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

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period to

Commission File Number 001-34115

SONUS NETWORKS, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	**04-3387074**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

4 Technology Park Drive, Westford, Massachusetts 01886
(Address of principal executive offices, including zip code)

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

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 20, 2011, there were 278,511,802 shares of the registrant's common stock, $0.001 par value, outstanding.

SONUS NETWORKS, INC.
FORM 10-Q
QUARTER ENDED JUNE 30, 2011

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

SONUS NETWORKS, INC.

Condensed Consolidated Balance Sheets

(in thousands, except share data)

(unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 73,401	$ 62,501
Marketable securities	244,988	258,831
Accounts receivable, net of allowance for doubtful accounts of $0 at June 30, 2011 and $313 at December 31, 2010	35,706	52,813
Inventory	26,747	22,499
Deferred income taxes	408	408
Other current assets	15,709	16,474
Total current assets	396,959	413,526
Property and equipment, net	22,923	21,284
Intangible assets, net	1,400	1,600
Goodwill	5,062	5,062
Investments	70,226	87,087
Deferred income taxes	1,417	1,271
Other assets	4,974	26,124
	$ 502,961	$ 555,954
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 15,160	$ 16,936
Accrued expenses	17,364	29,999
Current portion of deferred revenue	48,903	42,776
Current portion of long-term liabilities	485	338
Total current liabilities	81,912	90,049
Deferred revenue	11,085	42,811
Long-term liabilities	4,287	4,138
Total liabilities	97,284	136,998
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value; 600,000,000 shares authorized; 278,481,486 shares issued and outstanding at June 30, 2011 and 277,170,262 shares issued and outstanding at December 31, 2010	278	277
Additional paid-in capital	1,306,136	1,301,285
Accumulated deficit	(907,843)	(889,501)
Accumulated other comprehensive income	7,106	6,895
Total stockholders' equity	405,677	418,956
	$ 502,961	$ 555,954

See notes to the condensed consolidated financial statements.

SONUS NETWORKS, INC.

Condensed Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Revenue:				
Product	$ 29,446	$ 36,796	$ 65,399	$ 73,074
Service	22,326	24,385	53,672	50,515
Total revenue	51,772	61,181	119,071	123,589
Cost of revenue:				
Product	9,618	10,826	32,779	23,127
Service	12,218	11,842	29,731	23,771
Total cost of revenue	21,836	22,668	62,510	46,898
Gross profit	29,936	38,513	56,561	76,691
Operating expenses:				
Research and development	15,187	15,106	30,795	30,046
Sales and marketing	13,298	12,392	27,595	25,986
General and administrative	8,197	10,971	16,393	21,115
Total operating expenses	36,682	38,469	74,783	77,147
Income (loss) from operations	(6,746)	44	(18,222)	(456)
Interest income, net	332	436	767	938
Other income, net	—	1	—	11
Income (loss) before income taxes	(6,414)	481	(17,455)	493
Income tax benefit (provision)	480	(170)	(887)	(316)
Net income (loss)	$ (5,934)	$ 311	$ (18,342)	$ 177
Earnings (loss) per share:				
Basic	$ (0.02)	$ —	$ (0.07)	$ —
Diluted	$ (0.02)	$ —	$ (0.07)	$ —
Shares used to compute earnings (loss) per share:				
Basic	278,400	275,051	278,080	274,877
Diluted	278,400	276,314	278,080	276,038

See notes to the condensed consolidated financial statements.

SONUS NETWORKS, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six months ended June 30, 2011	Six months ended June 30, 2010
Cash flows from operating activities:		
Net income (loss)	$ (18,342)	$ 177
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	5,644	4,804
Amortization of intangible assets	200	276
Stock-based compensation	4,241	5,698
Loss on disposal of property and equipment	6	59
Changes in operating assets and liabilities:		
Accounts receivable	17,243	7,778
Inventory	12,799	(5,201)
Other operating assets	6,565	261
Accounts payable	(1,926)	12,989
Accrued expenses	(12,375)	(1,828)
Deferred revenue	(25,336)	(11,181)
Net cash provided by (used in) operating activities	(11,281)	13,832
Cash flows from investing activities:		
Purchases of property and equipment	(7,319)	(4,276)
Purchase of intangible assets	—	(2,000)
Purchases of marketable securities	(101,584)	(168,953)
Sale/maturities of marketable securities	130,194	139,620
Net cash provided by (used in) investing activities	21,291	(35,609)
Cash flows from financing activities:		
Proceeds from sale of common stock in connection with employee stock purchase plan	754	609
Proceeds from exercise of stock options	777	61
Payment of tax withholding obligations related to net share settlements of restricted stock awards	(902)	(257)
Principal payments of capital lease obligations	(48)	(110)
Net cash provided by financing activities	581	303
Effect of exchange rate changes on cash and cash equivalents	309	(61)
Net increase (decrease) in cash and cash equivalents	10,900	(21,535)
Cash and cash equivalents, beginning of year	62,501	125,323
Cash and cash equivalents, end of period	$ 73,401	$ 103,788
Supplemental disclosure of cash flow information:		
Interest paid	$ 5	$ 43
Income taxes paid	$ 511	$ 677
Income tax refunds received	$ 562	$ 429
Supplemental disclosure of non-cash investing activities:		
Capital expenditures incurred, but not yet paid	$ 1,418	$ 1,191

See notes to the condensed consolidated financial statements.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(1) BASIS OF PRESENTATION

Business

Sonus Networks, Inc. ("Sonus" or the "Company") was incorporated in 1997 and is a leading provider of voice and data infrastructure solutions, including softswitch and session border control products for service providers and enterprises. The Company's infrastructure solutions allow efficient and reliable delivery of voice and multimedia sessions over Internet Protocol ("IP") networks. Sonus' products include carrier-class infrastructure equipment and software that enables voice services to be delivered over IP packet-based networks while allowing the Company's customers to manage the flows of such sessions in their networks using business policies.

The Company's target customers comprise both traditional and emerging 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, as well as enterprise customers. The Company also collaborates with its customers to identify and develop new, advanced services and applications that they may offer to their customers.

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

Interim results are not necessarily indicative of results for a full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2010 ("Annual Report") filed on March 10, 2011 with the SEC.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Sonus and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates and Judgments

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and judgments relied upon in preparing these financial statements include revenue recognition for multiple element arrangements, inventory valuations, expected future cash flows used to evaluate the recoverability of long-lived assets, assumptions used to determine the fair value of stock-based compensation, contingent liabilities and recoverability of Sonus' net deferred tax assets and the related valuation allowances. Sonus regularly assesses these estimates and records changes in estimates in the period in which they become known. Sonus bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(1) BASIS OF PRESENTATION (Continued)

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, marketable securities, investments, accounts receivable, accounts payable and long-term liabilities, approximate their fair values.

Operating Segments

The Company operates in a single segment. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker in making decisions regarding resource allocation and assessing performance. To date, the chief operating decision maker has made such decisions and assessed performance at the company level, as one segment. The Company's chief operating decision maker is its President and Chief Executive Officer.

Recent Accounting Pronouncements

On June 16, 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* ("ASU 2011-05"), which revises the manner in which entities present comprehensive income in their financial statements. The new guidance requires companies to report components of comprehensive income in either: (1) a continuous statement of comprehensive income; or (2) two separate consecutive statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income. ASU 2011-05 will be effective for the Company in its reporting of the quarter ended March 31, 2012, with early adoption permitted. The Company is currently assessing the impact on its consolidated financial statements.

On May 12, 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which provides guidance on how (not when) to measure fair value and on what disclosures to provide about fair value measurements. ASU 2011-04 expands previously existing disclosure requirements for fair value measurements, including disclosures regarding transfers between Level 1 and Level 2 in the fair value hierarchy currently disclosed. ASU 2011-04 will be effective for the Company in the first quarter of fiscal 2012. Some of the Company's disclosures on fair value measurements may change upon adoption of ASU 2011-04. The Company is currently assessing the impact, if any, on its consolidated financial statements.

(2) REVENUE RECOGNITION

The Company recognizes revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the sale price is fixed or determinable, and collectibility of the related receivable is probable. When the Company has future obligations, including a requirement to deliver additional elements that are essential to the functionality of the delivered elements or when customer acceptance is required, Sonus defers revenue recognition and related costs until those obligations are satisfied. Likewise, when fees for products or services are not fixed and determinable, Sonus defers the recording of receivables, deferred revenue and revenue until such time as the fees become due or are

(2) REVENUE RECOGNITION (Continued)

collected. The ordering patterns and sales lead times associated with customer orders may vary significantly from period to period. The Company limits the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations, or subject to customer-specific return or refund privileges.

Revenue from maintenance and support services is recognized ratably over the service period. Maintenance revenue is deferred until the associated product is accepted by the customer and all other revenue recognition criteria have been met. Maintenance and support services include telephone support, return and repair support and unspecified rights to product upgrades and enhancements. Revenue from other professional services is typically recognized as the services are delivered if all other revenue recognition criteria have been met.

Deferred revenue includes customer deposits and amounts associated with maintenance contracts. Deferred revenue expected to be recognized as revenue more than one year subsequent to the balance sheet date is reported with long-term liabilities in the condensed consolidated balance sheets.

The Company defers recognition of incremental direct costs, such as cost of goods, third-party installations and commissions, until recognition of the related revenue. Such costs are classified as current assets if the deferred revenue is initially classified as current and noncurrent assets if the related deferred revenue is initially classified as long-term.

The Company excludes any taxes assessed by a governmental authority that are directly imposed on a revenue-producing transaction (i.e., sales, use, value added) from its revenue and costs. Reimbursement received for out-of-pocket expenses and shipping costs is recorded as revenue.

The Company currently sells the majority of its products directly to its end customers. For products sold to resellers and distributors that the Company determines to be sufficiently capitalized tier one partners or for those customers with whom the Company has sufficient history regarding the potential for product returns or refunds or any form of concession, the Company recognizes revenue on a sell-in basis. For all other resellers and distributors, the Company recognizes revenue on a sell-through basis.

In October 2009, the FASB amended the ASC as summarized in ASU No. 2009-14, *Software (Topic 985): Certain Revenue Arrangements That Include Software Elements* ("ASU 2009-14") and ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"). ASU 2009-14 amends industry-specific revenue accounting guidance for software and software-related transactions to exclude from its scope tangible products containing software components and non-software components that function together to deliver the product's essential functionality. All stand-alone software components will continue to be accounted for under the guidance of ASC 985-605, *Software—Revenue Recognition* ("ASC 985-605"). ASU 2009-13 amended the accounting standards for multiple-deliverable revenue arrangements to:

- provide updated guidance on how the deliverables in an arrangement should be separated, and how consideration should be allocated;
- require an entity to allocate revenue in an arrangement using estimated selling prices ("ESP") of deliverables if a vendor does not have vendor-specific objective evidence of selling price ("VSOE") or third-party evidence of selling price ("TPE"); and

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(2) REVENUE RECOGNITION (Continued)

- eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price of the deliverables method.

Effective January 1, 2011, the Company prospectively adopted the provisions of ASU 2009-13 and ASU 2009-14 for new and materially modified arrangements originating on or after January 1, 2011.

The Company's products typically have both software and non-software components that function together to deliver the products' essential functionality. The Company's products are primarily marketed based on the software elements contained therein. In addition, hardware sold generally cannot be used apart from the software. Therefore, Sonus considers its principal products to be both software- and hardware-related. Many of the Company's sales involve multiple element arrangements that include product, maintenance and various professional services. The adoption of the guidance discussed above affects the Company's multiple-element arrangements when they contain tangible products (hardware) with software elements, which comprise the majority of the Company's revenue transactions. The Company may enter into sales transactions that do not contain tangible hardware components, such as software-only add-on sales, which continue to be subject to the software revenue recognition guidance in ASC 985-605.

The multiple element revenue guidance requires that the Company evaluate each deliverable in an arrangement to determine whether such deliverable would represent a separate unit of accounting. The delivered item constitutes a separate unit of accounting when it has stand-alone value and there are no customer-negotiated refunds or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item are considered probable and substantially in the Company's control, the delivered element constitutes a separate unit of accounting. Most of the Company's products and services qualify as separate units of accounting and revenue is recognized when the applicable revenue recognition criteria are met.

For transactions entered into prior to January 1, 2011, the Company recognizes revenue in accordance with ASC 985-605. Revenue for any undelivered elements that are considered not essential to the functionality of the product and for which VSOE has been established are deferred based on the VSOE value, and any remaining arrangement fee is then allocated to and recognized as revenue utilizing the residual method. If the Company can not establish VSOE for each undelivered element, including specified upgrades, it defers all revenue on the entire arrangement until VSOE exists for the remaining undelivered elements or all elements are delivered, provided that all other revenue recognition criteria have been met.

The Company has historically maintained VSOE for its maintenance and support services and certain professional services. If VSOE exists it will be used to determine the selling price of a deliverable. VSOE is determined based upon the price charged when the same element is sold separately or established by management having the relevant pricing authority. In certain instances, the Company is not able to establish VSOE for deliverables in an arrangement with multiple elements. The Company has historically not been able to establish VSOE of any of its products and for certain services because the Company has not sold its products or services on a stand-alone basis, not priced its products or services within a narrow range, or had limited sales history.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(2) REVENUE RECOGNITION (Continued)

When VSOE cannot be established, the Company attempts to establish the selling price of each element based on TPE. Generally, the Company's solution typically differs from that of its peers as there are no similar or interchangeable competitor products or services. The Company's various product and service offerings contain a significant level of customization and differentiation and therefore comparable pricing of competitors' products and services with similar functionality cannot be obtained. The Company is therefore typically not able to determine TPE for its products or services.

When the Company is unable to establish selling price using VSOE or TPE, the Company uses ESP in its allocation of arrangement consideration for the relevant deliverables. The objective of ESP is to determine the price at which the Company would transact a sale if a product or service was sold on a stand-alone basis. The Company determines ESP for its products and certain services by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional-specific market factors, profit objectives and pricing practices for such deliverables. The determination of ESP is a formal process within the Company that includes review and approval by the Company's management.

The adoption of ASU 2009-13 and ASU 2009-14 had a material impact on the Company's financial results, increasing product revenue by $6.3 million for the three months ended June 30, 2011 and $8.8 million for the six months ended June 30, 2011, compared to what would have been recognized had the Company continued to apply the guidance set forth in ASC 985-605 to all arrangements in the current year. The adoption of ASU 2009-13 and ASU 2009-14 did not have a material effect on the amount or timing of service revenue recognized during the three or six month periods ended June 30, 2011.

The increase in product revenue was partially the result of the expedited timing of revenue recognition for the Company's AT&T revenue arrangements (further described below under AT&T Inc. Revenue Recognition) and a number of other customer arrangements in the current year that would not have been recognized in the period under ASC 985-605. The delivered elements were determined to constitute separate units of accounting in arrangements that included undelivered products or services which under ASC 985-605 would have resulted in deferral of the entire arrangement due to lack of VSOE of fair value for such undelivered elements. Customer acceptance in many arrangements generally does not occur until either both shipment of product and delivery of professional services or the expiration date of the contractual acceptance period occurs; therefore, the instances in which revenue recognition occurs at a different period under the new accounting guidance is a limited number of transactions.

The Company expects the adoption of ASU 2009-13 and ASU 2009-14 may have a material effect on the timing of revenue recognition in future periods; however, the Company cannot reasonably estimate the effect of adopting these standards on future financial periods as the impact will vary depending on the nature and volume of new or materially modified arrangements in any given period.

AT&T Inc. ("AT&T") Revenue Recognition. The Company sells various hardware components and professional services to this customer, and also has an arrangement to provide maintenance services on the hardware components. The relationship with the customer is governed by a master service agreement, and also by individual purchase orders that are received for all hardware sales. Because of the integrated and inter-related nature of the contractual arrangements, the Company believes all

(2) REVENUE RECOGNITION (Continued)

hardware purchases and the maintenance arrangement with the customer are inter-related and should be combined for accounting purposes.

Beginning in the fourth quarter of fiscal 2008, the Company concluded that it no longer had sufficient evidence of VSOE on maintenance services for AT&T. Therefore, all revenue related to multiple-element arrangements for this customer entered into beginning in the fourth quarter of fiscal 2008 was recognized ratably over the maintenance period, which ended December 31, 2010, provided all other revenue recognition criteria were met. Revenue recognition on multiple-element arrangements with this customer began when the only undelivered element of the arrangement was maintenance. Beginning in the fourth quarter of 2008, for orders from this customer that contained bundled product and maintenance, the Company allocated a fixed percentage (which represents the maintenance renewal rate for its largest customers for which the Company has VSOE) of the arrangement fee to service revenue with the residual amount classified as product revenue. The Company applied this methodology on a consistent basis.

In December 2010, the Company entered into a new maintenance arrangement with this customer which covers the period from January 1, 2011 through April 30, 2013. Because this arrangement was entered into during 2010, the maintenance arrangement is subject to the software revenue recognition guidance in ASC 985-605. The entire amount of the contracted maintenance revenue will be recognized ratably over the contractual maintenance period.

As noted above, under previously applied software revenue recognition criteria, the entire amount of the Company's product sales to this customer were deferred and amortized over the remaining contractual customer maintenance term which ended December 31, 2010. The new multiple element guidance will be followed for any tangible product orders received after January 1, 2011 and allow for earlier revenue recognition as product revenue can be separated from the associated maintenance contract based upon its relative selling price using ESP. As a result, revenue will be recognized either upon shipment of the products or upon customer acceptance, provided all other revenue recognition criteria have been met. Ultimately, the impact of this change in accounting is dependent upon product sales with this customer.

During the preparation of the Company's consolidated financial statements for the three month period ended March 31, 2011 and the accounting analysis for the new maintenance arrangement with AT&T, the Company determined that the methodology that had been applied in fiscal 2009 and 2010 to the amortization of consideration related to maintenance provided to AT&T was not appropriate and resulted in the inappropriate deferral of revenue related to maintenance billings from 2009 to 2010; total revenue recognized over the term of the arrangement was not impacted . This error resulted in the incorrect deferral and, therefore, understatement of $3.8 million of Service revenue in 2009 ($950,000 in each quarter of fiscal 2009) and related overstatement of 2010 Service revenue by $3.8 million ($950,000 in each quarter of fiscal 2010). There is no tax effect on this revenue and therefore the error in Service revenue impacted net loss in each year by the same amounts. There is no effect on retained earnings or any other account within the consolidated balance sheet as of December 31, 2010, and no effect on cash provided by operating activities for fiscal 2009 and fiscal 2010. The Company does not believe this error is material to its previously issued historical consolidated financial statements and, therefore, has not adjusted the historical financial statements.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(3) EARNINGS (LOSS) PER SHARE

The calculations of shares used to compute basic and diluted earnings (loss) per share for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Weighted average shares outstanding—basic	278,400	275,051	278,080	274,877
Potential dilutive common shares	—	1,263	—	1,161
Weighted average shares outstanding—diluted	278,400	276,314	278,080	276,038

Options to purchase the Company's common stock, unvested shares of restricted stock and unvested performance-based stock awards aggregating approximately 21.3 million shares of common stock for the three and six months ended June 30, 2011 have not been included in the computation of diluted loss per share because their effect would have been antidilutive.

Options to purchase the Company's common stock aggregating approximately 19.7 million shares of common stock have not been included in the computation of diluted earnings per share for the three months ended June 30, 2010 because the options' exercise prices were greater than the average market price or the common stock and their effect would have been antidilutive. Options to purchase the Company's common stock aggregating approximately 21.3 million shares of common stock have not been included in the computation of diluted earnings per share for the six months ended June 30, 2010 because the options' exercise prices were greater than the average market price or the common stock and their effect would have been antidilutive.

(4) COMPREHENSIVE INCOME (LOSS)

The Company's comprehensive income (loss) for the three and six months ended June 30, 2011 and 2010 was as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net income (loss)	$ (5,934)	$ 311	$ (18,342)	$ 177
Other comprehensive income (loss):				
Foreign currency translation adjustments	162	144	52	158
Unrealized gain (loss) on available-for-sale marketable securities, net of tax	67	(175)	159	(350)
Comprehensive income (loss)	$ (5,705)	$ 280	$ (18,131)	$ (15)

(5) CASH EQUIVALENTS, MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

Cash equivalents and marketable securities are invested in debt and equity instruments, primarily U.S. government-backed, municipal and corporate obligations, which management believes to be high quality (investment grade) credit instruments.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(5) CASH EQUIVALENTS, MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS (Continued)

The amortized cost, gross unrealized gains and losses and fair value of the Company's marketable debt and equity securities and investments at June 30, 2011 and December 31, 2010 were comprised of the following (in thousands):

	June 30, 2011			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Cash equivalents	$ 36,995	$ —	$ —	$ 36,995
Marketable securities				
U.S. government agency notes	$ 98,708	$ 113	$ (7)	$ 98,814
Foreign government notes	1,061	—	—	1,061
Corporate debt securities	125,883	90	(14)	125,959
Commercial paper	2,786	6	—	2,792
Certificates of deposit	16,350	12	—	16,362
	$ 244,788	$ 221	$ (21)	$ 244,988
Investments				
U.S. government agency notes	$ 41,250	$ 41	$ (9)	$ 41,282
Foreign government notes	1,781	—	—	1,781
Corporate debt securities	22,639	24	(3)	22,660
Certificates of deposit	4,496	7	—	4,503
	$ 70,166	$ 72	$ (12)	$ 70,226

	December 31, 2010			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Cash equivalents	$ 15,285	$ —	$ —	$ 15,285
Marketable securities				
U.S. government agency notes	$ 84,950	$ 79	$ (8)	$ 85,021
Foreign government notes	8,787	4	(2)	8,789
Corporate debt securities	135,935	112	(70)	135,977
Commercial paper	17,988	1	—	17,989
Certificates of deposit	11,051	4	—	11,055
	$ 258,711	$ 200	$ (80)	$ 258,831
Investments				
U.S. government agency notes	$ 56,373	$ 19	$ (16)	$ 56,376
Corporate debt securities	23,183	13	(33)	23,163
Certificates of deposit	7,550	—	(2)	7,548
	$ 87,106	$ 32	$ (51)	$ 87,087

At June 30, 2011 and December 31, 2010, the Company's available-for-sale debt securities classified as Investments had maturities ranging from one to two years.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(5) CASH EQUIVALENTS, MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS (Continued)

Fair Value Hierarchy

The Company's financial assets or liabilities are measured using inputs from the three-tier fair value hierarchy, which is based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1. Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2. Level 2 applies to assets or liabilities for which there are inputs that are directly or indirectly observable in the marketplace, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).

Level 3. Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The following table shows the fair value of the Company's financial assets at June 30, 2011 and December 31, 2010. These financial assets are comprised of the Company's available-for-sale debt and equity securities and reported under the captions Cash and cash equivalents, Marketable securities and Investments in the condensed consolidated balance sheets (in thousands):

	Total carrying value at June 30, 2011	Fair value measurements at June 30, 2011 using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$ 36,995	$ 36,995	$ —	$ —
Marketable securities				
U.S. government agency notes	$ 98,814	$ —	$ 98,814	$ —
Foreign government notes	1,061	—	1,061	—
Corporate debt securities	125,959	—	125,959	—
Commercial paper	2,792	—	2,792	—
Certificates of deposit	16,362	—	16,362	—
	$ 244,988	$ —	$ 244,988	$ —
Investments				
U.S. government agency notes	$ 41,282	$ —	$ 41,282	$ —
Foreign government notes	1,781	—	1,781	
Corporate debt securities	22,660	—	22,660	—
Certificates of deposit	4,503	—	4,503	—
	$ 70,226	$ —	$ 70,226	$ —

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(5) CASH EQUIVALENTS, MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS (Continued)

	Total carrying value at December 31, 2010	Fair value measurements at December 31, 2010 using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$ 15,285	$ 10,287	$ 4,998	$ —
Marketable securities				
U.S. government agency notes	$ 85,021	$ —	$ 85,021	$ —
Foreign government notes	8,789	—	8,789	—
Corporate debt securities	135,977	—	135,977	—
Commercial paper	17,989	—	17,989	—
Certificates of deposit	11,055	—	11,055	—
	$ 258,831	$ —	$ 258,831	$ —
Investments				
U.S. government agency notes	$ 56,376	$ —	$ 56,376	$ —
Corporate debt securities	23,163	—	23,163	—
Certificates of deposit	7,548	—	7,548	—
	$ 87,087	$ —	$ 87,087	$ —

The Company's marketable securities and investments have been valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and asked prices, broker/dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. The Company reviewed the level classifications of its investments at June 30, 2011 compared to December 31, 2010 and determined that there were no significant transfers between such levels in the six months ended June 30, 2011.

(6) INVENTORY

Inventory at June 30, 2011 and December 31, 2010 consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
On-hand final assemblies and finished goods inventories	$ 16,881	$ 15,026
Deferred cost of goods sold	11,137	25,803
	28,018	40,829
Less current portion	(26,747)	(22,499)
Noncurrent portion (included in Other assets)	$ 1,271	$ 18,330

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(7) INTANGIBLE ASSETS AND GOODWILL

The Company's intangible assets at June 30, 2011 and December 31, 2010 consisted of the following (in thousands):

June 30, 2011	Useful life	Cost	Accumulated amortization	Net carrying value
Intellectual property	5 years	$ 2,999	$ 1,599	$ 1,400
Order backlog	1 year	287	287	—
		$ 3,286	$ 1,886	$ 1,400

December 31, 2010	Useful life	Cost	Accumulated amortization	Net carrying value
Intellectual property	5 years	$ 2,999	$ 1,399	$ 1,600
Order backlog	1 year	287	287	—
		$ 3,286	$ 1,686	$ 1,600

The Company amortizes its intangible assets over the estimated useful lives of the respective assets. Amortization expense related to intangible assets for the three and six months ended June 30, 2011 and 2010 was as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Amortization of intangible assets	$ 100	$ 138	$ 200	$ 276

Estimated future amortization expense for intangible assets recorded by the Company at June 30, 2011 is as follows (in thousands):

Remainder of 2011	$ 200
2012	400
2013	400
2014	400
	$ 1,400

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(7) INTANGIBLE ASSETS AND GOODWILL (Continued)

Goodwill is recorded when the consideration in a business combination exceeds the fair value of net tangible and identifiable intangible assets acquired. The changes in the carrying amounts of goodwill during the six months ended June 30, 2011 and 2010 were as follows (in thousands):

	Six months ended June 30,	
	2011	2010
Balance at June 30:		
Goodwill	$ 8,168	$ 8,159
Accumulated impairment losses	(3,106)	(3,106)
	$ 5,062	$ 5,053
Balance at January 1:		
Goodwill	$ 8,168	$ 8,159
Accumulated impairment losses	(3,106)	(3,106)
	$ 5,062	$ 5,053

(8) ACCRUED EXPENSES

Accrued expenses at June 30, 2011 and December 31, 2010 consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
Employee compensation and related costs	$ 10,044	$ 22,263
Employee stock purchase plan	718	653
Professional fees	1,416	1,643
Royalties	133	621
Income taxes payable	782	250
Sales taxes payable	1,193	1,341
Other taxes	116	98
Other	2,962	3,130
	$ 17,364	$ 29,999

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(9) STOCK-BASED COMPENSATION PLANS

The Company's 2007 Stock Incentive Plan, as amended (the "2007 Plan"), provides for the award of options to purchase the Company's common stock ("stock options"), stock appreciation rights, restricted common stock ("restricted stock"), performance-based share awards ("performance-based awards"), restricted stock units and other stock-based awards to employees, officers, directors (including those directors who are not employees or officers of the Company), consultants and advisors of the Company and its subsidiaries.

Stock Options

The activity related to the Company's outstanding stock options during the six months ended June 30, 2011 was as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value (in thousands)
Outstanding at January 1, 2011	18,177,188	$ 4.40		
Granted	2,018,000	$ 3.09		
Exercised	(436,617)	$ 1.78		
Forfeited	(733,942)	$ 2.72		
Expired	(642,444)	$ 6.39		
Outstanding at June 30, 2011	18,382,185	$ 4.32	6.15	$ 2,305
Vested or expected to vest at June 30, 2011	17,701,848	$ 4.36	6.03	$ 2,136
Exercisable at June 30, 2011	11,693,903	$ 4.99	4.43	$ 737

The grant date fair values of stock options granted in the three and six months ended June 30, 2011 were estimated using the Black-Scholes valuation model with the following assumptions:

	Three months ended June 30, 2011	Six months ended June 30, 2011
Risk-free interest rate	1.86%	1.86% - 2.12%
Expected dividend yield	—	—
Weighted average volatility	66.3%	66.0%
Expected life (years)	4.5	4.5

The weighted average grant date fair values of stock options granted were $1.60 per share for the three months ended June 30, 2011 and $1.66 per share for the six months ended June 30, 2011.

The total intrinsic values of stock options exercised were $0.1 million for the three months ended June 30, 2011 and $0.9 million for the six months ended June 30, 2011. The Company received $0.8 million of cash from the exercise of stock options in the six months ended June 30, 2011.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(9) STOCK-BASED COMPENSATION PLANS (Continued)

Restricted Stock Awards

The activity related to the Company's unvested restricted stock awards for the six months ended June 30, 2011 was as follows:

	Shares	Weighted average grant-date fair value
Unvested balance at January 1, 2011	1,541,231	$ 2.93
Granted	110,000	$ 3.24
Vested	(242,845)	$ 4.52
Forfeited	(166,752)	$ 2.30
Unvested balance at June 30, 2011	1,241,634	$ 2.73

The total fair value of restricted stock award shares that vested during the six months ended June 30, 2011 was $1.1 million.

Performance-Based Stock Awards

The activity related to the Company's performance stock awards for the six months ended June 30, 2011 was as follows:

	Shares	Weighted average grant-date fair value
Unvested balance at January 1, 2011	85,833	$ 2.47
Granted	1,725,056	$ 3.08
Vested	—	—
Forfeited	(85,833)	$ 2.47
Unvested balance at June 30, 2011	1,725,056	$ 3.08

There are approximately 38,000 shares of the Company's common stock that are not included in the table above, as the Company has not finalized the performance conditions for these awards. The Company will begin to record stock-based compensation expense at the time that the performance conditions are defined and when it becomes probable that the respective performance conditions will be achieved, if at all.

(9) STOCK-BASED COMPENSATION PLANS (Continued)

Stock-Based Compensation

The condensed consolidated statements of operations include stock-based compensation for the three and six months ended June 30, 2011 and 2010 as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Product cost of revenue	$ 109	$ 89	$ 217	$ 160
Service cost of revenue	389	404	774	823
Research and development	527	665	1,060	1,271
Sales and marketing	563	688	1,060	1,417
General and administrative	627	1,366	1,130	2,027
	$ 2,215	$ 3,212	$ 4,241	$ 5,698

There was no income tax benefit for employee stock-based compensation expense for the six months ended June 30, 2011 and 2010 due to the income tax valuation allowance recorded.

At June 30, 2011, there was $11.1 million, net of expected forfeitures, of unrecognized stock-based compensation expense related to unvested stock options, restricted stock awards and performance-based stock awards for which the Company believes it is probable that the performance conditions will be satisfied. This expense is expected to be recognized over a weighted average period of approximately three years.

(10) STOCKHOLDER RIGHTS PLAN

On June 10, 2011, the Company entered into an amendment to its stockholder rights agreement (the "Rights Plan") to extend the expiration date of the rights in such Rights Plan from June 26, 2011 to June 26, 2013. The amendment was not in response to any acquisition proposal and no other amendments were made to the Rights Plan. The Rights Plan was originally adopted on June 26, 2008 and would have expired on June 26, 2011.

Under the Rights Plan, preferred stock purchase rights (the "Rights") were distributed as a dividend at the rate of one Right per share of common stock of the Company held by stockholders of record as of the close of business on July 7, 2008. Each Right entitles the stockholder to purchase from the Company a unit consisting of one one-thousandth of a share (a "Unit") of preferred stock at a purchase price of $25.00 per Unit, subject to adjustment.

The Rights generally will be exercisable only if a person or group acquires beneficial ownership of 15% or more of the Company's common stock (which includes for this purpose shares of common stock referenced in derivative transactions or securities), or commences or publicly announces a tender or exchange offer upon consummation of which they would beneficially own 15% or more of the Company's common stock. Subject to certain conditions, a person or group who beneficially owned 15% or more of the outstanding shares of the Company's common stock prior to the adoption of the Rights Plan did not cause the Rights to become exercisable upon adoption of the Rights Plan. Should

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(10) STOCKHOLDER RIGHTS PLAN (Continued)

the Rights become exercisable, the effect would be to dilute the ownership of the beneficial owner(s) who triggered the Rights, as that beneficial owner or group of owners would not receive the Units.

(11) FOREIGN CURRENCY TRANSLATION

Foreign currency gains and losses are included as a component of General and administrative expenses in the condensed consolidated statements of operations.

The components of foreign currency gains (losses) for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Transaction gains (losses)	$ (522)	$ (54)	$ (922)	$ 597
Remeasurement gains (losses)	84	(557)	871	(1,445)
	$ (438)	$ (611)	$ (51)	$ (848)

The Company operates internationally and, in the normal course of business, is exposed to fluctuations in foreign exchange rates. These fluctuations can increase the costs of financing, investing and operating the business. During fiscal 2011, the Company began entering into derivative instruments for risk management purposes and not for speculative purposes.

In the first quarter of fiscal 2011, the Company began to use forward currency exchange contracts ("forward contracts") to economically hedge its exposure to forecasted foreign currency denominated operating expenses and transactions in the Company's European and Japanese subsidiaries. These forward contracts have not been designated as cash flow, fair value or net investment hedges and are entered into for periods of six months or less, based upon budgeted expenses and specific transactions for the applicable subsidiaries. These forward contracts do not subject the Company's earnings or cash flows to material risk since gains and losses on these forward contracts generally offset losses and gains on the expenses and transactions being hedged. However, changes in currency exchange rates related to any unhedged transaction may impact the Company's earnings and cash flows.

The Company recorded immaterial gains related to forward contracts for the three and six months ended June 30, 2011. The Company settles forward foreign contracts in cash. There were no forward contracts outstanding at June 30, 2011.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(12) MAJOR CUSTOMERS

The following customers each contributed 10% or more of the Company's revenue in at least one of the three or six month periods ended June 30, 2011 and 2010:

	Three months ended June 30,		Six months ended June 30,	
Customer	2011	2010	2011	2010
Qwest Communications International, Inc.	13%	*	*	*
AT&T	12%	14%	*	14%
Bahamas Telecommunications Company Ltd.	*	—	30%	—

* Represents less than 10% of revenue.

At June 30, 2011, two customers each accounted for 10% or more of the Company's accounts receivable balance, representing approximately 32% in the aggregate of total accounts receivable. At December 31, 2010, one customer accounted for 10% or more of the Company's accounts receivable balance, representing approximately 14% of the Company's accounts receivable balance. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains an allowance for doubtful accounts as required, and such losses have historically been within management's expectations.

(13) GEOGRAPHIC INFORMATION

The Company's classification of revenue by geographic area is determined by the location to which the product is shipped or where the services are performed. The following table summarizes revenue by geographic area as a percentage of total revenue for the three and six months ended June 30, 2011 and 2010:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
United States	78%	68%	55%	63%
Japan	12	13	8	17
Other Asia Pacific	1	1	1	*
Europe, Middle East and Africa	8	16	5	18
Other	1	2	31	2
	100%	100%	100%	100%

* Represents less than 1% of revenue.

Bahamas Telecommunications Company Ltd. accounted for 30% of the Company's revenue in the six months ended June 30, 2011. Bahamas Telecommunications Company Ltd. is located in the Caribbean and is included as a component of "Other" in the table above.

International revenue, both as a percentage of total revenue and absolute dollars, may vary from one period to the next and accordingly, current data may not be indicative of future periods.

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(14) INCOME TAXES

The Company's income tax provisions for the six months ended June 30, 2011 and 2010 reflect the Company's estimates of the effective rates expected to be applicable for the respective full fiscal years, adjusted for any discrete events, which are recorded in the period that they occur. These estimates are reevaluated each quarter based on the Company's estimated tax expense for the full fiscal year. The estimated effective rates for the six months ended June 30, 2011 and 2010 do not include any benefit for the Company's domestic losses, as the Company has concluded that a valuation allowance on any domestic benefit is required.

(15) COMMITMENTS AND CONTINGENCIES

2001 IPO Litigation

In November 2001, a purchaser of the Company's common stock filed a complaint in the United States District Court for the Southern District of New York (the "District Court") against the Company, two of its officers and the lead underwriters alleging violations of the federal securities laws in connection with the Company's initial public offering ("IPO") and seeking unspecified monetary damages. The purchaser seeks to represent a class of persons who purchased the Company's common stock between the date of the IPO on May 24, 2000 and December 6, 2000. The amended complaint, filed in April 2002, alleges that the Company's 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 the underwriters and certain purchasers to make additional purchases in the after market. The claims against the Company are asserted under Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 11 of the Securities Act of 1933, as amended (the "Securities Act"), and against the individual defendants under Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange 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 the Company, have been transferred to a single federal judge for purposes of coordinated case management.

On July 15, 2002, the Company, collectively 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 many of the individual defendants, including the Company's officers named in the complaint. On February 19, 2003, the District Court granted a portion of the motion to dismiss by dismissing the Section 10(b) claims against certain defendants including the Company, but denied the remainder of the motion as to the defendants.

In October 2004, the District Court certified the class in a case against certain defendants. On August 31, 2005, the District Court approved the terms of the proposed settlement.

On December 5, 2006, the United States Court of Appeals for the Second Circuit (the "Second Circuit") reversed the District Court's October 2004 order certifying a class. On August 25, 2009, the plaintiffs filed a motion for final approval of the proposed settlement, approval of the plan of distribution of the settlement fund and certification of the settlement classes. A settlement fairness hearing was held on September 10, 2009. On October 5, 2009, the District Court issued an opinion

(15) COMMITMENTS AND CONTINGENCIES (Continued)

granting plaintiffs' motion for final approval of the settlement, approval of the plan of distribution of a new settlement fund and certification of the settlement classes. An Order and Final Judgment was entered on January 14, 2010.

On October 7, 2010, all but two parties who had filed a notice of appeal filed a stipulation with the Second Circuit withdrawing their appeals with prejudice, and one of the remaining objectors filed a brief in support of his appeal. On December 8, 2010, plaintiffs moved to dismiss with prejudice the appeal filed by one of the two appellants based on alleged violations of the Second Circuit's rules, including failure to serve, falsifying proofs of service, and failure to include citations to the record. On May 17, 2011, the Second Circuit dismissed one of the appeals and remanded the one remaining appeal to the District Court for further proceedings to determine whether the remaining objector has standing.

On October 5, 2007, Vanessa Simmonds, a purported shareholder, filed a complaint in the United States District Court for the Western District of Washington (the "Western District Court") for recovery of short-swing profits under Section 16(b) of the Exchange Act against the underwriters in the IPO in 2000. On February 28, 2008, the plaintiff filed an amended complaint asserting substantially similar claims as set forth in the initial complaint. The amended complaint seeks recovery against the underwriters for profits they received from the sale of the Company's common stock in connection with the IPO. The Company was named as a nominal defendant but has no liability for the asserted claims. No Sonus officers or directors were named in the amended complaint. On March 12, 2009, the Western District Court entered its judgment in the case and granted the moving issuers' motion to dismiss, finding plaintiff's demand letters were insufficient to put the issuers on notice of the claims asserted against them. The Western District Court also granted the underwriters' motion to dismiss as to the claims arising from the non-moving issuers' IPOs, finding plaintiff's claims were time-barred under the applicable statute of limitations.

Following an appeal to the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"), on December 2, 2010, the Ninth Circuit affirmed the Western District Court's decision to dismiss the moving issuers' cases (including the Company's) on the grounds that plaintiff's demand letters were insufficient to put the issuers on notice of the claims asserted against them and further ordered that the dismissals be made with prejudice. The Ninth Circuit, however, reversed and remanded the Western District Court's decision on the underwriter's motion to dismiss as to the claims arising from the non-moving issuers' IPOs, finding plaintiff's claims were not time-barred under the applicable statute of limitations. In remanding, the Ninth Circuit advised the non-moving issuers and underwriters to file in the Western District Court the same challenges to plaintiff's demand letters that moving issuers had filed.

On January 18, 2011, the Ninth Circuit denied all petitions for rehearing and petitions for rehearing en banc. On January 25, 2011, the Ninth Circuit granted the underwriters' motion to stay the issuance of mandate and ordered that the mandate in the cases involving the non-moving issuers is stayed for ninety days pending the filing of a petition for writ of certiorari in the United States Supreme Court. On January 26, 2011, the Ninth Circuit granted the appellant's motion and ruled that the mandate in all cases (including the Company's and other moving issuers) is stayed for ninety days pending the appellant's filing of a petition for writ of certiorari in the United States Supreme Court. On April 5, 2011, the plaintiff filed a Petition for Writ of Certiorari with the United States Supreme

SONUS NETWORKS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

(15) COMMITMENTS AND CONTINGENCIES (Continued)

Court seeking reversal of the Ninth Circuit's December 2, 2010 decision. On April 15, 2011, underwriter defendants filed a Petition for Writ of Certiorari with the United States Supreme Court seeking reversal of the Ninth Circuit's December 2, 2010 decision relating to the statute of limitations issue. On June 27, 2011, the United States Supreme Court denied Simmonds' petition regarding the demand issue and granted the underwriters' position relating to the statute of limitations issue. The Company currently believes that the outcome of this litigation will not have a material adverse impact on its financial position or results of operations.

Other

In addition, we are often a party to disputes and legal proceedings that we consider routine and incidental to our business. Management does not expect the results of any of these actions to have a material adverse effect on our business, results of operations or financial condition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q and, in particular, this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements which are subject to a number of risks and uncertainties. The words "anticipates", "believes", "could", "estimates", "expects", "intends","may", "plans", "seeks", "will" and other similar language whether in the negative or affirmative are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on our current expectations, assumptions, estimates, forecasts and projections about the operating environment, economies and markets in which we operate, and we do not undertake an obligation to update our forward-looking statements to reflect new information, future events or circumstances. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, the factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010 and the additional factors set forth in Item 1A. "Risk Factors" of Part II of this Quarterly Report on Form 10-Q. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may materially adversely affect our business, results of operations, financial condition and/or liquidity. This discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes for the periods specified.

Overview

We are a leading provider of voice and data infrastructure solutions, including softswitch and session border control products for service providers and large enterprises. Our infrastructure solutions allow efficient and reliable delivery of voice and multimedia sessions over IP networks while allowing our customers to manage the flows of such sessions in their networks using business policies.

Currently, we sell our products principally through a direct sales force in the United States, Europe, the Middle East, Japan and Asia Pacific. We continue to expand our presence into new geographies and markets through our relationships with regional channel partners.

Our target customers include both traditional and emerging 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, as well as enterprise customers. We also collaborate with our customers to identify and develop new, advanced services and applications that they may offer to their customers.

On May 17, 2010, we announced the general availability of our NBS5200 Network Border Switch (the "NBS5200") as the first product on our next-generation ConnexIP platform. The NBS5200 complements our NBS9000 Network Border Switch as part of our Session Border Control ("SBC") solutions portfolio and provides SBC functionality, including media interworking, advanced routing and policy engine, and multi-access security gateway functionality. The ConnexIP platform is a platform for connecting, managing and securing IP session-based communications and is a key element in our strategy to bring industry-leading performance and carrier-grade reliability to the session management market, representing a new foundation for the next generation of our IP-based products.

We continue to focus on the key elements of our strategy, designed to capitalize on our technology and market lead, and build a premier franchise in packet-based voice infrastructure solutions. We are currently focusing our major efforts on the following aspects of our business:

- leveraging our technology leadership to attract and retain key service providers;
- embracing the principles outlined by 3GPP and delivering the industry's most advanced IMS (IP Multimedia Subsystem)-ready product suite;

- expanding and broadening our customer base by targeting specific market segments, such as wireless operators;
- assisting our customers' ability to differentiate themselves by offering a sophisticated application development platform and service creation environment;
- expanding our solutions to address emerging Internet Protocol-based markets, such as network border switching;
- expanding our global sales, marketing, support and distribution capabilities;
- actively contributing to the standards definition and adoption process; and
- pursuing strategic transactions and alliances.

On May 2, 2011, Todd Abbott accepted an offer of employment as Senior Vice President of Worldwide Sales of the Company. Mr. Abbott joined the Company on May 3, 2011.

On February 11, 2011, Dr. Rajiv Laroia accepted an offer of employment as Senior Vice President and Chief Technology Officer of the Company. Dr. Laroia joined the Company on February 11, 2011.

We reported a loss from operations of $6.7 million in the three months ended June 30, 2011 and income from operations of $44,000 in the three months ended June 30, 2010. We reported losses from operations of $18.2 million in the six months ended June 30, 2011 and $0.5 million in the six months ended June 30, 2010. We reported a net loss of $5.9 million in the three months ended June 30, 2011 and net income of $0.3 million in the three months ended June 30, 2010. We reported a net loss of $18.3 million in the six months ended June 30, 2011 and net income of $0.2 million in the six months ended June 30, 2010.

Our revenue decreased by $9.4 million in the three months ended June 30, 2011, compared to the three months ended June 30, 2010. Our revenue decreased by $4.5 million in the six months ended June 30, 2011, compared to the six months ended June 30, 2010. Our gross profit decreased by $8.6 million, to $29.9 million, in the three months ended June 30, 2011, compared to the three months ended June 30, 2010, primarily attributable to lower revenue in the current year period. Our gross profit decreased by $20.1 million, to $56.6 million, in the six months ended June 30, 2011, compared to the six months ended June 30, 2010, primarily attributable to higher third-party costs for a low-margin multi-year project we completed in the three months ended March 31, 2011, coupled with lower revenue in the current year. Although our gross margins in the three and six months ended June 30, 2011 were lower than our historical trends, we do not expect this lower-margin trend to continue in the future.

Operating expenses were $36.7 million in the three months ended June 30, 2011 and $38.5 million in the three months ended June 30, 2010. Operating expenses were $74.8 million in the six months ended June 30, 2011 and $77.1 million in the six months ended June 30, 2010. The decrease in the current year compared to the same prior year period is primarily attributable to lower general and administrative expenses, partially offset by higher sales and marketing and research and development expenses.

Critical Accounting Policies and Estimates

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future given available information. We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements. The significant accounting policies that we believe are the most critical include the following:

- Revenue recognition;
- Inventory valuation;
- Loss contingencies and reserves;
- Stock-based compensation;
- Goodwill and intangible assets; and
- Accounting for income taxes.

For a complete discussion of our critical accounting policies and estimates, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed with the U.S. Securities and Exchange Commission on March 10, 2011. There were no significant changes to our critical accounting policies from December 31, 2010 through June 30, 2011 with the exception of the additions below resulting from our adoption, effective January 1, 2011, of Accounting Standards Codification ("ASC") 605-25, as amended by Accounting Standards Update ("ASU") No. 2009-14, *Software (Topic 985): Certain Revenue Arrangements That Include Software Elements* ("ASU 2009-14") and ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13") for new and materially modified arrangements originating on or after January 1, 2011.

We recognize revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the sale price is fixed or determinable, and collectibility of the related receivable is probable. When we have future obligations, including a requirement to deliver additional elements that are essential to the functionality of the delivered elements or when customer acceptance is required, we defer revenue recognition and related costs until those obligations are satisfied. Likewise, when fees for products or services are not fixed and determinable, we defer the recording of receivables, deferred revenue and revenue until such time as the fees become due or are collected. The ordering patterns and sales lead times associated with customer orders may vary significantly from period to period. We limit the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations, or subject to customer-specific return or refund privileges.

Revenue from maintenance and support services is generally recognized ratably over the service period. Maintenance revenue is deferred until the associated product is accepted by the customer and all other revenue recognition criteria have been met. Maintenance and support services include telephone support, return and repair support and unspecified rights to product upgrades and enhancements. Revenue from other professional services is typically recognized as the services are delivered if all other revenue recognition criteria have been met.

We currently sell the majority of our products directly to our end customers. For products sold to resellers and distributors that we determine to be sufficiently capitalized tier one partners or for those customers with whom we have sufficient history regarding the potential for product returns or refunds or any form of concession, we recognize revenue on a sell-in basis. For all other resellers and distributors, we recognize revenue on a sell-through basis.

Our products typically have both software and non-software components that function together to deliver the products' essential functionality. Many of our sales involve multiple-element arrangements that include both software and hardware-related products, maintenance and various professional services. Effective January 1, 2011, we prospectively adopted the provisions of ASU 2009-14 and ASU 2009-13 for new and materially modified arrangements originating on or after January 1, 2011. ASU 2009-14 amends industry-specific revenue accounting guidance for software and software-related transactions to exclude from its scope tangible products containing software components and non-software components that function together to deliver the product's essential functionality. All stand-alone software components will continue to be accounted for under the software revenue recognition guidance in ASC 985-605, *Software—Revenue Recognition* ("ASC 985-605").

The multiple element revenue guidance requires that we evaluate each deliverable in an arrangement to determine whether such deliverable would represent a separate unit of accounting. The delivered item constitutes a separate unit of accounting when it has stand-alone value and there are no customer-negotiated refunds or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item are considered probable and substantially in our control, the delivered element constitutes a separate unit of accounting. Most of our products and services qualify as separate units of accounting and revenue is recognized when the applicable revenue recognition criteria are met.

For transactions entered into prior to January 1, 2011, we recognize revenue in accordance with ASC 985-605. Revenue for any undelivered elements that are considered not essential to the functionality of the product and for which vendor-specific objective evidence of fair value ("VSOE") has been established are deferred based on the VSOE value, and any remaining arrangement fee is then allocated to and recognized as revenue utilizing the revenue method.. If we can not establish VSOE for each undelivered element, including specified upgrades, we defer all revenue on the entire arrangement until VSOE exists for the remaining undelivered elements or all elements are delivered, provided that all other revenue recognition criteria have been met.

For transactions entered into subsequent to the adoption of ASU 2009-13 that include multiple elements, arrangement consideration is allocated to each element based on the relative selling prices of all of the elements in the arrangement using the fair value hierarchy as required by ASU 2009-13, as discussed below.

We have historically maintained VSOE for our maintenance and support services and certain professional services based upon stand-alone service engagements and through the renewal of maintenance contracts. If VSOE exists, it will be used to determine the selling price of a deliverable. We have historically not been able to establish VSOE of any of our products and for certain services because we do not sell them on a stand alone basis, the pricing of the products or services is not within a narrow range, or we have limited sales history.

We are typically not able to determine third-party evidence ("TPE") to support fair value for our products or services. TPE is determined based on competitor prices for similar elements when sold separately. Generally, our solutions typically differ from those of our peers as there are no similar or interchangeable competitor products or services due to a significant level of customization and differentiation, and therefore, comparables cannot be obtained.

When we are unable to establish selling price using VSOE or TPE, we use estimated selling price ("ESP") in our allocation of arrangement consideration for the relevant deliverables. The objective of ESP is to determine the price at which we would transact a sale if a product or service was sold on a stand-alone basis. We determine ESP for our products and certain services by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional-specific market factors, profit objectives and pricing practices for such deliverables. We will regularly review VSOE, TPE and ESP and maintain internal controls over the establishment and updates of these estimates.

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Results of Operations

Three and Six Months Ended June 30, 2011 and 2010

Revenue. Revenue for the three and six months ended June 30, 2011 and 2010 was as follows (in thousands, except percentages):

Three months ended June 30,	2011	2010	(Decrease) from prior year $	(Decrease) from prior year %
Product	$ 29,446	$ 36,796	$ (7,350)	(20.0)%
Service	22,326	24,385	(2,059)	(8.4)%
Total revenue	$ 51,772	$ 61,181	$ (9,409)	(15.4)%

Six months ended June 30,	2011	2010	Increase (decrease) from prior year $	Increase (decrease) from prior year %
Product	$ 65,399	$ 73,074	$ (7,675)	(10.5)%
Service	53,672	50,515	3,157	6.3%
Total revenue	$ 119,071	$ 123,589	$ (4,518)	(3.7)%

Product revenue is comprised of sales of our voice infrastructure products. The products typically incorporated into our trunking and access solutions include our GSX9000 and GSX4000 Open Services Switches and our ASX Call Feature Server. The products typically incorporated into our session border control ("SBC") solutions include our NBS9000 and NBS5200 Network Border Switches. Certain of our products may be incorporated into either our trunking and access solutions or our SBC solutions; these products include, but are not limited to, our PSX Policy & Routing Server, SGX Signaling Gateway, ASX Call Feature Server, IMX Service Delivery Platform, Sonus Insight Management System, ASX Access Gateway Control Function, and our network analytical suite of products.

Product revenue for the three and six months ended June 30, 2011 and 2010 was comprised of the following (in thousands, except percentages):

Three months ended June 30,	2011	2010	(Decrease) from prior year $	(Decrease) from prior year %
Trunking and access	$ 21,717	$ 27,384	$ (5,667)	(20.7)%
SBC	7,729	9,412	(1,683)	(17.9)%
Total product revenue	$ 29,446	$ 36,796	$ (7,350)	(20.0)%

Six months ended June 30,	2011	2010	(Decrease) from prior year $	%
Trunking and access	$ 55,396	$ 60,526	$ (5,130)	(8.5)%
SBC	10,003	12,548	(2,545)	(20.3)%
Total product revenue	$ 65,399	$ 73,074	$ (7,675)	(10.5)%

We recognized $24.4 million of product revenue from a multi-year project for Bahamas Telecommunications Company Ltd. ("Bahamas Telecom") that was completed and for which all revenue recognition criteria were met in the first quarter of fiscal 2011. Bahamas Telecom was our only new customer for both product and service revenue in the six months ended June 30, 2011. We recognized $0.5 million of product revenue in the aggregate from two new customers in the three months ended June 30, 2010 and $15.8 million of revenue in the aggregate from eight new customers in the six months ended June 30, 2010. New customers are those from whom we recognize revenue for the first time, although we may have had outstanding orders from such customers for several years, especially for multi-year projects. The timing of the completion of customer projects, revenue recognition criteria satisfaction and customer payments included in multiple element arrangements may cause our product revenue to fluctuate from one quarter to the next.

We expect that our product revenue in fiscal 2011 will increase from 2010 levels.

Service revenue is primarily comprised of hardware and software maintenance and support ("maintenance revenue") and network design, installation and other professional services ("professional services revenue").

Service revenue for the three and six months ended June 30, 2011 and 2010 was comprised of the following (in thousands, except percentages):

Three months ended June 30,	2011	2010	(Decrease) from prior year $	%
Maintenance	$ 18,789	$ 19,171	$ (382)	(2.0)%
Professional services	3,537	5,214	(1,677)	(32.2)%
Total service revenue	$ 22,326	$ 24,385	$ (2,059)	(8.4)%

Six months ended June 30,	2011	2010	Increase (decrease) from prior year $	%
Maintenance	$ 37,710	$ 38,609	$ (899)	(2.3)%
Professional services	15,962	11,906	4,056	34.0%
Total service revenue	$ 53,672	$ 50,515	$ 3,157	6.3%

The decrease in service revenue in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 is attributable to $0.4 million of lower maintenance revenue and $1.7 million of lower professional services revenue. The increase in service revenue in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is primarily attributable to $11.5 million of revenue from the completion of the Bahamas Telecom project described above, comprised of $1.2 million of maintenance revenue and $10.3 million of professional services revenue. This increase was partially offset by $2.1 million of lower maintenance revenue and $6.2 million of lower professional services revenue from other customers. The timing of the completion of projects for revenue recognition, customer payments and maintenance contracts may cause our services revenue to fluctuate from one quarter to the next.

We currently believe that our fiscal 2011 revenue will range between $265 million and $285 million.

Our adoption, effective January 1, 2011, of ASU 2009-13 and ASU 2009-14 was material to our financial results, increasing product revenue by $6.3 million for the three months ended June 30, 2011 and $8.8 million for the six months ended June 30, 2011, compared to what would have been recognized had we continued to apply the guidance set forth in ASC 985-605 to all arrangements in the current year. The adoption of ASU 2009-13 and ASU 2009-14 did not have a material effect on the amount of timing of service revenue recognized during the three or six month periods ended June 30, 2011.

We expect the adoption of ASU 2009-13 and ASU 2009-14 may be material to future periods; however, we cannot reasonably estimate the effect of adopting these standards on future financial periods as the impact will vary depending on the nature and volume of new or materially modified arrangements in any given period.

Qwest Communications International, Inc. contributed approximately 13% and AT&T, Inc. ("AT&T") contributed approximately 12% of our revenue in the three months ended June 30, 2011. Bahamas Telecom contributed approximately 30% of our revenue in the six months ended June 30, 2011. AT&T contributed approximately 14% of our revenue in both the three and six month periods ended June 30, 2010. There were no other customers that contributed 10% or more of our revenue in the three or six months ended June 30, 2011 or 2010.

International revenue was approximately 22% of our revenue in the three months ended June 30, 2011 and approximately 32% of our revenue in the three months ended June 30, 2010. International revenue was approximately 45% of our revenue in the six months ended June 30, 2011 and approximately 37% of our revenue in the six months ended June 30, 2010. Due to the uneven ordering patterns of customers and the timing of project completions, we expect that the domestic and international components as a percentage of our revenue will fluctuate from quarter to quarter and year to year.

Our deferred product revenue was $23.5 million at June 30, 2011 and $39.8 million at December 31, 2010. Our deferred service revenue was $36.5 million at June 30, 2011 and $45.8 million at December 31, 2010. Our deferred revenue balance may fluctuate as a result of the timing of revenue recognition, customer payments, maintenance contract renewals, contractual billing rights and maintenance revenue deferrals included in multiple element arrangements.

Cost of Revenue/Gross Profit. Our cost of revenue consists primarily of amounts paid to third-party manufacturers for purchased materials and services, royalties, manufacturing and professional services personnel and related costs, and provision for inventory obsolescence. Our cost of revenue and gross profit as a percentage of revenue ("gross margin") for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands, except percentages):

Three months ended June 30,	2011	2010	Increase (decrease) from prior year $	Increase (decrease) from prior year %
Cost of revenue				
Product	$ 9,618	$ 10,826	$ (1,208)	(11.2)%
Service	12,218	11,842	376	3.2%
Total cost of revenue	$ 21,836	$ 22,668	$ (832)	(3.7)%
Gross margin				
Product	67.3%	70.6%		
Service	45.3%	51.4%		
Total gross margin	57.8%	62.9%		

Six months ended June 30,	2011	2010	Increase from prior year $	Increase from prior year %
Cost of revenue				
Product	$ 32,779	$ 23,127	$ 9,652	41.7%
Service	29,731	23,771	5,960	25.1%
Total cost of revenue	$ 62,510	$ 46,898	$ 15,612	33.3%
Gross margin				
Product	49.9%	68.4%		
Service	44.6%	52.9%		
Total gross margin	47.5%	62.1%		

The decrease in product gross margin in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 was primarily due to product and customer mix, which reduced our gross margin by approximately four percentage points, partially offset by lower manufacturing-related costs, which increased our gross margin by approximately one half of one percentage point. The decrease in product gross margin in the six months ended June 30, 2011 compared to the six months ended June 30, 2011 was primarily due to the lower gross margin realized on the Bahamas Telecom project described above. The lower gross margin realized on the Bahamas Telecom project was primarily due to the high level of third-party products incorporated into this project. These higher third-party costs decreased our product gross margin by approximately 20 percentage points. This reduction was partially offset by lower manufacturing-related costs, which increased our gross margin by approximately one percentage point.

The decrease in service gross margin in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 was primarily attributable to higher costs within the service organization, which reduced our service gross margin by approximately six percentage points. The decrease in service gross margin in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is primarily attributable to higher third-party costs, principally related to the Bahamas Telecom project, which decreased our service gross margin by approximately nine percentage points, partially offset by lower manufacturing-related costs, which increased our gross margin by approximately one-half of one percentage point. Our service cost of revenue is relatively fixed in advance of any particular quarter and therefore, changes in service revenue will typically have a significant impact on service gross margins.

We currently believe that our gross margin over time will remain within our long-term financial model of 58% to 62%. Although our gross margins in the three and six months ended June 30, 2011 were lower than our historical trends, we do not expect this lower-margin trend to continue in the future.

Research and Development Expenses. Research and development expenses consist primarily of salaries and related personnel expenses and prototype costs related to the design, development, testing and enhancement of our products. Research and development expenses for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands, except percentages):

	2011	2010	Increase from prior year $	Increase from prior year %
Three months ended June 30,	$ 15,187	$ 15,106	$ 81	0.5%
Six months ended June 30,	$ 30,795	$ 30,046	$ 749	2.5%

The increase in research and development expenses in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 is primarily attributable to $0.8 million of higher expense related to product development (third-party development, prototype and test equipment costs) for both our new and existing product offerings, partially offset by $0.7 million of lower employee-related expenses. The increase in research and development expenses in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is primarily attributable to $0.5 million of higher expense related to product development (third-party development, prototype and test equipment costs) and $0.4 million of higher facilities-related expenses, partially offset by $0.2 million of lower employee-related expenses. Our higher facilities costs in the six months ended June 30, 2011 compared to June 30, 2010 primarily relate to the activities associated with the consolidation of our facilities in India to a single location.

Some aspects of our research and development efforts require significant short-term expenditures, the timing of which may cause significant variability in our expenses. We believe that rapid technological innovation is critical to our long-term success, and we are tailoring our investments to meet the requirements of our customers and market. We believe that our research and development expenses for fiscal 2011 will increase from fiscal 2010 levels due to our planned investments in our research and development product portfolio.

Sales and Marketing Expenses. Sales and marketing expenses consist primarily of salaries and related personnel costs, commissions, travel and entertainment expenses, promotions, customer trial and evaluations inventory and other marketing and sales support expenses. Sales and marketing expenses for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands, except percentages):

			Increase from prior year	
	2011	**2010**	**$**	**%**
Three months ended June 30,	$ 13,298	$ 12,392	$ 906	7.3%
Six months ended June 30,	$ 27,595	$ 25,986	$ 1,609	6.2%

The increase in sales and marketing expense in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 is attributable to $0.4 million of higher software and equipment costs related primarily to equipment for sales support, $0.2 million of higher marketing-related expenses, $0.1 million of higher expense related to increased product trial and evaluation equipment activity with customers and $0.2 million of net increases in other sales and marketing expenses.

The increase in sales and marketing expense in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is attributable to increases of $0.5 million in software and equipment costs related primarily to equipment for sales support, $0.4 million for product trial and evaluation equipment activity with customers, $0.3 million for marketing-related expenses and $0.4 million for other sales and marketing expenses.

We believe that our sales and marketing expenses will increase in fiscal 2011 from fiscal 2010 levels, primarily attributable to higher personnel and related costs.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries and other employee-related costs for executive and administrative personnel, recruiting expenses, allowance for doubtful accounts and professional fees. General and administrative expenses for the three and six months ended June 30, 2011 and 2010 were as follows (in thousands, except percentages):

	2011	2010	(Decrease) from prior year $	(Decrease) from prior year %
Three months ended June 30,	$ 8,197	$ 10,971	$ (2,774)	(25.3)%
Six months ended June 30,	$ 16,393	$ 21,115	$ (4,722)	(22.4)%

The decrease in general and administrative expenses in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 is primarily attributable to $2.0 million of lower employee-related expenses and $0.6 million of lower professional fees (legal, audit and consulting fees). The decrease in employee-related expenses is primarily comprised of $1.0 million of lower salary and fringe benefit expenses and $0.8 million of lower stock-based compensation expense.

The decrease in general and administrative expenses in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is primarily attributable to $2.3 million of lower employee-related expenses, $1.6 million of lower professional fees (legal, audit and consulting fees) and $0.9 million of lower expense related to foreign currency translation. The decrease in employee-related expenses is primarily comprised of $1.0 million of lower salary and fringe benefit expenses and $0.8 million of lower stock-based compensation expense.

We believe that our general and administrative expenses will decrease in fiscal 2011 from fiscal 2010 levels, primarily due to lower expected professional fees and personnel-related expenses.

We believe that our total operating expenses (research and development, sales and marketing, and general and administrative expenses) will be in the range of $151 million to $155 million in fiscal 2011.

Interest Income, net. Interest income consists of interest earned on our cash equivalents, marketable securities and long-term investments. Interest expense primarily relates to interest on capital lease obligations. Our interest income, net, decreased $0.1 million in the three months ended June 30, 2011 compared to the three months ended June 30, 2010, primarily attributable to a lower average portfolio yield. Our interest income, net, decreased $0.2 million in the six months ended June 30, 2011 compared to the six months ended June 30, 2010, primarily attributable to a lower average portfolio yield.

Income Taxes. We recorded provisions for income taxes of $0.9 million for the six months ended June 30, 2011 and $0.3 million for the six months ended June 30, 2010. These amounts reflect our estimates of the effective rates expected to be applicable for the respective full fiscal years, adjusted for any discrete events, which are recorded in the period that they occur. These estimates are reevaluated each quarter based on our estimated tax rate for the full fiscal year.

The provisions for income taxes for the six months ended June 30, 2011 and 2010 represent forecasted tax expense on the earnings of our foreign operations. Our effective tax rate for the six months ended June 30, 2011 was less than the statutory federal and state rates due to the existence of a valuation allowance on our domestic losses.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Liquidity and Capital Resources

Our consolidated statements of cash flows are summarized as follows (in thousands):

	Six months ended June 30, 2011	Six months ended June 30, 2010	Change
Net income (loss)	$ (18,342)	$ 177	$ (18,519)
Adjustments to reconcile net income (loss) to cash flows provided by (used in) operating activities	10,091	10,837	(746)
Changes in operating assets and liabilities	(3,030)	2,818	(5,848)
Net cash provided by (used in) operating activities	$ (11,281)	$ 13,832	$ (25,113)
Net cash provided by (used in) investing activities	$ 21,291	$ (35,609)	$ 56,900
Net cash provided by financing activities	$ 581	$ 303	$ 278

Our cash, cash equivalents, marketable securities and long-term investments totaled $388.6 million at June 30, 2011.

Our operating activities used $11.3 million in the six months ended June 30, 2011, compared to $13.8 million of cash provided by operating activities in the six months ended June 30, 2010.

Cash used in operating activities in the six months ended June 30, 2011 was primarily the result of lower deferred revenue, accrued expenses and accounts payable. These amounts were offset by lower accounts receivable, inventory and other operating assets. The reduction in deferred revenue is primarily attributable to a multi-year project for which revenue had been previously deferred. The reduction in accrued expenses primarily related to employee compensation and related costs, including payments made in connection with our Company-wide employee incentive bonus program and payments in 2011 related to the departures in 2010 of our former President and Chief Executive Officer and our former Executive Vice President and Chief Operating Officer. The decrease in accounts receivable primarily reflects payments in the current year. The lower inventory levels are primarily related to the recognition of deferred cost of goods sold in connection with the completion of the previously discussed multi-year project, partially offset by increased inventory levels in anticipation of our transition to a new contract manufacturer.

Cash provided by operating activities in the six months ended June 30, 2010 was primarily the result of higher accounts payable and lower accounts receivable, partially offset by increases in inventory, both current and noncurrent, and decreases in deferred revenue and accrued expenses. Our accounts payable increase was primarily attributable to purchases of materials in the latter part of the second quarter of fiscal 2010, for which payments were due to the vendors in the third quarter of fiscal 2010. The decrease in accounts receivable was mainly driven by our continued focus on cash collections. The decrease in deferred revenue was primarily the result of the completion of projects for which the revenue had been deferred at December 31, 2009, partially offset by new orders in fiscal 2010 for which revenue recognition criteria had not been met as of June 30, 2010. The decrease in accrued expenses was primarily attributable to payments for previously accrued royalty payments and lower taxes payable.

Our investing activities provided $21.3 million of cash in the six months ended June 30, 2011, comprised of $28.6 million of net maturities of marketable securities, partially offset by $7.3 million of investments in property and equipment. Our investing activities used $35.6 million of cash in the six months ended June 30, 2010, comprised of $29.3 million of net purchases of marketable securities, $4.3 million of investments in property and equipment and $2.0 million to purchase intangible assets.

Our financing activities provided $0.6 million of cash in the six months ended June 30, 2011, comprised of $0.8 million of proceeds from the sale of our common stock in connection with our Amended and Restated 2000 Employee Stock Purchase Plan ("ESPP"), and $0.8 million of proceeds from the exercise of stock options. These amounts were partially offset by $0.9 million of cash used to pay withholding obligations related to the net share settlement of restricted stock awards upon vesting and $48,000 for payments on our capital leases for office equipment. Our financing activities provided $0.3 million of cash in the six months ended June 30, 2010, including $0.6 million of proceeds from the sale of common stock in connection with our ESPP and $0.1 million from the exercise of stock options. These amounts were partially offset by $0.3 million used to pay withholding obligations related to the net share settlement of restricted stock awards upon vesting and $0.1 million used for payments on our capital leases for office equipment.

In the first quarter of fiscal 2011, we began to use forward currency exchange contracts ("forward contracts") to economically hedge our exposure to forecasted foreign currency denominated operating expenses and transactions in our European and Japanese subsidiaries. These forward contracts were entered into for periods of six months or less, based upon budgeted expenses and specific transactions for the applicable subsidiaries. These forward contracts do not subject our earnings or cash flows to material risk since gains and losses on these forward contracts generally offset losses and gains on the expenses and transactions being hedged. However, changes in currency exchange rates related to any unhedged transaction may impact our earnings and cash flows. There were no forward contracts outstanding at June 30, 2011.

Based on our current expectations, we believe our cash, cash equivalents, marketable securities and long-term investments will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. It is difficult to predict future liquidity requirements with certainty. The rate at which we will consume cash will be dependent on the cash needs of future operations, including changes in working capital, which will, in turn, be directly affected by the levels of demand for our products, the timing and rate of expansion of our business, the resources we devote to developing our products and any litigation settlements. We anticipate devoting substantial capital resources to continue our research and development efforts, to maintain our sales, support and marketing operations and for other general corporate activities, as well as to vigorously defend against existing and potential litigation. See Note 15 to our condensed consolidated financial statements for a description of our legal contingencies.

Recent Accounting Pronouncements

On June 16, 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* ("ASU 2011-05"), which revises the manner in which entities present comprehensive income in their financial statements. The new guidance requires companies to report components of comprehensive income in either: (1) a continuous statement of comprehensive income; or (2) two separate consecutive statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income. ASU 2011-05 will be effective for us in our reporting of the quarter ended March 31, 2012, with early adoption permitted. We are currently assessing the impact on our consolidated financial statements.

On May 12, 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which provides guidance on how (not when) to measure fair value and on what disclosures to provide about fair value measurements. ASU 2011-04 expands previously existing disclosure requirements for fair value measurements, including disclosures regarding transfers between Level 1 and Level 2 in the fair value hierarchy currently disclosed. ASU 2011-04 will be effective for us in the first quarter of fiscal 2012. Some of our disclosures on fair value measurements may change upon adoption of ASU 2011-04. We are currently assessing the impact, if any, on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our investments and foreign currency fluctuations. We do not believe that a hypothetical 10% adverse movement in interest rates and foreign currency exchange rates would have a materially different impact from what was disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2011.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to the legal proceedings described in Part I, Item 3, "Legal Proceedings" of our Annual Report on Form 10-K for the year ended December 31, 2010 and Note 14 of this Quarterly Report on Form 10-Q. There were no material developments to these legal proceedings in the three or six months ended June 30, 2011.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. Set forth below and elsewhere in this report and in other documents we file with the Securities and Exchange Commission are descriptions of certain risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report.

There were no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010. There were no modifications or supplements to these risk factors in the three or six months ended June 30, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We have not announced any currently effective authorization to repurchase shares of our common stock. However, upon vesting of restricted stock awards, employees are permitted to return to us a portion of the newly-vested shares to satisfy the tax withholding obligations that arise in connection with such vesting. The following table summarizes repurchases of our common stock during the second quarter of fiscal 2011, which represent shares returned to satisfy tax withholding obligations:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
April 1, 2011 to April 30, 2011	—	—	—	—
May 1, 2011 to May 31, 2011	—	—	—	—
June 1, 2011 to June 30, 2011	8,334	$ 2.91	—	—
Total	8,334	$ 2.91	—	—

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Item 6. Exhibits

Exhibit Number	Description
4.1	Rights Agreement, dated as of June 26, 2008, between Sonus Networks, Inc. and American Stock Transfer & Trust Company, LLC, which includes as Exhibit A thereto a form of Certificate of Designation for the Series A Junior Participating Preferred Stock, as Exhibit B thereto the Form of Rights Certificate and as Exhibit C thereto a Summary of Rights to Purchase Shares of Preferred Stock (incorporated by reference to the Registrant's Current Report on Form 8-K, filed June 27, 2008 with the SEC).
4.2	Amendment No. 1 dated as of June 10, 2011 to Rights Agreement, dated as of June 26, 2008, between Sonus Networks, Inc. and American Stock Transfer & Trust Company, LLC (incorporated by reference to the Registrant's Current Report on Form 8-K, filed June 13, 2011 with the SEC).
10.1*+	Form of Nonstatutory Stock Option Award Agreement Granted Under the 2007 Stock Incentive Plan, as Amended
10.2*+	Form of Restricted Stock Award Agreement Granted Under the 2007 Stock Incentive Plan, as Amended
14.1	Code of Conduct (incorporated by reference to the Registrant's Current Report on Form 8-K, filed June 7, 2011 with the SEC)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

\+ Management contract or compensatory plan or arrangement

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 17 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

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

Dated: August 2, 2011	SONUS NETWORKS, INC.	
	By:	/s/ WAYNE PASTORE
		Wayne Pastore *Senior Vice President and Chief Financial Officer* *(Principal Financial Officer)*
Dated: August 2, 2011	SONUS NETWORKS, INC.	
	By:	/s/ ELMER LAI
		Elmer Lai *Vice President, Finance, Corporate Controller* *and Chief Accounting Officer* *(Principal Accounting Officer)*

EXHIBIT INDEX

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Exhibit 10.1

Sonus Networks, Inc.
2007 Stock Incentive Plan, as Amended

Nonstatutory Stock Option Award Agreement

This NONSTATUTORY STOCK OPTION AWARD AGREEMENT (the "Agreement") is made effective as of the day of , 20 (the "Grant Date"), between Sonus Networks, Inc., a Delaware corporation (the "Company"), and (the "Participant" or "you").

RECITALS

WHEREAS, the Company has adopted the Sonus Networks, Inc. 2007 Stock Incentive Plan, as Amended (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement (capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan); and

WHEREAS, the Board has determined that it is in the best interests of the Company and its stockholders to grant to the Participant the option described herein pursuant to the Plan and the terms set forth below;

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. *Grant of Option*. The Company hereby grants to the Participant the right and option (the "Option") to purchase, in whole or in part, an aggregate of shares of Common Stock (the "Shares"). The Option is intended to be a Nonstatutory Stock Option.

2. *Option Price*. The price per Share subject to the Option shall be $ per Share (the "Option Price").

3. *Option Term*. The term of the Option shall be ten (10) years, commencing on the Grant Date. Unless earlier terminated as set forth herein or in the Plan, this Option shall automatically terminate at 5:00 p.m., Eastern Time, on the tenth anniversary of the Grant Date (the "Final Exercise Date").

4. *Vesting Schedule*. Subject to the Participant's continued service to the Company through the applicable vesting date, the Option shall vest and become exercisable as follows: 25% of the Shares shall vest on the first anniversary of [the Grant Date / the date your employment with the Company commences (the "Commencement Date")]; and the remaining 75% of the Options shall vest in equal monthly increments of 2.0833% of the Options thereafter through the fourth anniversary of the [Grant Date / the Commencement Date] (the "Final Vesting Date").

5. *Acceleration of Vesting*. Notwithstanding Section 4 hereof, the lesser of the number of Options that are unvested as of the date of an Acquisition (as defined in the Plan) or 25% of the total number of Shares shall vest and become exercisable effective immediately prior to the date of such Acquisition. Thereafter, the balance of Options that are unvested shall continue to vest in

the monthly amount set forth in Section 2 above and the Final Vesting Date shall be accelerated by twelve (12) months.

6. *Exercise of Option.*

(a) *Notice of Exercise.* The Participant or the Participant's representative may exercise the vested portion of the Option or any part thereof prior to the Final Vesting Date by giving written notice to the Company in the form prescribed by the Company from time to time (the "Notice of Exercise"). The Notice of Exercise shall be signed by the person exercising such Option. In the event that such Option is being exercised by the Participant's representative, the Notice of Exercise shall be accompanied by proof (satisfactory to the Company) of such representative's right to exercise such Option.

(b) *Method of Exercise.* The Participant or the Participant's representative shall deliver to the Company, at the time the Notice of Exercise is given, payment for the full amount of the aggregate Option Price for the exercised Option in the manner provided in Section 5(f) of the Plan. The Participant or the Participant's representative may purchase less than the number of Shares covered hereby; provided that no partial exercise of this Option may be for any fractional share.

(c) *Issuance of Shares.* Provided that the Company receives a properly completed and executed Notice of Exercise and payment for the full amount of the aggregate Option Price, the Company shall promptly cause to be issued the Shares underlying the exercised Option, registered in the name of the person exercising the applicable Option. Physical certificates for the Shares underlying the exercised Option registered in the name of the person exercising the applicable Option will be issued upon written request to the Company.

(d) *Continuous Relationship with the Company Required.* Except as otherwise provided in this Section 6, this Option may not be exercised unless the Participant, at the time he or she exercises this Option, is and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company or any of its affiliates.

(e) *Termination of Relationship with the Company.* Upon a termination of the Participant's services for any reason, other than pursuant to Sections 6(f) and (g) below, any unvested portion of the Option shall immediately terminate and be forfeited without consideration and the vested portion of the Option shall remain exercisable until the earlier of: ninety (90) days following such termination of service and (ii) the Final Exercise Date. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, breaches the terms of any agreement (including, without limitation, any confidentiality, non-competition or non-solicitation provision) between the Participant and the Company, the right to exercise this Option shall terminate upon such breach.

(f) *Exercise Period Upon Death or Disability.* Upon a termination of the Participant's service because the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code), any unvested portion of the Option shall immediately terminate and be forfeited without consideration and the vested portion of the Option shall remain exercisable until the earlier of: (i) 180 days following such termination of service and (ii) the Final Exercise Date.

(g) *Termination for Cause.* Upon a termination of the Participant's service by the Company for Cause (as defined below), the right to exercise this Option, including the vested portion of the Option, shall terminate immediately and be forfeited without consideration. If the Participant is party to an employment, consulting or severance agreement with the Company at the time of his or her termination of employment with the Company or any affiliate that contains a different definition of "cause" (or any derivation thereof), the definition in such agreement will control for purposes of this Agreement. Otherwise, "*Cause*" as used in this Agreement means the occurrence of any of the following: (1) gross negligence or willful misconduct by you in the performance of your duties that is likely to have a material adverse effect on the Company or its reputation; (2) your indictment for, formal admission to (including a plea of guilty or *non contendere* to), or conviction of (A) a felony, (B) a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or (C) any crime involving the Company; (3) your commission of an act of fraud or dishonesty in the performance of your duties; (4) repeated failure by you to perform your duties, which are reasonably and in good faith requested in writing by the CEO or the Board of Directors of the Company; or (5) material breach of any written agreement between you and the Company, that you fail to remedy within ten (10) days following written notice from the Company.

7. *Withholding.* The Participant may be required to pay the Company or any of its affiliates and the Company shall have the right, and is hereby authorized, to withhold any applicable withholding taxes in respect of the Option, its exercise or transfer, and to take such other action as may be necessary in the opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

8. *Transferability of Option.* Unless otherwise provided by the Board, the Option may not be sold, assigned, alienated, attached, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any of its affiliates; provided that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Board shall have been furnished with written notice thereof and a copy of such evidence as the Board may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the lifetime of the Participant, the Option shall be exercisable only by the Participant.

9. *Provisions of the Plan.* By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan; that the Option is subject to the provisions of the Plan; and that the terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

10. *Notices.* Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

11. *Adjustments of Shares.* In the event of a Reorganization Event (as defined in the Plan) or other transaction described in Section 9 of the Plan, the Shares and the other terms of this Agreement shall be adjusted in the manner provided for in Section 10 of the Plan.

12. *No Right to Continued Service.* The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any of its affiliates to continue the service of the Participant and shall not lessen or affect any right that the Company or any of its affiliates may have to terminate the service of such Participant.

13. *Securities Laws; Legends on Certificates.* The issuance and delivery of the Shares shall comply with (or be exempt from) all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Shares under the Plan or Awards and accordingly, any certificates for Shares or documents granting Awards may have an appropriate legend or statement of applicable restrictions endorsed thereon. If the Company deems it necessary to ensure that the issuance of Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such Shares would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may reasonable request which satisfies such requirements.

14. *Erroneously Awarded Compensation*. All Awards, if and to the extent subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act, shall be subject to any incentive compensation policy established from time to time by the Company to comply with such Act.

15. *Entire Agreement.* This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

16. *Waiver.* No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

17. *Successors and Assigns.* The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

18. *Choice of Law.* This Agreement shall be governed by the law of the State of Delaware (regardless of the laws that might otherwise govern under applicable Delaware principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

19. *No Guarantees Regarding Tax Treatment.* The Participant (or his or her beneficiaries) shall be responsible for all taxes with respect to the Option. The Board and the Company make no guarantees regarding the tax treatment of the Option. Neither the Board nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A of the

Code or Section 457A of the Code or otherwise and none of the Company, any of its affiliates, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

20. *Amendment.* The Board may amend or alter this Agreement and the Option granted hereunder at any time, subject to the terms of the Plan.

21. *Severability.* The provisions of this Agreement are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. *Signature in Counterparts.* This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

SONUS NETWORKS, INC.

By: ______________________________
Name:
Title:

Agreed and acknowledged as
of the date first above written:

____
PARTICIPANT

Exhibit 10.2

Sonus Networks, Inc.
2007 Stock Incentive Plan, as Amended

Restricted Stock Award Agreement

This RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") is made effective as of the day of , 20 (the "Grant Date"), between Sonus Networks, Inc., a Delaware corporation (the "Company"), and (the "Employee").

RECITALS

WHEREAS, the Company has adopted the Sonus Networks, Inc. 2007 Stock Incentive Plan, as Amended (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement (capitalized terms not otherwise defined herein shall have the meanings as set forth in the Plan); and

WHEREAS, the Board has determined that it is in the best interests of the Company and its stockholders to grant to the Employee the restricted stock described herein pursuant to the Plan and the terms set forth below;

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. *Award of Restricted Stock*. Subject to the terms and condition of the Plan and this Agreement and in consideration of employment services rendered and to be rendered by the Employee to the Company, the Company hereby grants to the Employee shares of Common Stock (the "Shares"). The Company shall issue the Shares to the Employee either by electronic record or by stock certificate issued in the name of the Employee. The Employee agrees that unvested Shares shall be subject to forfeiture as set forth in Section 2(c) of this Agreement and the restrictions on transfer set forth in Section 4 of this Agreement. The Shares shall be deposited in escrow in accordance with Section 5 of this Agreement.

2. *Vesting*.

(a) Vesting Schedule. Subject to the Employee's continued service through the vesting date, the Shares shall vest as follows: (i) 25% of the Shares shall vest on **[**the first anniversary of the effective date of this Agreement / the date on which the Employee's employment with the Company commences**]** (the "Vest Date") and (ii) 12.5% of the Shares shall vest on the last day of each six-month period following the first anniversary of the Vest Date, through and including the fourth anniversary of the Vest Date. Any fractional number of Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Shares. The Company may in its discretion accelerate the vesting schedule at any time. Notwithstanding the foregoing, to the extent that the Employee has entered into an employment agreement with the Company and the terms noted in such employment agreement are inconsistent with or conflicts with this Agreement, then the terms of the employment agreement will supersede the inconsistent or conflicting terms set forth herein. In all other respects, this Agreement shall remain in full force and effect.

(b) Acceleration of Vesting. Notwithstanding Section 2(a) hereof, effective immediately prior to the consummation of an Acquisition (as defined in the Plan), an additional 25% of the number of Shares covered by this Agreement shall become vested, with the remaining unvested Shares continuing to vest pursuant to the vesting schedule set forth above; provided that such vesting schedule shall be shortened by one year.

(c) Termination of Service. If the Employee's service with the Company is terminated for any reason, other than as described in Section 2(b) above, the Shares, to the extent not then-vested, shall be forfeited by the Employee without any consideration.

3. *Rights as a Stockholder*. The Employee shall have none of the rights of a stockholder of the Company until the Shares vest; provided, however, that the Employee shall have (a) the right to receive dividends on the Shares (the "Dividends"), subject to the remainder of this Section 3 and Section 7(c)(1) of the Plan and (b) voting rights with respect to such Shares. The Dividends, if any, shall be held by the Company and shall be subject to forfeiture until such time that the Shares on which the Dividends were distributed vest in accordance with Section 2 above.

4. *Restrictions on Transfer*. Unless otherwise provided by the Board, the Employee shall not, during the term of this Agreement, sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "Transfer"), any of the Shares, or any interest therein, unless and until such Shares are no longer subject to risk of forfeiture. Notwithstanding the foregoing, the Employee may transfer:

(a) any or all of the Employee's Shares (i) to his or her parents, spouse, children, stepchildren, grandchildren, or siblings, or spouse of any such person (collectively, "Immediate Family"); (ii) to a trust established for the benefit of his or her Immediate Family or himself/herself; or (iii) to a limited liability company or limited partnership, the members or partners of which are members of his or her Immediate Family or himself/herself; or

(b) any or all of the Employee's Shares under such Employee's will;

provided that all such Shares transferred under (a) or (b) shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in this Section 4 and the forfeiture provision in Section 2(c)) and such permitted transferee shall, as a condition to such transfer, deliver to the Company: (y) a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement and (z) a copy of any such evidence as the Company may deem necessary to establish the validity of the transfer and acceptance by the transferee or transferees of the terms and conditions hereof. The Company shall not be required: (A) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (B) to treat as owner of such Shares or to pay Dividends to any transferee to whom any such Shares shall have been so sold or transferred.

5. *Escrow*. The Shares shall be deposited by the Employee in escrow either by electronic record or by stock certificate upon (or as promptly as practicable following) the execution of this Agreement and shall be held in escrow by the Company or its designee, as escrow agent (the "Escrow Agent"). Upon vesting of the Shares, the Escrow Agent shall release or electronically

transfer to the Employee, upon request, those Shares, which have vested (other than any withheld by the Company pursuant to Section 9). In the event the Shares are forfeited pursuant to Section 2(c) or withheld by the Company pursuant to Section 9, the Company shall give written notice to the Employee and to the Escrow Agent specifying the number of forfeited Shares or Shares to be withheld. The Employee and the Company authorize the Escrow Agent to take all necessary or appropriate actions consistent with the terms of this Agreement, including the delivery to the Company of those Shares and stock powers for the Shares being forfeited or withheld by the Company. The escrow shall terminate upon the earliest of (a) the vesting and lapse of forfeiture of all Shares awarded under this Agreement, (b) the election by the Company to waive forfeiture on all of the unvested Shares, or (c) the election by the Company to terminate this escrow. If at the time of such termination the Escrow Agent should have in its possession any Shares owed to the Employee, the Escrow Agent shall promptly deliver such Shares to the Employee and shall be discharged of all further obligations hereunder. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent or the Company shall not be liable for any act or omission in good faith and in the exercise of reasonable judgment. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the Shares held by the Escrow Agent hereunder, the Escrow Agent is authorized to retain such Shares in its possession without liability to anyone all until such dispute shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired. All reasonable costs, fees and disbursements incurred by the Escrow Agent in connection with the performance of its duties hereunder shall be borne by the Company.

A certificate or certificates representing the Shares shall be issued by the Company and shall be registered in the name of the Employee on the stock transfer books of the Company promptly following the effective date of this Agreement, but shall remain in the physical custody of the Company or its designee at all times prior to the vesting of such Shares pursuant to Section 2 hereof. As a condition to the receipt of this Agreement, the Employee shall deliver to the Company a Stock Power in the form attached hereto as Exhibit A, duly endorsed in blank, relating to the Shares. Each certificate representing the Shares shall bear the following legend:

> *"The ownership and transferability of this certificate and these shares are subject to the terms and conditions (including forfeiture) of the Sonus Networks, Inc. 2007 Stock Incentive Plan, as Amended, and a Restricted Stock Award Agreement entered into between the registered owner and Sonus Networks, Inc. Copies of such Plan and the Agreement are on file in the executive offices of Sonus Networks, Inc."*

If the Shares are issued to the Employee electronically rather than by a stock certificate, the electronic record reflecting the issuance of the Shares to the Employee shall bear such a legend or other notation.

As soon as administratively practicable, but not later than sixty (60) days, following the vesting of the Shares (as described in Section 2 hereof), and upon the satisfaction of all other applicable conditions, including, but not limited to, the payment by the Employee of all applicable withholding taxes, the Company shall deliver or cause to be delivered to the Employee, or in the case of the Employee's death, the Employee's beneficiary, a certificate or certificates for the applicable Shares, which shall not bear the legend described above, but may bear such other legends as the Company deems advisable pursuant to Section 6 below. If the Shares are issued to the Employee electronically rather than by a stock certificate, the legend described above shall be removed, but may bear such other legends as the Company deems advisable pursuant to Section 6 below.

6. *Adjustments of Shares*. In the event of a Reorganization Event (as defined in the Plan) or other transaction described in Section 9 of the Plan, the Shares and the other terms of this Agreement shall be adjusted in the manner provided for in Section 10 of the Plan.

7. *Compliance with Laws*. The obligations of the Company and the Employee under this Agreement are subject to all applicable laws, rules, and regulations, including all applicable federal and state securities laws and the obtaining of all such approvals by government agencies as may be deemed necessary or appropriate by the Board or the relevant committee of the Board.

8. *Tax Matters*.

(a) *Section 83(b) Election*. The Employee may elect under Section 83(b) of the Internal Revenue Code of 1986, as amended, to be taxed at the time the Shares are acquired on the Grant Date ("Section 83(b) Election"). A Section 83(b) Election must be filed with the Internal Revenue Service within thirty (30) days of the Grant Date and the Employee shall provide a copy of such form with the Company promptly following his or her filing. If the Employee elects, in accordance with Section 83(b), to recognize ordinary income in the year of acquisition of the Shares, the Company will require at the time of such election an additional payment by the Employee in an amount equal to any federal, state, local or other taxes of any kind required by law to be withheld with respect to the issuance of the Shares to the Employee. Moreover, the Employee acknowledges and he or she is solely responsible to file a timely election under Section 83(b) and the Company shall bear no responsibility for any consequence of the Employee making a Section 83(b) Election or failing to make a Section 83(b) Election.

(b) *Withholding Taxes*. The Employee may be required to pay the Company or any affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Shares, their vesting or transfer and to take such other action as may be necessary in the opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

(c) *Tax Advice*. The Employee acknowledges that he or she is responsible for reviewing with his or her own tax advisors the federal, state, local and other tax consequences of this investment and the transactions contemplated by this Agreement. The Employee acknowledges that he or she is not relying on any statements or representations of the Company or any of its agents. The Employee understands that the Employee (and not the Company) shall be responsible for the Employee's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

9. *No Right to Continued Service*. The granting of the Shares evidenced hereby and this Agreement shall impose no obligation on the Company or any of its affiliates to continue the service of the Employee and shall not lessen or affect any right that the Company or any of its affiliates may have to terminate the service of such Employee. The Employee shall remain an employee at will.

10. *Securities Laws; Legends on Certificates*. The issuance and delivery of the Shares shall comply with (or be exempt from) all applicable requirements of law, including without limitation the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Shares under the Plan or Awards and accordingly, any certificates for Shares or documents granting Awards may have an appropriate legend or statement of applicable restrictions endorsed thereon. If the Company deems it necessary to ensure that the issuance of Shares under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such Shares would be issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may reasonable request which satisfies such requirements.

11. *Notices*. Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

12. *Shares Subject to Plan*. By entering into this Agreement, the Employee agrees and acknowledges that the Employee has received and read a copy of the Plan; the Shares are subject to the Plan; and the terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision o the Plan, the applicable terms and provisions of the Plan will govern and prevail.

13. *Severability*. The provisions of this Agreement are severable and if any one or more provisions are deemed to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. *Erroneously Awarded Compensation*. All Awards, if and to the extent subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act, shall be subject to any incentive compensation policy established from time to time by the Company to comply with such Act.

15. *General*. This Agreement will be governed by and interpreted and construed in accordance with the internal laws of the State of Delaware (without reference to principles of conflicts or choice of law) as to all matters, including, but not limited to, mattes of validity, construction, effect, performance and metrics. The captions of the sections of this Agreement are for reference only and will not affect the interpretation or construction of this Agreement. This Agreement will bind and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, devisees, and legal representatives. Except as set forth herein, this Agreement (including the Plan) supersedes all prior agreements, whether written or oral and whether express or implied, between the Employee and the Company relating to the subject matter of this Agreement. This Agreement may be amended or modified only by a written agreement signed by the Company and the Employee; provided, however, that the Board may amend or alter this Agreement and the Shares granted hereunder at any time, subject to the terms of the Plan.

16. *Signature in Counterparts*. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

SONUS NETWORKS, INC.

By: ______________________________
Name:
Title:

Agreed and acknowledged as
of the date first above written:

____
EMPLOYEE

[*Signature Page to Restricted Stock Award Agreement*]

Exhibit A

Stock Power

Stock Power(1)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Sonus Networks, Inc. (the "Company"), ( ) shares of common stock, par value $0.001 per share, of the Company standing in his/her/their/its name on the books of the Company represented by Certificate No. herewith and does hereby irrevocably constitute and appoint his/her/their/its attorney-in-fact, with full power of substitution, to transfer such shares on the books of the Company.

Dated: ____________________ Signature: ____________________

Print Name and Mailing Address:

Instructions: *Please do* <u>*not*</u> *fill any blanks other thank the signature line and printed name and mailing address. Please print your name exactly as you would like your name to appear on the issued stock certificate(s). The purpose of this assignment is to enable the forfeiture of shares without requiring additional signatures on your part.*

(1) This stock power is not effective if executed in the State of New York.

EXHIBIT 31.1

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

I, Raymond P. Dolan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sonus Networks, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2011

/s/ RAYMOND P. DOLAN

Raymond P. Dolan
President and Chief Executive Officer
(Principal Executive Officer)

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[EXHIBIT 31.1]

EXHIBIT 31.2

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

I, Wayne Pastore, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sonus Networks, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2011

/s/ WAYNE PASTORE

Wayne Pastore
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT 31.2

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EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sonus Networks, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Raymond P. Dolan, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2011

/s/ RAYMOND P. DOLAN

Raymond P. Dolan
President and Chief Executive Officer
(Principal Executive Officer)

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EXHIBIT 32.1

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EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sonus Networks, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Wayne Pastore, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2011

/s/ WAYNE PASTORE

Wayne Pastore
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT 32.2