Premises or this Sublease without Master Landlord's and Sublandlord's prior written

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consent, which consent of Sublandlord shall not be unreasonably withheld or conditioned or delayed subject to the provisions of Section 14 of the Master Lease as incorporated herein; provided, however, that, except with respect to an assignment or sublet to a Related Entity, prior to making the Sublease Premises available for subletting or assignment, Subtenant shall first offer to Sublandlord, by written notice, the right to recapture the portion of the Sublease Premises which Subtenant intends to sublet or assign. Sublandlord shall give its approval or reasons for disapproval, or election to recapture, within ten (10) business days after Subtenant has requested Sublandlord's consent to such sublease or assignment. If Sublandlord so elects to recapture, Sublandlord and Subtenant shall enter into an agreement partially terminating this Sublease with respect to the portion of the Sublease Premises so recaptured by Sublandlord. Subtenant shall reimburse Sublandlord, as additional rent, for (i) all of Sublandlord's reasonable attorneys fees and other costs, charges and expenses in connection with the review, processing, negotiation and documentation of any request for Sublandlord's and Master Landlord's consents to a proposed Transfer of the Sublease Premises (including, but not limited to, amounts payable by Sublandlord to Master Landlord for its consent) and (ii) fifty percent (50%) of the excess of any subrent and other consideration received by Subtenant by reason of such Transfer, over the sum of the Rent payable hereunder plus all of any bonus or excess rent payable by Sublandlord to Master Landlord under the Master Lease by reason of such Transfer. Any Transfer in violation of the terms of this Sublease shall be void and shall be of no force or effect. Any consent by Sublandlord or Master Landlord to any Transfer shall apply only to the specific Transfer thereby approved. Such consent shall not be construed as a waiver of Subtenant's obligations to obtain Sublandlord's and Master Landlord's consent to any subsequent Transfer or as a modification or limitation of Sublandlord's rights hereunder.

(b) ASSUMPTION BY TRANSFEREES. Each and every assignee, transferee or successor in interest of Subtenant, and their respective assignees, transferees or successors in interest, shall immediately be and remain liable jointly and severally with Subtenant and with each other for the payment of the Rent payable under this Sublease and for the performance of all covenants, agreements, terms and provisions of this Sublease on the part of Subtenant to be performed to the end of the Sublease Term.

(c) ASSIGNMENT OF SUBRENTS. In the event of any Transfer, whether or not in violation of the provisions of this Sublease, Sublandlord may, after an Event of Default by Subtenant, collect Rent from the assignee of the Sublease, or the subtenant or occupant or the Sublease Premises and apply the net amount collected to the curing of any Event of Default hereunder in any order or priority Sublandlord may elect, any unexpended balance to be applied by Sublandlord against any Rent or other obligations subsequently becoming due, but no such assignment, subletting, occupancy or collection of Rent shall be deemed a waiver of the covenants in this Section 5, nor shall it be deemed acceptance of the assignee, subtenant or occupant as a subtenant, or a release of Subtenant from the full performance by Subtenant of all of the terms, conditions and covenants of this Sublease.

(d) VOLUNTARY TERMINATION OF MASTER LEASE. In the event that Master Landlord and Sublandlord negotiate a voluntary termination of the Master Lease, then as long as the Master Landlord and Subtenant have entered into a direct lease of the Sublease Premises, this Sublease shall terminate concurrently therewith and Sublandlord shall be relieved of its obligations, and

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released of all liability, accruing under this Sublease from and after the effective date of such direct lease, whereupon Subtenant shall attorn directly to the Master Landlord.

6. ALTERATIONS. In limitation of the rights set forth in Section 9.1 of the Master Lease, Subtenant shall not make or suffer to be made any alterations, additions or improvements (collectively "ALTERATIONS") in, on, or to the Sublease Premises without the prior written consent of Sublandlord, which consent shall not be unreasonably withheld, conditioned or delayed and Master Landlord, pursuant to Section 9 of the Master Lease. Subtenant shall notify Sublandlord (and Master Landlord, if applicable) not less than five (5) business days in advance of commencing construction of the Alterations so that Sublandlord and Master Landlord may post appropriate notices of non-responsibility. The term "Alterations" includes any alterations, additions or improvements made by Subtenant to comply with the ADA as required by Section 1(f) above. All Alterations must be constructed (a) in a good and workman-like manner using materials of a quality comparable to those on the Sublease Premises, (b) in conformance with all Laws, (c) only after all necessary permits, licenses and approvals have been obtained by Subtenant from appropriate governmental agencies, and (d) shall be diligently prosecuted to completion. Any contractor or other person making any Alterations must first be approved in writing by Sublandlord (and Master Landlord, if required by the Master Lease)

and Sublandlord may require that all work be performed under Sublandlord's supervision. Except where precluded by terms of the Master Lease and Master Landlord's rights in and to any Alterations to any of the Sublease Premises, within twenty-five (25) business days after Sublandlord's receipt of Subtenant's written notice of any Alterations, Sublandlord shall notify Subtenant whether or not Sublandlord will require Subtenant to remove such Alterations from the Sublease Premises upon the expiration or earlier termination of this Sublease. Subtenant shall where required pursuant to Sublandlord's previous notice, upon the expiration or sooner termination of this Sublease, at Subtenant's sole cost and expense, promptly remove any Alterations made or paid for by Subtenant and repair and restore the Sublease Premises to their original condition, ordinary wear and tear excepted.

Subtenant will keep the Sublease Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by Subtenant. If a lien is filed, Subtenant will discharge the lien or post a bond within ten (10) days after receiving notice thereof. Sublandlord has the right to post and keep posted on the Sublease Premises any notices that may be provided by law or which Sublandlord may deem to be proper for the protection of Sublandlord, the Sublease Premises and the Building from such liens. Subtenant shall promptly reimburse to Sublandlord as additional rent hereunder, any fees or charges imposed on Sublandlord under the Master Lease by virtue of Subtenant's proposal or performance of any Alterations.

Subject to Master Landlord's approval thereof, Sublandlord hereby approves the preliminary plans attached hereto as EXHIBIT D for certain Alterations to be installed in the Sublease Premises by Subtenant (the "SUBTENANT IMPROVEMENTS"). Subtenant shall submit for Sublandlord's approval (which approval shall not be unreasonably withheld) final plans and specifications for the Subtenant Improvements. Sublandlord shall not unreasonably withhold its approval if such final plans and specifications are natural derivations of EXHIBIT D. Sublandlord shall give its approval or detailed reasons for disapproval within ten (10) business days of receipt of the final plans and specifications for the Subtenant Improvements. Subtenant's construction

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of the Tenant Improvements shall otherwise comply with the terms and conditions of Section 14 of the Master Lease, including, but not limited to, Subtenant's obligation to remove such Subtenant Improvements if required by Master Landlord in accordance therewith. Notwithstanding anything in this Sublease or the Master Lease to the contrary, and as long as Master Landlord does not require such removal, Sublandlord shall not require Subtenant to remove the Subtenant Improvements at the expiration of the Sublease Term, but Sublandlord reserves the right to require such removal if this Sublease is terminated due to the default of the Subtenant prior to the expiration of the Sublease Term. Subtenant shall be solely responsible for the cost of all architectural, engineering, permitting and any Master Landlord related fees arising from the planning, review and completion of the Subtenant Improvements.

7. INDEMNITY.

(a) SUBTENANT INDEMNITY. Subtenant shall indemnify, defend (by counsel acceptable to Sublandlord and Master Landlord in their sole discretion), protect and hold Sublandlord and Master Landlord and their respective directors, officers, shareholders, partners, members, employees, contractors, assigns and mortgagees harmless from and against, and release and waive the same from any and all liabilities, claims, demands, losses, damages, costs and expenses (including reasonable attorneys' fees) arising out of or relating to (i) the use or occupancy of the Sublease Premises by Subtenant or its Agents or anyone claiming by, through or under Subtenant; (ii) the failure by Subtenant or anyone claiming by, through or under Subtenant to comply with any term, condition, or covenant of this Sublease or the Master Lease incorporated herein, including, without limitation, Subtenant's obligation to surrender the Sublease Premises in the condition herein required; (iii) the negligence or willful misconduct of Subtenant, its Agents or anyone claiming by, through or under Subtenant; (iv) the existence of Hazardous Materials on, under or about the Sublease Premises to the extent caused, stored, released, discharged or introduced by Subtenant or its Agents; (v) the death of or injury to any person or damage to any property in the Sublease Premises; or (vi) the death of or injury to any person or damage to any property on or about the Master Premises to the extent caused by the negligence or willful misconduct of Subtenant or its Agents. Notwithstanding anything in this Sublease or the Master Lease to the contrary, Subtenant shall not be responsible for, or indemnify Sublandlord or Master Landlord for, any injury to or death of any person or damage to property to the extent caused by the negligence or willful misconduct of Master Landlord, Sublandlord or their respective Agents, employees, or contractors).

(b) SUBLANDLORD INDEMNITY. Sublandlord shall indemnify, defend (by counsel acceptable to Subtenant), protect and hold Subtenant and its directors,

officers, shareholders, partners, members, employees, contractors and assigns harmless from and against and release and waive the same from any and all liabilities, claims, demands, losses, damages, costs and expenses (including attorneys' fees) arising out of or relating to: (i) the existence of Hazardous Materials on, under or about the Sublease Premises to the extent introduced upon the Sublease Premises by Sublandlord, its agents, employees, contractors, licensees, subtenants or invitees prior to the Commencement Date; or (ii) the death of or injury to any person or damage to any property to the extent caused by the negligence or willful misconduct of Sublandlord or its agents, employees, contractors, licensees, subtenants or invitees (other than Subtenant). Notwithstanding anything in this Sublease to the contrary, Sublandlord shall not be responsible for, or indemnify Subtenant for, any injury to or death of any person or damage to property to the

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extent caused by (i) the negligence or willful misconduct of Subtenant or its Agents or (ii) the breach by Subtenant of its obligations under this Sublease.

The indemnifications set forth in this Article 7 shall survive the expiration or earlier termination of this Sublease.

8. INSURANCE.

(a) SUBTENANT COMPLIANCE WITH INSURANCE REQUIREMENTS. Subtenant shall not, directly or indirectly, make any use of the Sublease Premises which may be dangerous to person or property or which may jeopardize any insurance coverage or may increase the cost of insurance or require additional insurance coverage. If, by reason of any activity allowed by Subtenant in the Sublease Premises, any insurance coverage is jeopardized or insurance premiums are increased, Sublandlord shall have the option, in its sole discretion, either to terminate this Sublease or to require Subtenant to make immediate payment of such increased insurance premium and upon payment of such premium Subtenant shall not be deemed in default hereunder. Subtenant may not self-insure against any risks required herein to be covered by insurance.

(b) SUBTENANT'S USE OF CONSULTANTS AND CONTRACTORS. In the event Subtenant utilizes the services of consultants and/or contractors at the Sublease Premises, Subtenant shall require from them (or provide in its insurance policies) for insurance coverage for all such consultants and contractors with the same minimum insurance requirements detailed below. Sublandlord reserves the right to request from Subtenant copies of such consultants' and contractors' certificates (to the extent such persons are not covered under Subtenant's insurance policies) when deemed necessary.

(c) POLICY REQUIREMENTS. The policies carried by Subtenant as required below (i) shall be written by companies licensed to do business in the state in which the Sublease Premises are located and have a General Policyholder's rating of at least B+13 as set forth in the most current issue of Best's Insurance Guide, (ii) not be invalidated or reduced by the acts or omissions of other insureds, or by any breach, violation or misrepresentation of any warranties, declarations or conditions in such policy, (iii) name Master Landlord, Sublandlord and any other additional insureds required to be named in Sublandlord's insurance policies under the Master Lease, and their respective officers, directors, employees, agents and invitees as additional insureds, and (iv) endorsed to stipulate that Subtenant's insurance shall be primary to and noncontributory with any and all other insurance maintained or otherwise afforded to Sublandlord or Master Landlord, or their respective officers, directors, employees and agents. The insurance policies required herein shall also comply with the standards for insurance coverage set forth in the Master Lease.

(d) CERTIFICATES OF INSURANCE. Certificates of insurance for all insurance required hereby shall be furnished by Subtenant to Sublandlord and Master Landlord before the Commencement Date and thereafter at least thirty (30) days prior to each policy expiration. The insurance certificates required hereby shall provide that the insurance carrier shall endeavor to provide the certificate holders with at least ten (10) days notice prior to the cancellation, non-renewal or adverse material change in any policy covered thereby and shall otherwise be

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acceptable in form and substance to Sublandlord, but any acceptance of insurance certificates by Sublandlord shall not limit or relieve Subtenant of its obligations under this Section 8. NOTICE TO SUBTENANT: IN ACCORDANCE WITH THE TERMS OF THIS SUBLEASE, SUBTENANT MUST PROVIDE EVIDENCE OF THE REQUIRED INSURANCE TO SUBLANDLORD PRIOR TO OCCUPANCY OF THE SUBLEASE PREMISES.

(e) SUBTENANT'S INSURANCE POLICIES. Subtenant shall, at its own expense, at all times during the Sublease Term provide and maintain in effect those insurance policies and minimum limits of coverage as designated below, and any other insurance required by Section 11 of the Master Lease or by law of the State in which the Sublease Premises are located.

(i) WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. Subtenant shall carry Workers' Compensation insurance as required by any applicable law or regulation and, in accordance with the provisions of all applicable Laws. Subtenant shall carry Employer's Liability insurance in amounts not less than \$1,000,000 per illness or injury.

(ii) "SPECIAL PURPOSE" INSURANCE. Subtenant shall carry "special purpose" insurance covering leasehold improvements paid for by Subtenant and Subtenant's personal property from time to time in, on, or at the Sublease Premises, in an amount not less than eighty percent (80%) of the full replacement cost to provide protection against events protected under "fire and extended coverage," as well as against sprinkler damage, vandalism, and malicious mischief.

(iii) COMMERCIAL GENERAL LIABILITY INSURANCE. Subtenant shall carry Commercial General Liability insurance covering all operations by or on behalf of Subtenant at the Sublease Premises, and providing insurance for bodily injury, property damage, personal injury, blanket contractual, independent contractors, severability of interest and advertising injury, as those terms are defined by Commercial General Liability insurance policies, with limits of not less than \$1,000,000 each occurrence or claim and \$2,000,000 in the aggregate. If such policy of Commercial General Liability insurance is written on a claims-made basis, such policy shall provide "tail coverage" for claims made for a minimum of one (1) year following expiration or earlier termination of this Sublease (and such coverage shall be expressly set forth in the applicable certificate of insurance).

(iv) AUTOMOBILE LIABILITY INSURANCE. Subtenant shall carry Business Automobile Liability insurance, including bodily injury and property damage for all vehicles, including but not limited to all owned, hired (or rented) and non-owned vehicles. The limits of liability shall not be less than \$1,000,000 combined single limit for each accident and in the aggregate.

(v) BUSINESS INTERRUPTION INSURANCE. Subtenant's "special purpose" insurance shall provide coverage for business interruption/loss of income/extra expense insurance in an amount not less than \$20,000,000.

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(vi) EMPLOYMENT PRACTICES LIABILITY INSURANCE. Subtenant shall carry Employment Practices Liability insurance providing coverage for employment practices liability, including by way of example but not limitation, wrongful termination, sexual or other harassment, discrimination, invasion of privacy, employment-related defamation, and violation of the Family and Medical Leave Act, with limits of not less than \$1,000,000 per occurrence or claim and in the annual aggregate.

(vii) MASTER LANDLORD AND SUBLANDLORD PROPERTY. Subtenant shall obtain insurance to cover loss or damage to any Master Landlord-owned or Sublandlord-owned property in the care, custody, or control of Subtenant (including, but not limited, to any furniture, fixtures or equipment) for all losses including, but not limited to, theft, loss, misappropriation or destruction caused by Subtenant, its employees, agents, or other representative whether intentional or through negligence.

9. SIGNS. Subtenant shall not place on any portion of the Sublease Premises any sign, placard, lettering in or on windows, banners, displays or other advertising or communicative material which is visible from the exterior of the Sublease Premises without the prior written approval of Sublandlord, which shall not be unreasonably withheld, conditioned or delayed, and, if required, from Master Landlord in accordance with the Master Lease; provided, however, that subject to compliance with the terms of this Sublease and the Master Lease, Subtenant shall have the right, at its sole cost and expense, to install suite identification signage in the main lobby of the Building and identification signage on the Building and on the monument sign for the Building subject to Master Landlord's sign criteria and Master Landlord's prior written approval. All such approved signs shall strictly conform to all Laws. Subtenant shall maintain such signs in good condition and repair. If Subtenant fails to remove such signs upon the expiration or earlier termination of this Sublease, and repair any damage caused by such removal, Sublandlord may do so at Subtenant's expense, which expense, together with interest thereon at the rate for late payments set forth in Section 3(g) above shall be paid by Subtenant to Sublandlord upon demand.

10. HAZARDOUS SUBSTANCES. Subtenant shall strictly comply with Section 26 of the Master Lease to the extent such provisions relate to the Sublease Premises during the Sublease Term. Subtenant, at its sole cost and expense, shall be fully responsible for the storage and disposal of all Hazardous Materials used in, on or about the Building by the Subtenant or its Agents. Notwithstanding anything in this Sublease to the contrary, Subtenant shall have no liability to Sublandlord or Master Landlord or responsibility under this Sublease for any Hazardous Materials in, on, under or about the Sublease Premises which were not released, discharged, stored or introduced by Subtenant or its Agents.

11. ESTOPPEL CERTIFICATES. Subtenant will at any time upon not less than ten (10) business days' prior written notice from Sublandlord execute, acknowledge and deliver to Sublandlord a statement in writing (i) certifying that this Sublease is unmodified (or, if modified, stating the nature of such modification) and is in full force and effect, the amount of any Security Deposit, and the date to which Rent are paid in advance, if any, (ii) acknowledging that there are not, to Subtenant's knowledge, any uncured defaults on the part of Sublandlord hereunder or of Master Landlord under the Master Lease, or specifying such defaults if any are claimed, and (iii) any other matters relating to the Sublease or the Sublease Premises as may be reasonably

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requested by Sublandlord. Any such statement may be conclusively relied upon by any prospective purchaser, transferee or encumbrancer of the Sublease Premises or of Sublandlord's interest in this Sublease.

12. EVENTS OF DEFAULT. If one or more of the following events ("EVENT OF DEFAULT") occurs, such occurrence constitutes a breach of this Sublease by Subtenant (such events being in addition to, and superseding to the extent inconsistent with, the Events of Default set forth in the Master Lease):

(a) Subtenant fails to pay when due any Rent due hereunder and such failure shall continue for five (5) days after written notice thereof from Sublandlord;

(b) Subtenant fails to comply with any other provision of this Sublease in the manner and within the time required, and such failure continues for twenty (20) days after written notice thereof from Sublandlord, provided that if such failure cannot be cured within such twenty (20) day period, an Event of Default shall not be deemed to have occurred so long as (i) Subtenant commences such cure within such twenty (20) day period and diligently pursues such cure to completion, provided so that an "event of default" (as defined in the Master Lease) is not deemed to have occurred under the Master Lease;

(c) any other event occurs which involves Subtenant or the Sublease Premises and which would constitute an event of default under the Master Lease if it involved Sublandlord or the Master Premises, subject to any notice and/or cure periods applicable thereto as set forth in the Master Lease;

(d) the occurrence of an event of default under the Master Lease which is the result of any act or omission of Subtenant or any person claiming by, through or under Subtenant or any of their respective employees, subtenants, licensees, agents, contractors and invitees (each, a "SUBTENANT PARTY"); or

(e) any purported or attempted Transfer of this Sublease or the Sublease Premises in contravention of this Sublease or the Master Lease; or

(f) Subtenant (i) files or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction; (ii) makes an assignment for the benefit of its creditors; (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property; or (iv) takes action for the purpose of any of the foregoing;

(g) A court or governmental authority of competent jurisdiction, without consent by Subtenant, enters an order appointing a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial portion of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding up or liquidation of Subtenant, or if any such petition is filed against Subtenant and such petition is not dismissed within sixty (60) days; or

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(h) This Sublease or any estate of Subtenant hereunder is levied upon under any attachment or execution and such attachment or execution is not vacated within sixty (60) days.

Upon the occurrence of an Event of Default, Sublandlord shall have, in addition to any other rights and remedies available to it under this Sublease and/or at law and/or in equity, any and all rights and remedies of Master Landlord set forth in the Master Lease as incorporated herein. All rights and remedies of Sublandlord herein enumerated shall be cumulative and none shall exclude any other right allowed by law or in equity and said rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises. If Subtenant shall have committed an Event of Default, then Sublandlord shall have the right, but not the obligation, without waiving or releasing Subtenant from any obligations hereunder, to cure such Event of Default in such manner and to such extent as Sublandlord shall deem necessary, and in exercising any such right, to pay or incur any reasonable costs and expenses (including, without limitation, attorneys' fees and costs) required in connection therewith which Subtenant shall pay to Sublandlord upon, together with interest thereon at the Interest Rate.

13. OTHER CASUALTY; EMINENT DOMAIN. In the event of a fire or other casualty affecting the Building or the Sublease Premises, or of a taking of all or a part of the Building or Sublease Premises under the power of eminent domain: (i) Sublandlord shall be obligated to restore the Sublease Premises to the condition it was in at the Effective Date to the extent that it is the responsibility of Sublandlord as it is the Tenant under the Master Lease, except as otherwise set forth herein, to do so but Sublandlord shall not have any obligation to repair or restore the Sublease Premises to the extent of any Alterations performed by or on behalf of the Subtenant or any personal property of Subtenant; (ii) Subtenant shall be entitled only to a proportionate abatement of Rent to the extent Sublandlord receives a corresponding abatement of rent under the Master Lease during the time and to the extent the Sublease Premises are unfit for occupancy for the purposes permitted under this Sublease and not occupied by Subtenant as a result thereof; (iii) Subtenant shall not, by reason thereof, have a right to terminate this Sublease unless the Master Lease shall be terminated; and (iv) Sublandlord reserves the right to terminate the Master Lease and this Sublease in connection with any right granted to it under the Master Lease whether or not the Sublease Premises is damaged or the subject of a taking. In the event Master Landlord or Sublandlord exercises the right to terminate the Master Lease as the result of any such fire, casualty or taking, Sublandlord shall provide Subtenant with a copy of the relevant termination notice and this Sublease shall terminate on the date upon which the Master Lease terminates.

14. INTENTIONALLY OMITTED

15. LIMIT OF SUBLANDLORD'S LIABILITY. Notwithstanding anything to the contrary contained in this Sublease, Sublandlord, its partners, members, officers, directors, employees, agents, servants and contractors (collectively, the "SUBLANDLORD PARTIES"), shall not be liable for any damages or injury to person or property or resulting from the loss of use thereof sustained by Subtenant or any Subtenant Party, based on, arising out of, or resulting from, any cause whatsoever, including any due to the Building becoming out of repair, or due to the occurrence of any accident or event in or about the Building, or due to any act or neglect of any tenant or occupant of the Building or any other person, provided however Sublandlord shall not be released from liability to Subtenant for any physical injury to any natural person caused by

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Sublandlord's negligence or willful misconduct to the extent such injury is not covered by insurance either carried by Subtenant (or such person) or required by this Sublease to be carried by Subtenant; provided that neither Sublandlord nor any Sublandlord Party shall under any circumstances be liable for any exemplary, punitive, consequential or indirect damages (or for any interruption of or loss to business).

16. MISCELLANEOUS.

(a) ATTORNEYS' FEES. In the event of any litigation or arbitration between Sublandlord and Subtenant, whether based on contract, tort or other cause of action or involving bankruptcy or similar proceedings, in any way related to this Sublease, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including arbitration proceedings, any appeals and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment. The "prevailing party" shall be determined based upon an assessment of which party's major

arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by other party of its claim or defense, final decision after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any fees and cost incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment.

(b) **AUTHORITY.** Each person executing this Sublease on behalf of a party hereto represents and warrants that he or she is authorized and empowered to do so and to thereby bind the party on whose behalf he or she is signing.

(c) **BROKERAGE COMMISSIONS.** Subtenant hereby acknowledges that Sublandlord's Broker represents both the Subtenant and the Sublandlord. Sublandlord shall pay a commission to each of Sublandlord's Broker and Subtenant's Broker in connection with this Sublease transaction pursuant to Sublandlord's separate agreement with such Brokers. Except for Sublandlord's Broker and Subtenant's Broker, each of Subtenant and Sublandlord warrants and represents to the other that it has dealt with no other broker or other person in connection with this sublease transaction other than the other party and its agents and employees. Each of Sublandlord and Subtenant agrees to indemnify, defend and save harmless the other and Master Landlord from any and all costs, expenses, attorneys' fees, charges or liability arising out of any claim by any broker or agent, other than Sublandlord's Broker or Subtenant's Broker, as a result of such party's conversations, correspondence, other dealings or actions in connection with this Sublease.

(d) **CAPTIONS.** All captions and headings in this Sublease are for the purposes of reference and convenience and shall not limit or expand the provisions of this Sublease.

(e) **COUNTERPARTS.** This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall comprise but a single instrument.

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(f) **ENTIRE AGREEMENT.** This Sublease and the applicable portions of the Master Lease contained by reference herein, contain all of the covenants, conditions and agreements between the parties concerning the Sublease Premises, and shall supersede any and all prior correspondence, agreements and understandings concerning the Sublease Premises, both oral and written. No addition or modification of any term or provision of this Sublease shall be effective unless set forth in writing and signed by both Sublandlord and Subtenant.

(g) **NOTICES.** Any notice required or desired to be given regarding this Sublease shall be in writing and may be given by personal delivery, reputable next-day courier service, or by certified or registered mail. A notice shall be deemed to have been given (i) on the third business day after mailing if mailed, postage prepaid, return receipt requested addressed to the party to be served at its address specified in the Defined Terms, and (ii) when delivered or refused if given by personal delivery or courier service. Copies of notices of defaults under this Sublease shall be concurrently provided to Master Landlord at the address set forth in the Master Lease. Either party may change its address by giving notice of the same in accordance with this Section (g).

(h) **GOVERNING LAW.** This Sublease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (the "STATE") applicable to contracts entered into in the State between parties residing in the State. Subtenant hereby consents to the personal jurisdiction and venue of any State court located in the county in which the Building is located and United States District Courts for the District of Massachusetts, and any successor court, and the service or process by any means authorized by such court.

(i) **EXHIBITS.** All exhibits and any schedules or riders attached to this Sublease are incorporated herein by this reference and made a part hereof, and any reference in the body of the Sublease or in the exhibits, schedules or riders to the Sublease shall mean this Sublease, together with all exhibits, schedules and riders.

(j) **WAIVER OF TRIAL BY JURY.** EACH PARTY HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE UNDER APPLICABLE LAW TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE WITH THE OTHER PARTY ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH THIS SUBLEASE, THE MASTER LEASE, OR THE SUBLEASE PREMISES.

(k) **NEGOTIATION AND MEDIATION OF DISPUTES.** In the event that Sublandlord and Subtenant become involved in any dispute, controversy or claim arising out of or relating to the Sublease Premises, this Sublease or a breach hereof (a

"DISPUTE"), either party may initiate negotiation proceedings by sending written notice to the other party setting forth the particulars of the Dispute, the term(s) of this Sublease that are involved and a suggested resolution of the problem. The recipient of the letter must respond in writing within ten (10) business days with an explanation and response to the proposed solution. If an exchange of correspondence does not resolve the Dispute, a representative of each party shall meet on at least one (1) occasion within thirty (30) days of the parties' exchange of correspondence to attempt to resolve the Dispute. The meeting shall take place at a location mutually selected by the parties and, should they not agree on a location, at the Boston, Massachusetts office of JAMS at the parties' shared expense. In the event Sublandlord and Subtenant do not resolve such Dispute within thirty (30) days (or any mutually agreed to extension of time) after the first meeting of their representatives

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with regard to such Dispute, Sublandlord and Subtenant agree to participate in good faith in an informal, non-binding mediation. Sublandlord and Subtenant shall select a mutually acceptable panel member from the list of neutrals in the Boston, Massachusetts office of JAMS or, if Sublandlord and Subtenant so agree, any other mutually acceptable alternative dispute resolution provider. If Sublandlord and Subtenant cannot agree to a mutually acceptable mediator, then JAMS shall send a list of three (3) names and resumes of the available mediators in the Boston, Massachusetts office of JAMS to Sublandlord and Subtenant, each of whom may strike one (1) name, leaving the remaining name as the mediator. If more than one (1) name remains, the JAMS administrator shall select the designated mediator. The mediation shall take place in the Boston, Massachusetts office of JAMS. The cost of such mediation shall be borne equally by Sublandlord and Subtenant provided that each party shall be responsible for the costs and fees of its own attorneys, experts and consultants engaged by it connection therewith.

(l) SUCCESSORS AND ASSIGNS. Subject to the provisions of this Sublease and the Master Lease relating to assignment and subletting, this Sublease shall be binding upon, and shall insure to the benefit of the parties' respective representatives, successors and assigns.

(m) ACCESS. Sublandlord reserves the right to enter the Sublease Premises upon reasonable prior written or oral notice, giving 24 hour notice whenever possible to Subtenant (except that in case of emergency no notice shall be necessary) in order to inspect the Sublease Premises and/or the performance by Subtenant of the terms of this Sublease or to exercise Sublandlord's rights or perform Sublandlord's obligations hereunder.

(n) TIME. Time is of the essence of every provision of this Sublease.

(o) MASTER LANDLORD'S CONSENT. The effectiveness of this Sublease is conditioned upon receipt of Master Landlord's Consent. Notwithstanding anything in this Sublease to the contrary, in the event Master Landlord's Consent is not received within thirty (30) days after the date of this Sublease, or such later date Sublandlord and Subtenant may agree in writing, this Sublease shall automatically become null and void, in which case Sublandlord shall return any Security Deposit and prepaid Base Rent or Advanced Rent Payment to Subtenant.

(p) QUIET ENJOYMENT. Sublandlord covenants with Subtenant that, upon paying the Rent and observing the covenants, agreements and conditions of this Sublease on its part to be kept (i) Subtenant shall and may peaceably and quietly have, hold and enjoy the Sublease Premises during the term of this Sublease and (ii) neither Sublandlord nor anyone claiming by, through or under Sublandlord shall disturb Subtenant's occupancy or enjoyment of the Sublease Premises.

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IN WITNESS WHEREOF, Sublandlord and Subtenant have duly executed this Sublease as of the day and year first above written.

SUBLANDLORD:

SUBTENANT:

CISCO SYSTEMS, INC., a California corporation

SONUS NETWORKS, a Delaware corporation

By: /s/ Spiro G. Kailas

By: /s/ S.J. Nill

Name: Spiro G. Kailas

Name: S.J. Nill

Title: Director, Americas Real Estate

Title: VP & CFO

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

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EXHIBIT A
MASTER LEASE

A-1

EXHIBIT B
SUBLEASE PREMISES

B-1

EXHIBIT C

STANDBY LETTER OF CREDIT DRAFT FOR REGIONAL OFFICES

IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSFXXXXXX

DATE:

BENEFICIARY:
CISCO SYSTEMS, INC.
170 WEST TASMAN DRIVE
SAN JOSE, CA 95134-1706
ATTN: DIRECTOR, AMERICAS REAL ESTATE

APPLICANT:
SONUS NETWORKS, INC.
5 CARLISLE ROAD
WESTFORD, MA 01886

AMOUNT: _____

EXPIRATION DATE: _____, 2004

LOCATION: AT OUR COUNTERS IN SANTA CLARA, CALIFORNIA

DEAR SIR/MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSFXXXXXX IN YOUR FAVOR AVAILABLE BY YOUR DRAFT DRAWN ON US AT SIGHT IN THE FORM OF EXHIBIT "B" ATTACHED AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

1. THE ORIGINAL OF THIS LETTER OF CREDIT AND ALL AMENDMENT(S), IF ANY.
2. A DATED CERTIFICATION FROM THE BENEFICIARY SIGNED BY AN AUTHORIZED OFFICER, FOLLOWED BY ITS DESIGNATED TITLE, STATING THE FOLLOWING:

"THE UNDERSIGNED IS ENTITLED TO DRAW UPON THIS CREDIT IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN SUBLEASE DATED _____, 2003 BY AND BETWEEN CISCO SYSTEMS, INC., AS SUBLANDLORD AND SONUS NETWORKS, INC., AS SUBTENANT (AS THE SAME MAY BE MODIFIED, AMENDED OR ASSIGNED) FOR THE SUBLEASE OF CERTAIN SPACE LOCATED AT 250 APOLLO DRIVE, CHELMSFORD, MASSACHUSETTS."

THE LEASE AGREEMENT MENTIONED ABOVE IS FOR IDENTIFICATION PURPOSES ONLY AND IT IS NOT INTENDED THAT SAID LEASE AGREEMENT BE INCORPORATED HEREIN OR FORM PART OF THIS LETTER OF CREDIT.

PARTIAL DRAWS ARE ALLOWED. THIS LETTER OF CREDIT MUST ACCOMPANY ANY DRAWINGS HEREUNDER FOR ENDORSEMENT OF THE DRAWING AMOUNT AND WILL BE RETURNED TO THE BENEFICIARY UNLESS IT IS FULLY UTILIZED.

DRAFT(S) AND DOCUMENTS MUST INDICATE THE NUMBER AND DATE OF THIS LETTER OF CREDIT.

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IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSFXXXXXX
DATED

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT, FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE NOTIFY YOU BY REGISTERED MAIL/OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESSES THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND MARCH 31, 2007.

THIS LETTER OF CREDIT IS TRANSFERABLE SUCCESSIVELY IN ITS ENTIRETY ONLY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF ANY NOMINATED TRANSFEE THAT IS THE SUCCESSOR IN INTEREST TO BENEFICIARY OR IS THE NEW OWNER OF CERTAIN STATED PROPERTY ("TRANSFEREE"), ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE WOULD BE IN COMPLIANCE WITH THEN APPLICABLE LAW AND REGULATIONS, INCLUDING BUT OT LIMITED TO THE REGULATIONS OF THE U.S. DEPARTMENT OF TREASURY AND U.S. DEPARTMENT OF COMMERCE. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGIANL AMENDMENT(S), IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR LETTER OF TRANSFER DOCUMENTATION (IN THE FORM OF EXHIBIT "A" ATTACHED HERETO). OUR TRANSFER FEE OF 1/4 OF 1% OF THE TRANSFER AMOUNT (MINIMUM \$250.00) IS FOR THE ACCOUNT OF THE APPLICANT.

ALL DEMANDS FOR PAYMENT SHALL BE MADE BY PRESENTATION OF THE ORIGINAL APPROPRIATE DOCUMENTS PRIOR TO 10:00 A.M. CALIFORNIA TIME, ON A BUSINESS DAY AT OUR OFFICE (THE "BANK'S OFFICE") AT: SILICON VALLEY BANK, 3003 TASMAN DRIVE SANTA CLARA, CA 95054, ATTENTION: STANDBY LETTER OF CREDIT NEGOTIATION SECTION.

PAYMENT AGAINST CONFORMING PRESENTATIONS HEREUNDER SHALL BE MADE BY BANK DURING NORMAL BUSINESS HOURS OF THE BANK'S OFFICE WITHIN TWO (2) BUSINESS DAYS AFTER PRESENTATION.

WE HEREBY AGREE WITH THE DRAWERS, ENDORSERS AND BONAFIDE HOLDERS THAT THE DRAFTS DRAWN UNDER AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED UPON PRESENTATION TO THE DRAWEE, IF NEGOTIATED ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

THIS CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH AN UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENTS, INSTRUMENTS OR AGREEMENTS REFERRED TO HEREIN, OR IN WHICH THIS CREDIT IS REFERRED TO OR TO WHICH THIS CREDIT RELATES AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY SUCH DOCUMENTS, INSTRUMENTS OR AGREEMENTS.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998, ("ISP98"), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 590.

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

PAGE 2 OF 2

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EXHIBIT "A"

DATE:

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE
SANTA CLARA, CA 95054
ATTN:INTERNATIONAL DIVISION.
STANDBY LETTERS OF CREDIT

RE: STANDBY LETTER OF CREDIT
NO. ISSUED BY
SILICON VALLEY BANK, SANTA CLARA
L/C AMOUNT:

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

(NAME OF TRANSFEREE)
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF

CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HERewith, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SINCERELY,

(BENEFICIARY'S NAME)

SIGNATURE OF BENEFICIARY

SIGNATURE AUTHENTICATED

(NAME OF BANK)

AUTHORIZED SIGNATURE

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EXHIBIT "B"

=====

DATE: _____ REF. NO. _____

AT SIGHT OF THIS DRAFT

PAY TO THE ORDER OF _____ US\$ _____

USDOLLARS _____

DRAWN UNDER SILICON VALLEY BANK, SANTA CLARA, CALIFORNIA, STANDBY
LETTER OF CREDIT NUMBER NO. _____ DATED _____

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE
SANTA CLARA, CA 95054

(BENEFICIARY'S NAME)

AUTHORIZED SIGNATURE

=====

GUIDELINES TO PREPARE THE DRAFT

1. DATE: ISSUANCE DATE OF DRAFT.
2. REF. NO.: BENEFICIARY'S REFERENCE NUMBER, IF ANY.
3. PAY TO THE ORDER OF: NAME OF BENEFICIARY AS INDICATED IN THE L/C (MAKE SURE BENEFICIARY ENDORSES IT ON THE REVERSE SIDE).
4. US\$: AMOUNT OF DRAWING IN FIGURES.
5. USDOLLARS: AMOUNT OF DRAWING IN WORDS.
6. LETTER OF CREDIT NUMBER: SILICON VALLEY BANK'S STANDBY L/C NUMBER THAT PERTAINS TO THE DRAWING.
7. DATED: ISSUANCE DATE OF THE STANDBY L/C.
8. BENEFICIARY'S NAME: NAME OF BENEFICIARY AS INDICATED IN THE L/C.
9. AUTHORIZED SIGNATURE: SIGNED BY AN AUTHORIZED SIGNER OF BENEFICIARY.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS DRAFT, PLEASE CALL OUR L/C PAYMENT SECTION AND ASK FOR:

ALICA DA LUZ: 408-654-7120
CESAR AGONCILLO: 408-654-3052

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EXHIBIT D

PRELIMINARY PLANS FOR TENANT IMPROVEMENTS

D-1

EXHIBIT E

SCHEDULE OF SUBLANDLORD PROPERTY

Sublandlord agrees to sell to Subtenant the following Sublandlord Property located within the Sublease Premises as of the Commencement Date:

Workstations (singles & doubles)
Workspaces - Fax Copy Printer
Office Furniture Set Ups
Training Tables
Cafeteria Tables
Stackable Chairs
Small Conference Room Set Ups
Medium Conference Room Set Ups
Large Conference Room Set Ups
Lobby Furniture

The Sublandlord Property shall be conveyed to Subtenant in its "AS IS, WHERE IS, WITH ALL FAULTS, IF ANY" condition as of the Commencement Date, without any warranties, express or implied regarding the number of such items, their physical condition, existence, capacity, quality, value, workmanship, operating capability or performance, compliance with applicable laws, or their fitness or suitability for Subtenant's purposes (but with a warranty by Sublandlord that as of the date of such conveyance, Sublandlord has good title to and the right and authority to convey the Sublandlord Property; and that the Sublandlord Property is free and clear of all security interests, liens and encumbrances).

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EXHIBIT E-1

BILL OF SALE

THIS BILL OF SALE, is executed by CISCO SYSTEMS, INC., a California corporation ("SELLER"), and SONUS NETWORKS, INC., a Delaware corporation ("BUYER"), effective as of as of the Commencement Date of the Sublease Agreement (the "SUBLEASE") dated _____, 2003 by and between Seller as Sublandlord and Buyer as Subtenant (the "EFFECTIVE DATE"),.

IN CONSIDERATION of the payment of One Dollar (\$1.00), and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns and transfers to Buyer all of the assets more particularly described on Schedule 1 attached hereto and made a part hereof (the "SUBLANDLORD PROPERTY"), subject to the following terms and conditions:

1. BUYER ACKNOWLEDGES THAT BUYER IS ACQUIRING THE SUBLANDLORD PROPERTY "AS IS AND WHERE IS, WITH ALL FAULTS, IF ANY", IN THE CONDITION THEY ARE IN AS OF THE EFFECTIVE DATE, AND NO WARRANTIES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY SELLER REGARDING THEIR PHYSICAL CONDITION, CAPACITY, QUALITY, VALUE, WORKMANSHIP, OPERATING CAPABILITY OR PERFORMANCE, OR THEIR COMPLIANCE WITH APPLICABLE LAWS, OR THEIR FITNESS OR SUITABILITY FOR BUYER'S PURPOSES. NO WARRANTIES, EXPRESS OR IMPLIED, CONTAINED IN THE UNIFORM COMMERCIAL CODE OR OTHERWISE (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE) SHALL APPLY TO THE SALE OF THE SUBLANDLORD PROPERTY, AND BUYER HEREBY DISCLAIMS AND NEGATES THE RIGHT TO ANY SUCH WARRANTIES.

2. As of the Effective Date, Seller represents and warrants that: (a) Seller is lawfully possessed of good title to the Sublandlord Property; (b) Seller has the right and authority to convey the Sublandlord Property; and (c) the Sublandlord Property shall be conveyed to Buyer free and clear of all security interests, liens and encumbrances.

3. Possession of the Sublandlord Property shall be delivered to Buyer on the Effective Date set forth above.

4. All applicable sales, use, transfer and documentary taxes arising out of the transfer of the Sublandlord Property (but excluding sales taxes applicable to Seller's period of ownership and income taxes of Seller arising

out of the sale) shall be paid by Buyer.

5. Notwithstanding the foregoing, if the Sublease is terminated due to the failure of any of the conditions set forth in Section 1(c) of the Sublease, the Sublandlord Property shall be deemed not conveyed to Buyer.

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6. This Bill of Sale shall be governed, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this Bill of Sale has been executed in the Commonwealth of Massachusetts, to be effective on the Effective Date first set forth above.

BUYER:	SELLER:
SONUS NETWORKS, INC., a Delaware corporation	CISCO SYSTEMS, INC., a California corporation
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

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COMMONWEALTH OF MASSACHUSETTS)
)SS

COUNTY OF MIDDLESEX)

I, _____, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that _____ and _____, personally known to me to be the _____ and _____ of Sonus Networks, Inc., a Delaware corporation, and the same person(s) whose name(s) are/is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he/she/they, being thereunto duly authorized, signed and delivered said instrument as their own free and voluntary act, and the free and voluntary act of said corporation, for the uses and purposes set forth therein.

GIVEN under my hand and Notarial seal this ___ day of _____, 2003.

Notary Public

My Commission expires:

STATE OF CALIFORNIA)
)SS
COUNTY OF SANTA CLARA)

I, _____, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that _____ and _____, personally known to me to be the _____ and _____ of CISCO SYSTEMS, INC., a California corporation, and the same person(s) whose name(s) are/is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he/she/they, being thereunto duly authorized, signed and delivered said instrument as their own free and voluntary act, and the free and voluntary act of said corporation, for the uses and purposes set forth therein.

GIVEN under my hand and Notarial seal this ___ day of _____, 20__.

Notary Public

My Commission expires:

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SCHEDULE 1

SUBLANDLORD PROPERTY

The following Property located within the Sublease Premises as of the Commencement Date set forth in the Sublease:

- Workstations (singles & doubles)
- Workspaces - Fax Copy Printer
- Office Furniture Set Ups
- Training Tables
- Cafeteria Tables
- Stackable Chairs
- Small Conference Room Set Ups
- Medium Conference Room Set Ups
- Large Conference Room Set Ups
- Lobby Furniture

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EXHIBIT X

CONSENT TO SUBLEASE

THIS CONSENT TO SUBLEASE dated as of September 23, 2003 (this "Consent"), is entered into by and among CSDV, LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), CISCO SYSTEMS, INC., a California corporation ("Tenant"), and SONUS NETWORKS INC., a Delaware corporation ("Subtenant"), with reference to the following Recitals:

R E C I T A L S

WHEREAS, 250 Apollo Investors, LLC ("Original Landlord") and Tenant have entered into that certain Lease Agreement (NNN) dated March 2, 1999 (the "Lease"), a copy of which is attached hereto as EXHIBIT "A", wherein Landlord leased to Tenant certain premises (the "Premises") consisting of a two-story building consisting of approximately 144,375 rentable square feet, located at 250 Apollo Drive, Chelmsford, Massachusetts., and more particularly described in the Lease. Landlord is the successor in interest to Original Landlord under the Lease.

WHEREAS, Tenant desires to sublease to Subtenant a portion of the Premises consisting of approximately 133,621 rentable square feet (the "Subleased Premises") more particularly described in and pursuant to the provisions of that certain Sublease dated as of October__, 2003 (the "Sublease"), a copy of which is attached hereto as EXHIBIT "B".

WHEREAS, Tenant desires to obtain Landlord's consent to the Sublease.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord hereby consents to the Sublease, such consent being subject to and upon the following terms and conditions to which Tenant and Subtenant hereby agree:

1. All initial capitalized terms not otherwise defined in this Consent shall have the meanings set forth in the Lease. In the event of any conflict between the terms of the Sublease and the terms of this Consent, the terms of this Consent shall control.

2. This Consent shall not be effective and the Sublease shall not be valid nor shall Subtenant take possession of the Subleased Premises unless and until (a) a fully executed original of this Consent is delivered to Landlord, (b) a fully executed original of the Sublease in the form attached hereto as EXHIBIT "B" is delivered to Landlord, and (c) a fully executed original Estoppel

Certificate in the form attached hereto as EXHIBIT "C" is delivered to Landlord.

3. The Sublease is and shall be at all times subject and subordinate to (a) all

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of the covenants, agreements, terms, provisions and conditions contained in the Lease, including, without limitation, any provisions regarding conflicts of laws and/or the applicability or venue thereof, (b) any prior ground lease and any prior mortgage or deed of trust, and (c) all matters of record affecting the Premises and all laws, ordinances and regulations now or hereafter affecting the Premises. The parties expressly acknowledge and agree that notwithstanding the terms of the Sublease, Subtenant shall carry insurance in the amounts and pursuant to the requirements contained in Article 11 of the Lease, naming Sublandlord and Master Landlord as additional insureds.

Notwithstanding anything to the contrary contained in the Lease, the parties hereby acknowledge and agree that Subtenant shall have one (1) option (the "Option") to extend the Term of the Lease as to the entire Premises only. Subtenant shall exercise such option to extend by giving written notice to Landlord of its desire to do so not later than twenty-four (24) months prior to the expiration of the Term, provided, that at the time of the exercise, Subtenant's net cash position after current liabilities is not less than \$50,000,000. Upon a timely exercise of the Option, Subtenant shall enter into a direct lease with Landlord based upon the terms of the Lease as it pertains to the Premises, as amended or modified by this Consent, for a period of three (3) years (the "Extension Period"), provided that at the time of Subtenant's exercise, there is not then an Event of Default (as defined in Section 19 of the Lease) on the part of Tenant or Subtenant. The Extension Period shall commence on the day immediately following the last day of the original Term and shall end on the last day of the thirty-sixth month thereafter. In the event that Subtenant fails to give notice to Landlord within the time period provided herein, the Lease shall automatically terminate at the end of the original Term, and Subtenant shall have no further option to extend the Term. The Extension Period shall be on all the terms and conditions of the Lease, as hereby amended, except that: (i) Subtenant shall have no further option to extend the Term, and (ii) the Base Rent for the Extension Period shall be the Fair Market Rental Value (as defined below) of the Premises for the Extension Period, determined pursuant to this Section 3.

If Subtenant subleases any portion of the Premises or assigns or otherwise transfers any interest under the Lease to any person or entity prior to the exercise of the Option, the Option shall lapse. If Subtenant subleases any portion of the Premises or assigns or otherwise transfers any interest of Subtenant under the Lease to any person or entity after the exercise of the Option but prior to the commencement of the Extension Period (whether with or without Landlord's consent), the Option shall lapse and the term of the Lease shall expire as if such Option were not exercised.

Basic Rental for the Premises shall be increased on the first day of the Extension Period to an amount equal to the "Fair Rental Value" of the Premises (which Fair Rental Value determination may include increases in rent during the Extension Period) as of the first day of the Extension Period, which Fair Rental Value shall be determined by Landlord in its sole but reasonable discretion, after evaluating, among other things, the rents for comparable space in comparable buildings in the greater Boston area, but in no event shall the Base Rent be less than \$14.00 per rentable square foot. Landlord shall notify Subtenant in writing of such determination of Fair Rental Value within thirty (30) days after Landlord's receipt of Subtenant's notice exercising the Option. If Subtenant shall dispute Landlord's determination of Fair Market

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Rental Value for the Premises, then Subtenant shall have the right to submit the issue of Landlord's reasonableness (but not the Fair Market Rental Value) for neutral binding arbitration (and not by court action) to the American Arbitration Association in accordance with the rules of such Association then in effect. Subtenant shall exercise such right of arbitration by delivering written notice of such election within thirty (30) days after receipt of Landlord's notice of Fair Market Rental Value. If the arbitrators shall decide that Landlord's determination of Fair Market Rental Value was reasonable, then Fair Market Rental Value shall be the amount previously determined by Landlord. If the arbitrators shall determine that Landlord acted unreasonably, then Landlord shall redetermine the Fair Market Rental Value in its sole but reasonable discretion, provided that Subtenant shall again have the right to challenge Landlord's reasonableness in the manner set forth above. In the event that the arbitrators determine that Landlord acted unreasonably in redetermining the Fair Market Rental Value, Subtenant may revoke its exercise of the Option by giving

Landlord written notice of such revocation within ten (10) days of the second determination by the arbitrators that Landlord acted unreasonably and the Lease shall terminate on the Expiration Date. In no event shall the arbitrators be permitted to determine rental value under the Lease. The decision of the arbitrators shall be binding upon both parties. Each party shall share equally the cost of the arbitration process.

In view of the foregoing Option in favor of Subtenant, the parties hereby acknowledge and agree that Tenant shall have no further right to extend the Lease, and Addendum 1 of the Lease is hereby deleted and of no further force and effect.

4. Subtenant does hereby expressly assume and agree to be bound by and to perform and comply with, for the benefit of Landlord, each and every obligation of Tenant under the Lease applicable to the Subleased Premises. Notwithstanding the Sublease or Landlord's consent thereto, Tenant shall remain fully and primarily liable for the payment of Rents and all other amounts required to be paid by Tenant under the Lease and for the performance of all other obligations of Tenant under the Lease.

5. The acceptance of Rents or other amounts by Landlord from Subtenant or anyone else liable under the Lease shall not be deemed a waiver by Landlord of any provisions of the Lease.

6. The execution of this Consent by Landlord shall in no way constitute any representation or warranty whatsoever by Landlord, express or implied, relating to the Lease, the Premises, the Subleased Premises or any other matter relating to Tenant's or Subtenant's tenancy, including without limitation, the physical condition or square footage of the Premises or the Subleased Premises, and Tenant and Subtenant acknowledge and agree that they are not relying on any such representation or warranty in entering into the Sublease or consummating the transactions contemplated by the Sublease and each of them hereby waives any claim against Landlord with respect to any such matters.

7. This Consent shall not constitute a consent to any subsequent subletting or assignment and shall not relieve Tenant or any person claiming under or through Tenant of the obligation to obtain the consent of Landlord, pursuant to Section 14 of the Lease, to any future assignment or sublease (including, without limitation any future assignment or sublease of the

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Sublease).

8. Landlord may consent to subsequent subletting and assignments of the Lease or the Sublease or any amendments or modifications thereto and shall use its best efforts to notify Tenant and anyone else liable under the Lease, but with no liability for failing to do so, and Landlord's failure to obtain any such consent shall not relieve such persons from liability.

9. Any act or omission of Subtenant or anyone claiming under or through Subtenant that violates any of the provisions of the Lease shall be deemed a violation of the Lease by Tenant.

10. In the event of any default of Tenant under the Lease, Landlord may proceed directly against Tenant, any guarantors or anyone else liable under the Lease or the Sublease without first exhausting Landlord's remedies against any other person or entity liable thereon to Landlord.

11. The Subleased Premises shall (subject to all of the covenants and agreements of the Lease) be used solely for the purposes as described in the Lease and for no other use or purpose.

12. In the event of any default of Tenant in the performance of its obligations under the Lease and termination of the Lease or re-entry or repossession of the Premises by Landlord, then Landlord may, at its option and without being obligated to do so, require Subtenant to attorn to Landlord; provided, that the exercise of such option shall in no way waive any rights Landlord may have against Tenant or any other party with respect to such default or release Tenant or any such other party from its obligations under the Lease or otherwise. In the event Landlord exercises such option, Landlord and Subtenant shall be bound by the terms of the Sublease from the time of the exercise of such option to the date of termination of the Sublease, but Landlord shall not (a) be bound by any prepayment of more than one month's rent or liable for any security deposit paid by Subtenant unless actually delivered to Landlord, (b) be liable for any previous act or omission of Tenant under the Lease or for any other defaults of Tenant under the Sublease, (c) be subject to any defenses or offsets accrued previous to the date Landlord exercises such option which Subtenant may have against Tenant or (d) be bound by any changes or modification made to the Sublease without the written consent of Landlord. In

the event Landlord does not exercise such option, then upon the termination of the Lease and the delivery of written notice to Subtenant, the Sublease shall terminate and be of no further force or effect, except with respect to obligations relating to Subtenant's occupancy of the Subleased Premises that survive the termination of the Lease or the Sublease, including without limitation, indemnity obligations under the Lease or the Sublease and obligations relating to removal of Subtenant's property from and restoration of the Subleased Premises.

13. Tenant hereby assigns and transfers to Landlord all of Tenant's right, title and interest in the rentals and income arising from the Sublease, subject however to the following terms of this Section 13:

(a) Landlord, by executing this Consent, agrees that until a default shall occur

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in the performance of Tenant's obligations under the Lease, Tenant may receive, collect and enjoy the rents accruing under the Sublease; provided, that if, under the Lease, Landlord is entitled to any portion of such rent that constitutes profit or excess rent due under the Lease, such portion shall be promptly paid over to Landlord upon receipt by Tenant. However, if Tenant shall default in the performance of any of its obligations under the Lease, then Landlord may, at its option, subject to the provisions of Section 12 above, receive and collect, directly from Subtenant, all rent then owing and thereafter becoming due and payable under the Sublease as such rent shall become due and payable under the Sublease; provided, that the exercise of such option shall in no way waive any rights Landlord may have against Tenant or any other party with respect to such default or release Tenant or any such other party from its obligations under the Lease or otherwise. All such rent payable under the Sublease so collected by Landlord shall be applied against any Rents and Additional Charges payable by Tenant to Landlord under the Lease. Landlord shall not, by reason of this assignment of the Sublease nor by reason of the collection of rents from Subtenant, be deemed liable to Subtenant for any failure of Tenant to perform and comply with Tenant's obligations under the Lease or the Sublease. Nothing contained herein shall be deemed to create any right of Tenant to the refund of any rents or other amounts paid or payable to Landlord by Subtenant arising or accruing after the expiration or earlier termination for any reason of the Lease.

(b) Tenant hereby irrevocably authorizes and directs Subtenant, subject to the provisions of Section 13(a) hereof, upon receipt of any written notice from Landlord stating that a default exists in the performance of Tenant's obligations under the Lease, to pay to Landlord the rents and other amounts due and to become due and payable under the Sublease as such rents and other amounts shall become due and payable under the Sublease. Tenant agrees that Subtenant shall have the right to rely upon any such statement and request from Landlord, and that Subtenant shall pay such rents and other amounts to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary and Tenant shall have no right or claim hereunder against Subtenant for any such rents or other amounts so paid by Subtenant. Subject to Landlord's rights under Section 12 above, such payments to Landlord shall satisfy and discharge Subtenant's obligation for the payment of rent and other amounts under the Sublease to the full extent of such payments made to Landlord.

14. It is expressly understood and agreed that notwithstanding anything in the Sublease or the Lease to the contrary, and notwithstanding any applicable law to the contrary, the liability of Landlord hereunder (including any successor landlord) and any recourse by Subtenant or Tenant against Landlord shall be limited solely and exclusively to the interest of Landlord in and to the Building, and neither Landlord, nor any of its constituent partners, shall have any personal liability therefor, and Tenant and Subtenant hereby expressly waive and release such personal liability on behalf of itself and all persons claiming by, through or under Tenant or Subtenant. Under no circumstances shall Landlord be liable for injury to Tenant's or Subtenant's business or for any loss of income or profit therefrom.

This Consent to Sublease is being executed by CB Richard Ellis Investors, LLC, a

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Delaware limited liability company ("CB Richard Ellis"), on behalf of Landlord. No present or future officer, director, employee, trustee, partner, member, manager, retirant, beneficiary, internal investment contractor, investment

manager or agent of Landlord shall have any personal liability, directly or indirectly, and recourse shall not be had against any such officer, director, employee, trustee, partner, member, manager, retirant, beneficiary, internal investment contractor, investment manager or agent under or in connection with the Sublease or any other document or instrument heretofore or hereafter executed in connection with the Sublease. Tenant and Subtenant hereby waive and release any and all such personal liability and recourse. The limitations of liability provided herein are in addition to, and not in limitation of, any limitation on liability applicable to Landlord provided by law or in any other contract, agreement or instrument. Tenant and Subtenant further acknowledge that CB Richard Ellis has consented to this Sublease as investment manager to Landlord and Tenant and Subtenant agree that all persons dealing with CB Richard Ellis must look solely to Landlord (for which CB Richard Ellis is acting as investment manager) for the enforcement of any claims arising under the Lease or the Sublease (subject to the limitations upon Landlord's liability set forth above), as neither CB Richard Ellis nor any of its affiliated entities (including, but not limited to CB Richard Ellis, Inc. and CB Richard Ellis Services, Inc.) nor any of their respective officers, directors, agents, managers, trustees, employees, members, investment managers, partners or shareholders assume any personal, corporate, partnership, limited liability company, or other liability for any of the obligations entered into by CB Richard Ellis as investment manager for Landlord.

15. Tenant hereby acknowledges that Landlord or its affiliate is a unit of the California State and Consumer Services Agency established pursuant to Title I, Division 1, Part 13 of the California Education Code, Sections 22000 et seq., as amended (the "Ed Code"). As a result, Tenant acknowledges that Landlord is prohibited from engaging in certain transactions with a "school district or other employing agency" or a "member, retirant or beneficiary" (as those terms are defined in the Ed Code). In addition, Landlord may be subject to certain restrictions and requirements under the Internal Revenue Code, 26 U.S.C. Section 1 et seq. (the "Code"). Accordingly, Tenant represents and warrants to Landlord that Tenant is neither a school district or other employing agency nor a member, retirant or beneficiary; and, to Tenant's knowledge (a) Tenant has not made any contribution or contributions to Landlord (other than the consideration set forth in the Lease); (b) neither a school district or other employing agency, member, retirant, participant nor beneficiary, nor any person who has made any contribution to Landlord, nor any combination thereof, is related to Tenant by any relationship described in Section 267(b) of the Code; (c) neither Landlord, CB Richard Ellis, their affiliates, related entities, agents, officers, directors or employees, nor any Landlord board member, trustee, agent, related entity, affiliate, employee or internal investment contractor (both groups collectively, "Landlord Affiliates") has received or will receive, directly or indirectly, any payment, consideration or other benefit from Tenant or any affiliate of Tenant in connection with the transaction contemplated by this Consent (excluding any benefit derived from the ownership, if any, of publicly traded stock in Tenant or any affiliate of Tenant or consideration set forth in the Lease or this Consent), nor does any Landlord Affiliate have any agreement or arrangement with Tenant or any person or entity affiliated with Tenant relating to the transactions contemplated by this Consent, except as disclosed to and expressly approved by Landlord; and (d) no Landlord's Affiliates have any direct or indirect ownership interest in Tenant or any person or entity affiliated with Tenant (other than the ownership, if any, of publicly traded stock in Tenant or any

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entity affiliated with Tenant), except as disclosed to and expressly approved by Landlord. Landlord acknowledges that Tenant is a publicly held company, and its affiliates may be publicly held companies, and that Landlord may own shares in such companies, and such publicly held companies may employ former teachers who may have made contributions to Landlord.

16. Subtenant hereby acknowledges that Landlord or its affiliate is a unit of the California State and Consumer Services Agency established pursuant to Title I, Division 1, Part 13 of the California Education Code, Sections 22000 et seq., as amended (the "Ed Code"). As a result, Subtenant acknowledges that Landlord is prohibited from engaging in certain transactions with a "school district or other employing agency" or a "member, retirant or beneficiary" (as those terms are defined in the Ed Code). In addition, Landlord may be subject to certain restrictions and requirements under the Internal Revenue Code, 26 U.S.C. Section 1 et seq. (the "Code"). Accordingly, Subtenant represents and warrants to Landlord that Subtenant is neither a school district or other employing agency nor a member, retirant or beneficiary; and, to Subtenant's knowledge (a) Subtenant has not made any contribution or contributions to Landlord (other than the consideration set forth in the Lease); (b) neither a school district or other employing agency, member, retirant, participant nor beneficiary, nor any person who has made any contribution to Landlord, nor any combination thereof, is related to Subtenant by any relationship described in Section 267(b) of the Code; (c) neither Landlord, CB Richard Ellis, their affiliates, related

entities, agents, officers, directors or employees, nor any Landlord board member, trustee, agent, related entity, affiliate, employee or internal investment contractor (both groups collectively, "Landlord Affiliates") has received or will receive, directly or indirectly, any payment, consideration or other benefit from Subtenant or any affiliate of Subtenant in connection with the transaction contemplated by this Consent (excluding any benefit derived from the ownership, if any, of publicly traded stock in Subtenant or any affiliate of Subtenant or consideration set forth in the Lease, Sublease or this Consent), nor does any Landlord Affiliate have any agreement or arrangement with Subtenant or any person or entity affiliated with Subtenant relating to the transactions contemplated by this Consent, except as disclosed to and expressly approved by Landlord; and (d) no Landlord's Affiliates have any direct or indirect ownership interest in Subtenant or any person or entity affiliated with Subtenant (other than the ownership, if any, of publicly traded stock in Subtenant or any entity affiliated with Subtenant), except as disclosed to and expressly approved by Landlord. Landlord acknowledges that Subtenant is a publicly held company, and its affiliates may be publicly held companies, and that Landlord may own shares in such companies, and such publicly held companies may employ former teachers who may have made contributions to Landlord.

17. Nothing contained herein shall be deemed or construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Lease or to waive any breach or default by Tenant in the due keeping, performance or observance thereof.

18. This Consent may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute but one and the same instrument.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, Landlord, Tenant and Subtenant have caused their duly authorized representatives to execute this Consent as of the date first above written.

LANDLORD: CSDV, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: CB Richard Ellis Investors, LLC,
solely in its capacity as agent for
CSDV, LIMITED PARTNERSHIP

By: _____
Name:
Title: Authorized Signatory

TENANT: CISCO SYSTEMS, INC.,
a California corporation

By: _____

Its: _____

SUBTENANT: SONUS NETWORKS, INC.,
a Delaware corporation

By: _____

Its: _____

EXHIBIT "B"

SUBLEASE

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EXHIBIT "C"

ESTOPPEL CERTIFICATE

TO: CSDV, LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord").

CISCO SYTEMS, INC., a California corporation ("Tenant"), hereby certifies as follows:

1. The undersigned is the Tenant under that certain Lease Agreement (NNN) dated March 2, 1999 (the "Lease"), executed by Landlord, as Landlord, and Tenant, as Tenant, covering certain premises (the "Premises"), consisting of a two-story building consisting of an approximately 144,375 rentable square foot building located at 250 Apollo Drive, Chelmsford, Massachusetts 01824, and more particularly described in the Lease.

2. The term of the Lease commenced on February 1, 2000 and the expiration date of the Lease is January 31, 2007. Tenant has paid rent through September 30, 2003. The next monthly payment of Base Rent in the amount of \$162,421.87 is due on October 1, 2003.

3. Notwithstanding anything to the contrary contained in the Lease, Tenant shall have no right to extend the term of the Lease. Tenant does not have any preferential right to purchase all or any part of the Premises.

4. True, correct and complete copies of the Lease and all amendments, modifications and supplements thereto are attached to the Consent with which this Estoppel Certificate is being delivered, and the Lease, as so amended, modified and supplemented, is in full force and effect, and represents the entire agreement between Tenant and Landlord with respect to the Premises. There are no amendments, modifications or supplements to the Lease, whether oral or written, except as follows (if none, write "none"): None.

5. All space and improvements leased by Tenant have been completed and furnished in accordance with the provisions of the Lease and Tenant has accepted and taken possession of the Premises.

6. Landlord is not in any respect in default in the performance of the terms and provisions of the Lease. Tenant has not assigned, transferred or hypothecated the Lease or any interest therein or subleased all or any portion of the Premises.

7. There are no offsets or credits against rentals payable under the Lease and no free period or rental concessions have been granted to Tenant, except as follows (if none, write "none"): NONE. Notwithstanding the foregoing, although Tenant currently has no knowledge of offsets, credits, refunds due or set offs against Landlord arising from the Lease, Tenant does not waive the right to conduct audits of the Lease pursuant to Section 5.5 therein. Should an audit conducted by the Tenant of the Lease reveal a claim for credits, refunds due, set offs against Landlord, concessions, rebates, allowances or free rent, Tenant reserves the right to make claim for such credits, refunds due, set offs against

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Landlord, concessions, rebates, allowances or free rent pursuant to Section 5.5.

8. For informational purposes only, Tenant has no knowledge of any processing, use, storage, disposal or treatment of any hazardous or toxic material or substance on the Premises except as follows (if none, write "none"): None.

This Certificate is given to Landlord with the understanding that Landlord will rely hereon in connection with the sublease to Sonus Networks, Inc. Following such sublease, Tenant agrees that the Lease shall remain in full force and effect and shall bind Tenant and such assignee and inure to the benefit of the Landlord and its successors in interest.

DATED: October __, 2003

"TENANT"

CISCO SYSTEMS, INC.,
a California corporation

By: _____

Its: _____

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INTRODUCTION

A most valued asset of Sonus Networks, Inc. ("Sonus" or the "Company") is its reputation for integrity and ethical standards. To preserve Sonus' reputation and to reaffirm its existing policy for integrity to its employees, officers and directors and to persons who deal with Sonus, the Board of Directors of Sonus has adopted this policy.

SCOPE

This Code of Business Conduct and Ethics ("Code") applies in the United States and in every other country in which Sonus and its subsidiaries do business. Compliance with this Code is required of every employee, officer and director. If you have any questions regarding this Code or its application to you in any situation, you should contact your supervisor or Sonus' General Counsel.

CODE

This Code outlines the broad principles of legal and ethical business conduct embraced by Sonus. It is not a complete list of legal or ethical issues you might face in the course of business, and, therefore, you must apply this Code using common sense and good judgment. Employees, officers and directors should report promptly to their supervisor or Sonus' General Counsel any possible violations of this Code. No form of reprisal will be taken against you for reporting in good faith actual or suspected violations.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS. All employees, officers and directors shall comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

COMPETITIVE BUSINESS. Each employee, officer and director must act in the best interests of Sonus. You must refrain from engaging in any activity that interferes with your exercise of independent judgment or materially impairs the performance of your responsibilities, including engaging in any business venture or owning an interest in any enterprise which places you in direct competition with Sonus. You should not, as an employee, officer or director, take action or have an interest that prevents you from performing your Company responsibilities honestly and objectively. You may invest in stock (or other securities) in publicly or privately owned companies, whether or not they are competitors of, or do business with, Sonus so long as that holding is not so great as to interfere with your exercise of independent judgment or materially impair the performance of your responsibilities.

CODE OF BUSINESS CONDUCT AND ETHICS

POLICY NO. LEGAL-2.0

It is your responsibility to disclose any transaction or relationship that reasonably could be expected to interfere with your exercise of independent judgment or materially impair the performance of your responsibilities to Sonus' General Counsel or, if you are an executive officer or director, to the Board of Directors, which shall be responsible for reviewing such transaction or relationship and determining whether any action needs to be taken.

INSIDER TRADING. Employees, officers and directors who have material non-public information about Sonus or other companies, including Sonus' suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information. To help ensure that you do not engage in prohibited insider trading and avoid even the appearance of an improper transaction, Sonus has adopted an Insider Trading Policy, which is available on the Intranet site or from Sonus' General Counsel.

POLITICAL CONTRIBUTIONS. Except as permitted by applicable law, no political contributions of the funds of Sonus or any of its subsidiaries are to be made, directly or indirectly, to candidates for political office or to political parties or committees in the United States or any foreign country. Any permissible exceptions to this general prohibition will require the prior consent of the General Counsel of Sonus.

GIFTS AND GRATUITIES. The use of Sonus funds or assets for gifts, gratuities or other favors to employees or government officials is prohibited, except to the

extent such gifts are in compliance with applicable law, nominal in amount and not given in consideration or expectation of any action by the recipient.

Employees, officers and directors must not accept, or permit any member of their immediate family to accept, any gifts, gratuities or other favors from any customer, supplier or other person doing or seeking to do business with Sonus, other than items of nominal value. Any gifts that are not of nominal value should be returned immediately and reported to your supervisor.

Bribes and kickbacks are criminal acts, strictly prohibited by law. You must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

ACCURACY OF BOOKS AND RECORDS. All transactions must be properly and accurately recorded in the appropriate books and records of Sonus and its subsidiaries, and all receipts and disbursements, and any asset or liability resulting from the transactions, must be reflected in any financial statements based upon such books and records. All receipts and disbursements must be properly supported and documented. No payment on behalf of Sonus or any of its subsidiaries shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payments. No undisclosed or unrecorded fund, bank account or asset of Sonus or any of its subsidiaries may be established at any time. No employee, officer or director shall make a false or misleading statement to, nor shall any employee, officer or director

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CODE OF BUSINESS CONDUCT AND ETHICS

POLICY NO. LEGAL-2.0

conceal information from, outside or internal auditors or legal counsel of Sonus or any of its subsidiaries.

PUBLIC REPORTING OF INFORMATION. It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications. Every employee of the Company has the responsibility to assist the Company in meeting these legal and regulatory requirements. If an employee reasonably believes that the Company or any of its employees or others, acting on behalf of the Company, have violated any securities laws or regulations, including matters relating to accounting and auditing, the employee should immediately report any such potential violation to the Company's General Counsel pursuant to the "Policy on Reporting and Investigating Complaints Relating to Corporate Reporting and Disclosure, Accounting and Auditing Controls and Procedures, and Securities Law Compliance," which is available on the Intranet site or from Sonus' General Counsel.

CONFIDENTIALITY. Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by Sonus or other companies, including Sonus' suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, you should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to Sonus or another company, is not communicated within the Company except to those who have a need to know such information to perform their responsibilities.

Employees, officers and directors (other than Sonus' authorized spokespersons) must not discuss internal Sonus matters with, or disseminate internal Sonus information to, anyone outside the Company, except as required in the performance of their Company duties and after an appropriate confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, stock market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at Sonus and non-competition obligations.

HONEST AND ETHICAL CONDUCT AND FAIR DEALING. Employees, officers and directors should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of

anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

PROTECTION AND PROPER USE OF CORPORATE ASSETS. Employees, officers and directors should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

REPORTING AND COMPLIANCE

RESPONSIBILITIES. Every employee, officer and director has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Code. Any employee, officer or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her supervisor or to the General Counsel. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against any employee who reports such conduct, unless it is determined that the report was made with knowledge that it was false. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation. Questions regarding this policy should be referred to the General Counsel of Sonus. Candor is expected from all employees, officers and directors at all times and prompt communication of any problems or breaches seen or foreseen in the areas described above should be made to the General Counsel of Sonus.

MANAGERS' COMPLIANCE CERTIFICATIONS. It shall be the responsibility of each Sonus and subsidiary manager at the level of "vice-president" and above annually (a) to review this policy or cause it to be reviewed with his or her subordinates, offering each subordinate an opportunity to report privately to such manager any problems or breaches seen or foreseen in the areas described above and (b) to certify to the Audit Committee of the Board of Directors of Sonus his or her knowledge with respect to such problems or breaches and that such review has occurred.

DISCIPLINARY ACTIONS. The Company shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee or officer who has violated this Code. In the event that the alleged violation involves an executive officer or a director, the Chief Executive Officer and the Board of Directors, respectively, shall determine whether a violation of this Code has occurred and, if so, shall determine the disciplinary measures to be taken against such executive officer or director.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay,

demotions, reductions in salary, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason. The most current version of this Code can be found on the Company's Intranet site or from Sonus' General Counsel.

This document is not an employment contract between the Company and any of its employees, officers or directors.

WAIVERS OF THIS CODE

Any executive officer or director who seeks an exception to any of these policies should contact Sonus' General Counsel. Any waiver of this Code for executive officers or directors or any change of this Code that applies to

executive officers or directors may be made only by the Board of Directors of the Company and will be disclosed as required by law or stock market regulation.

SUBSIDIARIES OF THE REGISTRANT

NAME	JURISDICTION	OF	INCORPORATION
-----	-----	-----	-----
telecom	technologies,	inc. Texas	Sonus
International,	Inc. Delaware	Sonus	Securities
Corp.	Massachusetts	Sonus	Networks
Limited	United	Kingdom Sonus	Networks Pte
Ltd Singapore	Nihon Sonus	Networks K.K.	Japan
Westford	Networks	Mexico, S. de	R.L. de C.V.
Mexico Sonus	Networks GmbH	Germany Sonus	Networks EURL
France			

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Hassan M. Ahmed, President and Chief Executive Officer of Sonus Networks, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2003 ("Annual Report") of Sonus Networks, Inc. (the "Registrant");
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Omitted;
4. Omitted; and
5. Omitted.

Date: March 15, 2004

/s/ HASSAN M. AHMED

Hassan M. Ahmed
President and Chief Executive Officer

[QuickLinks](#)

[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen J. Nill, Chief Financial Officer, Vice President of Finance and Administration and Treasurer of Sonus Networks, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2003 ("Annual Report") of Sonus Networks, Inc. (the "Registrant");
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Omitted;
4. Omitted; and
5. Omitted.

Date: March 15, 2004

/s/ STEPHEN J. NILL

Stephen J. Nill
*Chief Financial Officer, Vice President of Finance and Administration and
Treasurer*

QuickLinks

[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)