

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

October 8, 2003

Date of Report (Date of earliest event reported)

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

DELAWARE

000-30229

04-3387074

(State or Other Jurisdiction
of Incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

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

(978) 692-8999

(Registrant's telephone number, including area code)

Item 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

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

On October 8, 2003, Sonus Networks, Inc. issued a press release providing financial results for the fiscal quarter ended September 30, 2003. A copy of the press release is attached as Exhibit 99.1 hereto.

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

SIGNATURE

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

Date: October 8, 2003

SONUS NETWORKS, INC.

By:

/s/ Stephen J. Nill _____

Stephen J. Nill

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

Exhibit Index

99.1 Press release dated October 8, 2003 reporting the financial results of Sonus Networks, Inc. for the fiscal quarter ended September 30, 2003.

Sonus Networks Reports 2003 Third Quarter Financial Results; Revenues Grow 34% Sequentially, 285% Over Previous Year; Company Achieves Quarterly Profit

WESTFORD, Mass.--(BUSINESS WIRE)--Oct. 8, 2003--Sonus Networks, Inc. (Nasdaq: SONS), a leading provider of carrier packet voice infrastructure solutions, today reported its financial results for the third quarter ended September 30, 2003 in accordance with U.S. generally accepted accounting principles (GAAP).

Revenues for the third quarter of fiscal 2003 were \$28.6 million compared with \$21.4 million for the second quarter of fiscal 2003 and \$7.4 million for the third quarter of fiscal 2002. Net income for the third quarter of fiscal 2003 was \$1.2 million or \$0.01 per diluted share compared with a net loss for the second quarter of fiscal 2003 of \$3.2 million or \$0.01 per diluted share and a net loss of \$21.6 million or \$0.11 per diluted share for the third quarter of fiscal 2002.

Revenues for the first nine months of fiscal 2003 were \$66.0 million compared with \$49.9 million in the same period last year. Net loss for the first nine months of fiscal 2003 was \$6.4 million or \$0.03 per diluted share compared with a net loss for the first nine months of fiscal 2002 of \$55.7 million or \$0.30 per diluted share.

"This was a strong quarter for Sonus Networks, our fourth consecutive quarter of revenue growth," said Hassan Ahmed, president and CEO, Sonus Networks. "Our revenues grew 34% sequentially to \$28.6 million, reflecting increased market demand for packet telephony and the expanding number of customers who have adopted Sonus' solutions. We achieved an important milestone in reporting our first quarterly profit on a GAAP basis. Additionally, we bolstered our balance sheet to capitalize on the opportunity ahead, adding \$126 million to our cash and marketable securities through a common stock offering in September."

In July, Sonus disclosed that Verizon Communications has deployed Sonus' voice infrastructure solutions to support Verizon's delivery of long distance services to select markets. Verizon is carrying customer traffic on its Sonus infrastructure and is now expanding its footprint to additional U.S. markets. Also in Q3, Sonus announced that Powercom, a Wisconsin-based communications provider, has deployed a Sonus-based network for domestic and international long distance, toll-free calling and calling card services, with plans to deliver local voice services in the future.

Further expanding its presence around the globe, Sonus opened an office in India. Sonus' new direct operations in Mumbai will serve the rapidly growing India telecommunications market, including next-generation carriers as well as established service providers.

During the quarter, Sonus achieved ISO 9001:2000 certification, underscoring the company's commitment to delivering high-quality next-generation packet voice solutions. Earlier this year, Sonus became the first company to receive CUE Certification, a 3-in-1-product certification service offered by TUV America for the Canadian, United States and European markets.

Sonus' market leadership was reinforced in Q3 as Sonus was once again named the market share leader in key categories such as carrier voice over IP (VoIP) gateway revenues, minutes of VoIP traffic and revenue-generating carrier ports by independent industry research firms. Synergy Research Group recognized Sonus as a top performer in its second quarter 2003 analysis of the VoIP equipment market, with 50.9% market share in high-density VoIP gateway revenues worldwide.

Finally, Sonus continued to focus on strengthening its financial position during the quarter. In September, the company completed a public offering of its common stock, adding approximately \$126 million to its balance sheet.

About Sonus Networks

Sonus Networks, Inc., is a leading provider of packet voice infrastructure solutions for wireline and wireless service providers. With its Open Services Architecture(TM) (OSA), Sonus delivers end-to-end solutions addressing a full range of carrier applications, including trunking, residential access and Centrex, tandem switching, and IP voice termination, as well as enhanced services. Sonus' award-winning voice infrastructure solutions, including media gateways, softswitches and network management systems, are deployed in service provider networks worldwide. Sonus, founded in 1997, is headquartered in Westford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release may contain projections or other forward-looking statements regarding future events or the future financial performance

of Sonus that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to the "Cautionary Statements" section of Sonus' Quarterly Report on Form 10-Q, dated August 13, 2003 and filed with the SEC, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. These risk factors include, among others, the adverse effect of recent developments in the telecommunications industry, the weakened financial position of many service providers, Sonus' ability to grow its customer base, dependence on new product offerings, market acceptance of its products, rapid technological and market change and manufacturing and sourcing risks. In addition, any forward-looking statements represent Sonus' views only as of today and should not be relied upon as representing Sonus' views as of any subsequent date. While Sonus may elect to update forward-looking statements at some point, Sonus specifically disclaims any obligation to do so.

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

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

	Sept. 30, 2003	Dec. 31, 2002

(Unaudited)		
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$292,856	\$111,167
Accounts receivable, net	5,604	2,956
Inventories	12,333	10,776
Other current assets	6,313	3,806

Total current assets	317,106	128,705
Property and equipment, net	6,514	11,174
Purchased intangible assets, net	361	1,174
Other assets, net	339	480

	\$324,320	\$141,533
=====		
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$36,560	\$37,521
Accrued restructuring expenses	845	3,143
Deferred revenue	34,036	29,235
Current portion of long-term obligations	1,329	1,606

Total current liabilities	72,770	71,505
Long-term obligations, less current portion	1,822	3,293
Convertible subordinated notes	10,000	10,000
Stockholders' equity:		
Common stock	246	207
Capital in excess of par value	1,045,077	858,126
Accumulated deficit	(804,250)	(797,868)
Deferred compensation	(1,078)	(3,469)
Treasury stock	(267)	(261)

Total stockholders' equity	239,728	56,735

	\$324,320	\$141,533
=====		

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

Three months ended

September 30, 2003

	US GAAP Results	Adjustments	Non-GAAP Results(A)
Revenues	\$28,644	\$--	\$28,644
Cost of revenues	11,047	--	11,047
Gross profit	17,597	--	17,597
Gross profit %	61.4%		61.4%
Operating expenses:			
Research and development	7,984	--	7,984
Sales and marketing	6,536	--	6,536
General and administrative	999	--	999
Stock-based compensation	866	(866)	--
Amort. of goodwill and purchased intangible assets	271	(271)	--
Write-off of goodwill and purchased intangible assets	--	--	--
Restructuring charges	--	--	--
Total operating expenses	16,656	(1,137)	15,519
Income (loss) from operations	941	1,137	2,078
Interest expense	(128)	--	(128)
Interest income	396	--	396
Net income (loss)	\$1,209	\$1,137	\$2,346
Net income (loss) per share:			
Basic	\$0.01		\$0.01
Diluted	\$0.01		\$0.01
Shares used in computation:			
Basic	224,356		224,356
Diluted	239,446		239,446

Three months ended
September 30, 2002

	US GAAP Results	Adjustments	Non-GAAP Results(A)
Revenues	\$7,445	\$--	\$7,445
Cost of revenues	4,747	--	4,747
Gross profit	2,698	--	2,698
Gross profit %	36.2%		36.2%
Operating expenses:			
Research and development	9,685	--	9,685
Sales and marketing	5,520	--	5,520
General and administrative	2,445	--	2,445
Stock-based compensation	3,962	(3,962)	--
Amort. of goodwill and purchased intangible assets	367	(367)	--
Write-off of goodwill and purchased intangible assets	1,673	(1,673)	--
Restructuring charges	987	(987)	--
Total operating expenses	24,639	(6,989)	17,650
Income (loss) from operations	(21,941)	6,989	(14,952)

Interest expense	(163)	--	(163)
Interest income	466	--	466
	-----	-----	-----
Net income (loss)	<u>\$(21,638)</u>	<u>\$6,989</u>	<u>\$(14,649)</u>
	=====	=====	=====
Net income (loss) per share:			
Basic	\$ (0.11)		\$ (0.08)
Diluted	\$ (0.11)		\$ (0.08)
Shares used in computation:			
Basic	191,823		191,823
Diluted	191,823		191,823

Three months ended
June 30, 2003

	US GAAP Results	Adjustments	Non-GAAP Results(A)

Revenues	\$21,356	\$--	\$21,356
Cost of revenues	8,793	--	8,793
	-----	-----	-----
Gross profit	12,563	--	12,563
Gross profit %	58.8%		58.8%
Operating expenses:			
Research and development	8,245	--	8,245
Sales and marketing	5,643	--	5,643
General and administrative	1,188	--	1,188
Stock-based compensation	739	(739)	--
Amort. of goodwill and purchased intangible assets	271	(271)	--
	-----	-----	-----
Total operating expenses	16,086	(1,010)	15,076
	-----	-----	-----
Income (loss) from operations	(3,523)	1,010	(2,513)
Interest expense	(148)	--	(148)
Interest income	461	--	461
	-----	-----	-----
Net income (loss)\$	<u>(3,210)</u>	<u>\$1,010</u>	<u>\$(2,200)</u>
	=====	=====	=====
Net income (loss) per share:			
Basic	\$ (0.01)		\$ (0.01)
Diluted	\$ (0.01)		\$ (0.01)
Shares used in computation:			
Basic	215,970		215,970
Diluted	215,970		215,970

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

Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	Nine months ended September 30, 2003		
	US GAAP Results	Adjustments	Non-GAAP Results(A)
Revenues	\$66,019	\$--	\$66,019
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	(735)	735	--
Other cost of revenues	26,005	--	26,005
Total cost of revenues	25,270	735	26,005
Gross profit	40,749	(735)	40,014
Gross profit %	61.7%		60.6%
Operating expenses:			
Research and development	23,931	--	23,931
Sales and marketing	17,453	--	17,453
General and administrative	3,267	--	3,267
Stock-based compensation	2,499	(2,499)	--
Amort. of goodwill and purchased intangible assets	813	(813)	--
Write-off of goodwill and purchased intangible assets	--	--	--
Restructuring charges (benefit), net	--	--	--
Total operating expenses	47,963	(3,312)	44,651
Loss from operations	(7,214)	2,577	(4,637)
Interest expense	(406)	--	(406)
Interest income	1,238	--	1,238
Net loss	\$(6,382)	\$2,577	\$(3,805)
Basic and diluted net loss per share	\$(0.03)		\$(0.02)
Shares used in computation	213,322		213,322

	Nine months ended September 30, 2002		
	US GAAP Results	Adjustments	Non-GAAP Results(A)
Revenues	\$49,898	\$--	\$49,898
Cost of revenues:			
Write-off (benefit) of inventory and purchase commitments	9,434	(9,434)	--
Other cost of revenues	24,570	--	24,570
Total cost of revenues	34,004	(9,434)	24,570
Gross profit	15,894	9,434	25,328
Gross profit %	31.9%		50.8%
Operating expenses:			
Research and development	36,525	--	36,525
Sales and marketing	22,207	--	22,207

General and administrative	5,601	--	5,601
Stock-based compensation	15,655	(15,655)	--
Amort. of goodwill and purchased intangible assets	1,156	(1,156)	--
Write-off of goodwill and purchased intangible assets	1,673	(1,673)	--
Restructuring charges (benefit), net	(10,141)	10,141	--
	-----	-----	-----
Total operating expenses	72,676	(8,343)	64,333
	-----	-----	-----
Loss from operations	(56,782)	17,777	(39,005)
Interest expense	(438)	--	(438)
Interest income	1,570	--	1,570
	-----	-----	-----
Net loss	<u>\$(55,650)</u>	<u>\$17,777</u>	<u>\$(37,873)</u>
	=====	=====	=====
Basic and diluted net loss per share	<u>\$(0.30)</u>		<u>\$(0.20)</u>
	=====		=====
Shares used in computation	<u>188,620</u>		<u>188,620</u>
	=====		=====

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

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