

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

FORM 8-K

CURRENT REPORT

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

August 7, 2007

Date of Report (Date of earliest event reported)

SONUS NETWORKS, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

000-30229
(Commission File Number)

04-3387074
(IRS Employer
Identification No.)

7 TECHNOLOGY PARK DRIVE, WESTFORD, MASSACHUSETTS 01886
(Address of Principal Executive Offices) (Zip Code)

(978) 614-8100

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On August 7, 2007, Sonus Networks, Inc. (the "Registrant") issued a press release reporting financial results for the quarter ended June 30, 2007. A copy of the press release is attached as Exhibit 99.1 hereto.

The information in this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed 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.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 7, 2007, Albert A. Notini resigned as the Registrant's President and Chief Operating Officer effective August 10, 2007 and resigned from the Registrant's Board of Directors effective August 7, 2007. The resignation was not due to a disagreement relating to the Registrant's operation, policies or practices.

In connection with Mr. Notini's resignation, the Registrant and Mr. Notini entered into a Separation of Employment Agreement dated August 7, 2007 ("Separation Agreement"). This Separation Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K; the following summary of the Separation Agreement is qualified by reference to the Separation Agreement. Under the Separation Agreement, consistent with the terms of his Employment Agreement with the Registrant dated April 6, 2004, Mr. Notini will receive the following in connection with his separation from the Registrant:

- a lump sum payment of \$901,783.00 payable six (6) months and a day after Mr. Notini's Separation Date;
- premium payments for health benefits (medical, dental and vision) through eighteen (18) months from Mr. Notini's Separation Date;
- continued vesting of stock options for eighteen (18) months following Mr. Notini's Separation Date; and
- the ability to exercise vested stock options until the earlier of twenty-four (24) months from the Mr. Notini's Separation Date or their original expiration date.

In addition, Mr. Notini and the Registrant have agreed to other customary terms regarding his termination of employment.

Hassan M. Ahmed, the Registrant's Chief Executive Officer and Chairman, has been appointed President by the Board of Directors. Mr. Ahmed has been the Chief Executive Officer and a member of the Board of Directors of the Registrant since November 1998 and Chairman of the Board of Directors since April 2004. From November 1998 to April 2004, he also served as President.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

10.1 Separation of Employment Agreement between Sonus Networks, Inc. and Albert A. Notini dated August 7, 2007.

99.1 Press release of Sonus Networks, Inc. dated August 7, 2007 reporting financial results for the quarter ended June 30, 2007.

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: August 7, 2007

Sonus Networks, Inc.

By: /s/ Ellen Richstone
Ellen Richstone
Chief Financial Officer

Exhibit Index

10.1 Separation of Employment Agreement between Sonus Networks, Inc. and Albert A. Notini dated August 7, 2007.

99.1 Press release of Sonus Networks, Inc. dated August 7, 2007 reporting financial results for the quarter ended June 30, 2007.



August 7, 2007

Albert A. Notini
100 Barretts Mill Road
Concord, MA 01742

Re: Separation of Employment

Dear Bert:

This letter agreement ("Agreement") will confirm the terms of your separation from Sonus Networks, Inc. ("Sonus" or the "Company").

1. Separation. You and the Company agree that your employment is terminated with Good Reason as defined in and consistent with your Employment Agreement dated April 6, 2004 (the "Employment Agreement"). Your employment termination is effective as of August 10, 2007 ("Separation Date").
2. Payments. Subject to your execution of this Agreement and after six (6) months and a day from your Separation Date, you will receive a lump sum payment of \$901,783.00, which is equal to the sum of: (i) \$487,450 (calculated as eighteen (18) months of your annualized base salary of \$325,000; and (ii) \$414,333 (calculated as eighteen (18) months of your On Target Bonus (85%) at your current applicable rate ("Lump Sum Payment"). Sonus also will pay to you on your Separation Date, per the terms of the Company's vacation policy, an amount in respect of your accrued but unused days of vacation as of your Separation Date. All payments set forth in this Agreement shall be subject to all applicable federal, state and/or local withholding and/or payroll taxes, and the Company may withhold from any amounts payable to you in order to comply with such withholding obligations. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.
3. Health Benefits. Your current health benefits (medical, dental and vision) will continue through August 31, 2007. After this date, you will have the right to continue your coverage by electing COBRA. The Company will pay the COBRA premiums (subject to the premiums you are currently making for such benefits) through eighteen months from your Separation Date (February 10, 2009). If you wish to continue COBRA after this date, all insurance premiums, and any administrative fees associated therewith, shall be your sole responsibility and must be paid by you not later than the due date of such premiums and fees.
4. Cessation of Benefits. You will cease to be an active participant in the following benefit plans and arrangements as of your Separation Date: vacation accrual, sick and personal

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day accrual, life and accidental death and dismemberment, 401(k), flexible spending accounts and short-term/long-term disability. You are advised to consult Sonus' Human Resources Department with respect to your rights to continue certain benefits at your own expense.

5. Stock Options. The stock options in your new hire employment stock option grant granted to you by Sonus that are unvested as of the Separation Date will continue to vest on a monthly basis in accordance with the terms of your Employment Agreement and the applicable Option Agreements during the eighteen (18) month period following the Separation Date (or through February 10, 2009). Your vested and unexercised stock options will remain outstanding and exercisable for a period equal to the lesser of twenty-four (24) months from the Separation Date (August 10, 2009) or the remaining life of the option. Attached as Exhibit A is a schedule outlining the number of vested stock options to which you are currently entitled and exercise price, and the number of additional options that have been granted to you, which will vest in accordance with the applicable Option Agreements and this paragraph 5, and their exercise price.
6. Stock Transactions. As of your Separation Date, you will no longer be obligated to comply with Sonus' trading blackout restrictions regarding the purchase or sale of Sonus stock or the exercise of Sonus stock options, although you still will be subject to laws regarding insider trading.
7. 401(k) Plan. All contributions to the Sonus Networks 401(k) Plan will continue through your Separation Date. You will be allowed under the plan to maintain your accumulated Sonus Networks 401K account funds in your Sonus Networks 401K account for an unspecified period of time, or until you close the account, unless the Sonus Networks 401K Plan provides for a specified end date by which you must withdraw or rollover your account funds. If your balance is less than \$5,000.00, you are encouraged to rollover your money or take a distribution.
8. Business Expenses. Sonus will reimburse you for any and all business related expenses (in accordance with Sonus' expense reimbursement, travel and entertainment policies) due to you for expenses incurred through your Separation Date. You will be required to complete a Sonus expense report and submit it to me no later than fourteen (14) days after your Separation Date.
9. Board Resignation. You hereby resign from the Board of Directors of Sonus effective August 7, 2007. You agree to cooperate with Sonus with respect to drafting and issuing a press release and Form 8-K announcing your separation from the Company and resignation from the Board of Directors.
10. Sonus Property. You agree to return to the Company all Company property and materials, including but not limited to, diskettes, intangible information stored on diskettes, software programs and data compiled with the use of those programs, software passwords or codes, tangible copies of trade secrets and confidential information, telephone charge cards, manuals, building keys and passes, names and addresses of all Company customers



and potential customers, customer lists, customer contacts, sales information, memoranda, sales brochures, business or marketing plans, reports, projections, and any and all other information or property previously or currently held or used by you that is or was related to your employment with the Company). You may purchase, if you choose and upon payment of a reasonable fee to be agreed with the Company, your cell phone and your personal computer after the Company has removed any Sonus proprietary information and any software for which we may not transfer the license(s) and after the Company has confirmed that all relevant information on your system, including, if applicable, your hard drive, document registry and e-mail mailbox, has been backed up by the Company. You agree to cooperate with instructions that will be provided to make the computer available. You agree that if you discover any other Company or proprietary materials in your possession after the Separation Date, you will immediately notify the Company and return such materials to the Company.

11. Contractual Obligations. Your Sonus Non-competition and Confidentiality Agreement continues in effect, per its terms, after your separation of employment and you continue to be bound by all pertinent provisions thereof.
12. Cooperation. You agree to cooperate with and assist the Company in any administrative or judicial proceedings involving the Company, including but not limited to making yourself available at reasonable times upon reasonable notice for meetings with counsel, depositions, and court appearances. The Company agrees to take all reasonable steps to insure that any required assistance does not interfere with any other work in which you may then be engaged. In consideration of the releases and other commitments made by and between the parties as set forth in this Agreement, Sonus will pay your costs and expenses, including reasonable attorneys' fees, incurred in connection with any claim, lawsuit, formal or informal investigation, subpoena, regulatory proceeding or any other proceeding which arises out of or is related to the Company's activities during your employment. Sonus' obligation to pay such fees shall be conditioned upon your continued compliance with the terms of this Agreement.
13. Non-Disparagement Obligations. You agree that you will not make or cause to be made, any statements, orally or in writing, which disparage or reflect negatively on Sonus, its officers or employees or damage the personal or business reputation of Sonus, its officers or employees. Sonus will instruct its directors and officers, and those employees made privy to the terms of this Agreement not to make any statements, orally or in writing, which disparage or reflect negatively on you or damage your personal or business reputation. Written or oral statements that are compelled by subpoena or otherwise by law or made in connection with any legal, regulatory or statutory procedure or proceeding are specifically exempt from this provision.
14. Reference Requests. You should make any request for a reference to Human Resources. Human Resources will respond to reference requests by indicating that Sonus Policy permits that the only information provided will be job title and dates employment.



15. Entire Agreement. Except for your Sonus Non-competition and Confidentiality Agreement, your Stock Option Agreements and your Indemnity Agreement, this Agreement contains the entire agreement between Sonus and you and fully supersedes any and all prior agreements, communications or understandings, whether oral or written, pertaining to the subject matter of this Agreement. You represent and acknowledge that in executing this Agreement you have not relied upon any representation or statement made by any employee or representative of Sonus that is not stated in this Agreement.
16. Choice of Law. The law of the Commonwealth of Massachusetts will govern any dispute about this Agreement, including any interpretation or enforcement of this Agreement, and you hereby submit to the jurisdiction and venue of any Massachusetts court.
17. General Terms. In the event of any dispute, this Agreement will be construed as a whole, will be interpreted in accordance with its fair meaning, and will not be construed strictly for or against either you or the Company. This Agreement may not be changed, amended, modified, altered or rescinded except upon the express written consent of both you and an authorized Company officer. Any waiver of any provision of this Agreement by the Company shall not constitute a waiver of any other provision of this Agreement unless the Company expressly so indicates otherwise. This Agreement may be modified only by a written agreement signed by you and an authorized Company representative. This Agreement shall not be assigned by you but shall be binding on the parties hereto and their respective heirs, legal representatives, successors and assigns and shall inure to the benefit of the Company's successors and assigns. If you should die while any amount payable under this Agreement would still be payable to you hereunder had you lived, all such amounts shall be paid in accordance with this Agreement to your devisee, legatee, or other designee, or if there is no such identified person, to your estate. If one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

Very truly yours,
SONUS NETWORKS, INC.

By:

A handwritten signature in black ink, appearing to read "Hassan Ahmed", written over a horizontal line.

Hassan Ahmed
Chief Executive Officer

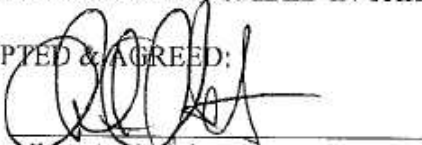
YOU REPRESENT THAT YOU HAVE READ THE FOREGOING AGREEMENT, THAT YOU FULLY UNDERSTAND THE TERMS AND CONDITIONS OF SUCH AGREEMENT



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

ACCEPTED & AGREED:

By:


Albert A. Notini

Schedule A

PERSONNEL SUMMARY
AS OF 8/6/2007

Report Type: Options
ID is equal to 020-48-4779

Name	ID	Grant Number	Grant Date	Plan/Type	Shares	Price	Exercised	Vested	Cancelled	Unvested	Outstanding	Exercisable
Notini, Albert A.	020-48-4779	NQ004015	3/25/2003	97/NQ	50,000	\$2.130000	0	50,000	0	0	50,000	50,000
		00005166	4/5/2004	97/ISO	100,248	\$3.990000	0	66,832	0	33,416	100,248	66,832
		00005167	4/5/2004	97/NQ	2,349,752	\$3.990000	0	1,974,834	0	374,918	2,349,752	1,974,834
TOTALS												
							0	2,091,666	0	408,334	2,500,000	2,091,666

WESTFORD, Mass., Aug. 7 /PRNewswire-FirstCall/ -- Sonus Networks, Inc. (Nasdaq: SONS), a leading supplier of service provider Voice over IP (VoIP) infrastructure solutions, today reported its financial results for the second quarter ended June 30, 2007.

Revenues for the second quarter of fiscal 2007 were \$75.5 million compared with \$71.1 million in the first quarter of fiscal 2007 and \$64.5 million for the second quarter of fiscal 2006. Net loss for the second quarter of 2007 was \$7.0 million, or \$0.03 per share. This compared to a net loss of \$4.0 million in the first quarter of 2007, or \$0.02 per share, and net income of \$8.9 million for the second quarter of 2006, or \$0.03 per diluted share.

Financial results included stock-based compensation and related expenses, stock option review costs, withholding tax adjustments and amortization of intangible assets of \$18.8 million in the second quarter of 2007, \$13.8 million in the first quarter of 2007 and \$2.8 million in the second quarter of 2006 on a pre-tax basis.

Revenues for the first six months of fiscal 2007 were \$146.6 million compared with \$124.5 million in the same period last year. Net loss for the first six months of fiscal 2007 was \$11.0 million or \$0.04 per share compared with net income for the first six months of fiscal 2006 of \$14.7 million or \$0.06 per diluted share.

Financial results included stock-based compensation and related expenses, stock option review costs, withholding tax adjustments and amortization of intangible assets of \$32.6 million in the first six months of fiscal 2007 and \$5.3 million in the first six months of 2006 on a pre-tax basis.

The Company has provided additional supplemental financial information for Q2 2007 on its website at <http://www.sonusnet.com/contents/corporate/investorrelations.cfm>.

"Sonus achieved 17.8% year-on-year revenue growth during the first six months of 2007 as a result of our continued leadership in the expanding IP-voice market and our strengthening position in the industry," said Hassan Ahmed, Chairman and CEO. "The spirit of innovation and customer commitment continues to thrive at Sonus, and we are proud to count the world's five largest operators as customers. During the second quarter, we made significant strides in the wireless industry as we acquired privately-held Zynetix. We also delivered new features and capabilities for our core trunking and access solutions. Sonus is a pioneer in the IP-Voice market and our continual innovation differentiates our company in one of the most rapidly growing segments of the telecommunications industry."

Sonus Networks also announced today that President and Chief Operating Officer, Bert Notini, will be leaving the company to join New Mountain Capital, LLC as a Senior Advisor and to become the Chief Executive Officer of one of its portfolio companies, Apptis Inc. Notini has been president and COO of the Company since April 2004, and has been a member of the Board of Directors since 2003. New Mountain Capital LLC, is a New York based private equity and public equity fund with aggregate assets under management totaling more than \$3.3 billion. Apptis, Inc. is a rapidly growing IT and communications systems integrator based in northern Virginia that provides a range of critical networking and security solutions to the U.S. federal government and its agencies. Notini is currently Chairman of the Board of Directors of Apptis and also serves on the Board of Directors for Deltek Systems Inc., another New Mountain Capital portfolio company.

"I'm extremely proud to have been a part of the Sonus team for the past four years, a critical period where both the company and the industry have seen strong growth and change," said Notini. "Sonus is an established market leader with exceptional prospects and the ability to meet the needs of the world's largest operators. I'm confident in the company's ability to lead the continued transformation of the world's communications networks and look forward to my new roles at New Mountain Capital and Apptis."

Second Quarter Fiscal 2007 Business Highlights:

In Q2 2007, Sonus Networks continued to partner with the world's largest and most innovative network operators. Sonus announced that the Company is partnering with France Telecom International Wholesale Division to build a robust IP-based network. With the addition of France Telecom to its roster of announced customers, Sonus Networks is now actively deployed in all five of the world's largest network operators. The Company also announced new deployments for complete IP-based voice networks with Veracity Communications, which is

offering a Sonus-based Voice over Broadband solution, and CommPartners, a nationwide CLEC-certified, facilities-based network operator providing VoIP and TDM services to carriers as well as enhanced hosted applications to small- and medium-sized businesses.

In addition to winning new business with leading network operators globally, Sonus continues to earn praise from existing customers for the Company's ability to build and support the world's largest, most scalable IP voice networks. In June, Sonus was recognized by AT&T as an outstanding supplier to AT&T, one of the world's leading data, voice, wireless and Internet services providers, for its ongoing commitment to excellence.

Reflecting the Company's heritage of technology innovation leadership and recent efforts to drive the adoption of IP solutions to the edge of wireless voice networks, Sonus also announced that it is collaborating in SOFTBANK Group's demonstration of femtocell technologies. This groundbreaking technology leverages in-home base stations connected to an IP core network infrastructure to deliver indoor wireless coverage; to lay the foundation for the delivery of converged voice, data and multimedia services to end users on their mobile devices; and to enable network operators to leverage IP transport to run their networks more efficiently. This burgeoning market represents one of the strategic growth areas Sonus is pursuing. Partnering with leading network operators like SBB, Sonus is establishing itself as an early leader.

Sonus' leadership position across the industry was validated by respected third party research firms in Q2. Synergy Research Group and Infonetics both published reports naming Sonus a market share leader in key segments of the IP voice market, and iLocus Research reaffirmed Sonus leadership in minutes of IP voice traffic, noting that Sonus carries approximately 4 out of 10 long distance IP voice minutes. In addition, Gartner's "Magic Quadrant for Softswitch Architecture, 2007" report (Bettina Tratz-Ryan, et al, March 2007), which ranks vendors in the IP-based voice industry, positioned Sonus in the "Leader" quadrant.

Sonus maintains its industry leading position through continual development of its solutions, whether organically or through partnerships with other innovative technology vendors. Sonus is committed to evolving its platform to keep pace with emerging communications trends that embrace lifestyle-driven features such as mobility, personalization, and presence, while continuing to give network operators new operating leverage. In April, the Company introduced new support for the Electronic Number Mapping System (ENUM), a number mapping solution designed to streamline the convergence of IP-Based voice networks with the Public Switched Telephony Network (PSTN) and facilitate seamless IP-to-IP peering. The Company also announced new partnerships with companies such as Operax, a leading vendor of Network Service Quality control solutions, to facilitate faster service creation and superior service quality essential to protecting the consumer experience; Neustar, to create feature-rich IP Multimedia Subsystem (IMS)-based consumer applications with presence technology; and PCTel, to enable the delivery of broadband mobile converged services leveraging dual mode handsets.

"We're at the point in the telecommunications industry where the business case for investing in IP voice infrastructure has moved beyond simple operational cost-savings," continued Ahmed. "Network operators are pushing IP further and further to the edge of their networks to touch the consumer with rich, multimedia applications and services, new innovations in wireless technology, and better overall service. For the past ten years, Sonus has led the evolution to IP, and as network operators globally embrace the transformative power of IP, Sonus continues to be recognized as the preeminent provider of next-generation solutions."

About Sonus Networks

Sonus Networks, Inc. is a leading provider of voice over IP (VoIP) infrastructure solutions for wireline and wireless service providers. With its comprehensive IP Multimedia Subsystem (IMS) solution, Sonus addresses the full range of carrier applications, including residential and business voice services, wireless voice and multimedia, trunking and tandem switching, carrier interconnection and enhanced services. Sonus' voice infrastructure solutions are deployed in service provider networks worldwide. Founded in 1997, Sonus is headquartered in Westford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release contains forward-looking statements regarding future events that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to Item 1A "Risk Factors" of Sonus' Quarterly Report on Form 10-Q for the first quarter of 2007, filed with the SEC, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Risk factors include among others: the impact of material weaknesses in our disclosure controls and procedures and our internal control over financial reporting on our ability to report our financial results timely and accurately; the unpredictability of our quarterly financial results; whether the Company will remain listed on the NASDAQ Global Select Market; regulatory actions or litigation arising out of the Company's voluntary stock option review and related restatement; risks associated with our international expansion and growth; consolidation in the telecommunications industry; and potential costs resulting from pending securities litigation against the company. 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. All other company and product names may be trademarks of the respective companies with which they are associated.

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

	Three months ended June 30, 2007	Three months ended March 31, 2007	Three months ended June 30, 2006
Revenue:			
Product	\$ 52,171	\$ 51,627	\$ 48,853
Service	23,322	19,519	15,627
Total revenue	75,493	71,146	64,480
Cost of revenue:			
Product	23,561	17,082	16,199
Service	9,563	8,579	6,987
Total cost of revenue	33,124	25,661	23,186
Gross profit	42,369	45,485	41,294
Gross profit %			
Product	54.8%	66.9%	66.8%
Service	59.0%	56.0%	55.3%
Total gross profit	56.1%	63.9%	64.0%
Operating expenses:			
Research and development	22,350	18,698	12,900
Sales and marketing	21,219	23,050	15,646
General and administrative	14,202	14,062	7,248
Total operating expenses	57,771	55,810	35,794
Income (loss) from operations	(15,402)	(10,325)	5,500
Interest expense	(79)	(4)	(81)
Interest income	4,522	4,624	3,899
Other income (expense), net	(256)	(680)	--
Income (loss) before income taxes	(11,215)	(6,385)	9,318
Income tax benefit (provision)	4,239	2,407	(404)
Net income (loss)	\$ (6,976)	\$ (3,978)	\$ 8,914
Net income (loss) per share:			
Basic	\$ (0.03)	\$ (0.02)	\$ 0.04
Diluted	\$ (0.03)	\$ (0.02)	\$ 0.03
Shares used in computing net income (loss) per share:			
Basic	259,786	259,768	252,664
Diluted	259,786	259,768	256,326

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

	Six months ended June 30, 2007	Six months ended June 30, 2006
Revenue:		
Product	\$ 103,798	\$ 93,395
Service	42,841	31,080
Total revenue	146,639	124,475
Cost of revenue:		
Product	40,643	32,082
Service	18,142	13,716
Total cost of revenue	58,785	45,798
Gross profit	87,854	78,677
Gross profit %		
Product	60.8%	65.6%
Service	57.7%	55.9%
Total gross profit	59.9%	63.2%
Operating expenses:		
Research and development	41,048	25,976
Sales and marketing	44,269	29,671
General and administrative	28,264	14,228
Total operating expenses	113,581	69,875
Income (loss) from operations	(25,727)	8,802
Interest expense	(83)	(218)
Interest income	9,146	7,341
Other income (expense), net	(936)	--
Income (loss) before income taxes	(17,600)	15,925
Income tax benefit (provision)	6,646	(1,195)
Net income (loss)	\$ (10,954)	\$ 14,730
Net income (loss) per share:		
Basic	\$ (0.04)	\$ 0.06
Diluted	\$ (0.04)	\$ 0.06
Shares used in computing net income (loss) per share:		
Basic	259,777	251,371
Diluted	259,777	255,454

SONUS NETWORKS, INC.
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(unaudited)

	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 61,617	\$ 44,206
Marketable debt securities	243,605	256,485
Accounts receivable, net	72,438	70,726
Inventory, net	33,177	22,266
Deferred income taxes	21,833	21,808
Other current assets	27,178	18,523
Total current assets	459,848	434,014
Property and equipment, net	20,174	19,051
Purchased intangible assets, net	2,900	--
Goodwill	7,841	--
Long-term investments	39,470	60,189
Deferred income taxes	46,968	52,613
Other assets	20,744	23,737
	\$ 597,945	\$ 589,604
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 24,989	\$ 17,219
Accrued expenses	36,950	43,653
Accrued restructuring expenses	--	61
Current portion of deferred revenue	55,270	60,383
Current portion of long-term liabilities	1,630	501
Total current liabilities	118,839	121,817
Long-term deferred revenue	31,319	33,787
Deferred income taxes	912	--
Long-term liabilities, net of current portion	2,748	1,467
Total liabilities	153,818	157,071
Commitments and contingencies		
Stockholders equity:		
Common stock	262	262
Additional paid-in capital	1,183,548	1,160,853
Accumulated deficit	(739,237)	(728,233)
Accumulated other comprehensive loss	(179)	(82)
Treasury stock	(267)	(267)
Total stockholders' equity	444,127	432,533
	\$ 597,945	\$ 589,604

SONUS NETWORKS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net income (loss)	\$ (10,954)	\$ 14,730
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	6,351	4,732
Amortization of purchased intangible assets	141	--
Stock-based compensation	23,486	5,042
Loss on disposal of property and equipment	--	6
Increase in fair value of modified stock options held by former employees	936	--
Deferred income taxes	5,645	--
Changes in operating assets and liabilities:		
Accounts receivable	(1,261)	(5,162)
Inventory	(10,579)	4,170
Other operating assets	(5,693)	(7,812)
Accounts payable	6,541	(3,712)
Accrued expenses, deferred rent and accrued restructuring expenses	(6,901)	52
Deferred revenue	(7,377)	(6,661)
Net cash provided by operating activities	335	5,385
Cash flows from investing activities:		
Purchases of property and equipment	(7,138)	(5,163)
Acquisition of Zynetix Limited	(8,825)	--
Maturities of available-for-sale marketable debt securities	38,158	68,775
Purchases of available-for-sale marketable debt securities	(36,008)	(31,175)
Maturities of held-to-maturity marketable debt securities and long-term investments	170,000	58,006
Purchases of held-to-maturity marketable debt securities and long-term investments	(138,551)	(225,007)
Decrease in restricted cash	261	250
Net cash provided by (used in) investing activities	17,897	(134,314)
Cash flows from financing activities:		
Sale of common stock in connection with employee stock purchase plan	--	2,310
Proceeds from exercise of stock options	--	11,386
Repayment of convertible subordinated note	--	(10,000)
Repayment of notes due to Zynetix Limited shareholders	(335)	--
Payment of tax withholding obligations related to net share settlement of restricted stock award	(300)	--
Principal payments of capital lease obligations	(73)	(23)
Net cash provided by (used in) financing activities	(708)	3,673
Effect of exchange rate changes on cash and cash equivalents	(113)	(40)
Net increase (decrease) in cash and cash equivalents	17,411	(125,296)
Cash and cash equivalents, beginning of period	44,206	155,679

Cash and cash equivalents, end of
period

\$ 61,617 \$ 30,383

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