

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

MARCH 13, 2006

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.)

250 APOLLO DRIVE, CHELMSFORD, MASSACHUSETTS

01824

(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))

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.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On March 13, 2006, Sonus Networks, Inc. issued a press release reporting its financial results for the quarter and year ended December 31, 2005. A copy of the press release is attached as Exhibit 99.1 hereto.

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:

99.1 Press release of Sonus Networks, Inc. dated March 13, 2006 reporting financial results for the quarter and year ended December 31, 2005.

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: March 13, 2006

SONUS NETWORKS, INC.

By: /s/ Ellen Richstone

Ellen Richstone
Chief Financial Officer

EXHIBIT INDEX

- 99.1 Press release of Sonus Networks, Inc. dated March 13, 2006 reporting financial results for the quarter and year ended December 31, 2005.

SONUS NETWORKS REPORTS FOURTH QUARTER AND FISCAL YEAR 2005 FINANCIAL RESULTS

CHELMSFORD, Mass., March 13 /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 fourth quarter and fiscal year ended December 31, 2005.

Revenues for the fourth quarter of fiscal 2005 were \$57.2 million compared with \$45.1 million in the same period last year, an increase of 27%. Net income for the fourth quarter of fiscal 2005 was \$5.0 million, or \$0.02 per diluted share, compared with net income for the fourth quarter of fiscal 2004 of \$6.3 million, or \$0.02 per diluted share.

Revenues for fiscal year 2005 were \$194.6 million compared with \$170.7 million for fiscal year 2004, an increase of 14%. Net income for fiscal year 2005 was \$8.4 million, or \$0.03 per diluted share, compared with net income for fiscal year 2004 of \$24.5 million, or \$0.10 per diluted share.

"2005 was a strong year for Sonus, culminating with robust revenue, order and shipments growth in the fourth quarter," said Hassan Ahmed, chairman and CEO, Sonus Networks. "We are aggressively driving growth across all areas of the Company by broadening our market reach into new regions, introducing new innovative technology, expanding our footprint within our existing customers' networks and winning significant new deployments with operators in each of our global theaters." Ahmed continued, "Today's announcement that KDDI, a major carrier in Japan, is deploying a Sonus packet voice solution to replace its legacy infrastructure represents an important milestone for Sonus and the industry overall."

In a press release issued earlier today, Sonus announced that it was selected by KDDI, a leading telecommunication service provider in Japan, for a multi-million dollar contract as the exclusive vendor for its convergence-enabled packet voice network (see related announcement "KDDI Selects Sonus Networks to Deploy Largest VoIP Network in Japan"). In the first phase of this project, KDDI is deploying a full suite of Sonus' industry-leading solutions, including the GSX9000(TM) Open Services Switch, the PSX(TM) Call Routing Server and the Sonus Insight(TM) Element Management System. The new packet voice network will deliver enhanced voice services to one of the most technologically advanced societies in the world and is planned to be the largest IP telephony network in Japan. By 2008, KDDI plans to have 100 percent of its long-distance traffic on its Sonus-based VoIP network.

Fourth Quarter 2005 Summary

In the fourth quarter of 2005, Sonus Networks continued to broaden its customer base and expand its presence throughout the Europe, Middle East and Africa region. To address and service the growing market opportunity throughout Europe, Sonus Networks announced the opening of a new operations center in Prague, Czech Republic. The establishment of an office in the Czech Republic is in direct response to increased demand for Sonus solutions throughout the region. In addition to Prague, the Company now has a regional sales and support presence throughout several countries in Western Europe, including the United Kingdom, France and Germany.

Sonus announced that it was awarded a multi-million dollar contract for the worldwide expansion of T-Systems' business VoIP network. T-Systems is the business customer division of the Deutsche Telekom Group and one of Europe's leading providers of information and communications technology.

The Company reported that in tandem with its recently announced partner, TNN Networks, Sonus is delivering a complete IMS (IP Multimedia Subsystem)-ready voice over broadband (VoBB) solution to 012 Golden Lines, a leading Israeli Internet Service Provider (ISP) and a provider of international voice services for enterprises and consumers.

In Japan, Sonus continues to lead the service provider VoIP market. Synergy Research Group reported that in the third quarter of 2005, Sonus accounted for more than 61% of the total media gateway industry and more than 80% of the high density media gateway industry. Japan, which has been a key driver in global VoBB adoption, continues to be a strategic focus for Sonus.

Globally, Sonus continued to build on its worldwide leadership position. Sonus was recognized as the market share leader of carrier-class VoIP equipment for the third quarter of 2005 by Infonetics Research and Synergy Research Group. By the end of the year, according to research conducted by iLocus, Sonus' industry-leading solutions were carrying in excess of 17 billion minutes of VoIP

traffic per month, a 70 percent increase compared to December 2004.

Sonus continued to drive market penetration for IP-based solutions in the fourth quarter with a new technology introduction, the Sonus-certified Consumer Voice over Broadband (c-VoBB) Solution, the first in a series of integrated IMS-ready solutions designed to enable the rapid deployment of next-generation services. The Sonus c-VoBB solution empowers network operators to enter the consumer VoIP market in a cost-efficient manner and supports a broad portfolio of IMS-ready applications.

Sonus also announced the availability of the Sonus Voice Portal, an interactive voice response system for managing consumer voice profile data. The Sonus Voice Portal was the first application created with and managed by Sonus' IMX application platform, a web-based multimedia environment that enables wireline and wireless service providers to rapidly develop, integrate, launch, and manage enhanced telecommunication applications and services.

To further promote consumer adoption of VoIP services, Sonus aligned with other industry leaders, including EarthLink, Google, Level 3, Pulver.com, Skype and USA Datanet, as founding members of the Internet Voice Campaign (IVC). Part of the VON Coalition, a non-profit, VoIP industry advocacy organization, the Internet Voice Campaign is designed to raise awareness and help educate consumers about the benefits of IP-based voice solutions.

"In the year ahead, we aim to capitalize on our increased momentum to foster demand for our solutions both in markets where Sonus has a long-standing leadership position and in those that are just beginning to embrace the benefits of VoIP," said Ahmed. "Through the success of our customers and awareness campaigns like the IVC, consumers are beginning to recognize that VoIP has the power to change the way we communicate. It's an exciting time in the evolution of communications networks, and Sonus continues to lead the world's migration to IMS-based networks."

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 Chelmsford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release may contain forward-looking statements regarding future events that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to the "Cautionary Statements" section of the Company's most recent quarterly report on Form 10-Q 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; 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, Inc. Sonus GSX9000 Open Services Switch, PSX Call Routing Server, SGX Signaling Gateway, and the Sonus Insight Management System are trademarks of Sonus Networks, Inc. All other company and product names may be trademarks of the respective companies with which they are associated.

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

	Three Months Ended December 31, 2005	Three Months Ended September 30, 2005	Three Months Ended December 31, 2004
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Revenues:			
Product	\$ 41,908	\$ 29,107	\$ 31,191
Service	15,342	16,550	13,892
Total revenues	57,250	45,657	45,083
Cost of revenues:			
Product	13,965	17,410	8,760
Service	6,905	6,073	4,997
Total cost of revenues	20,870	23,483	13,757
Gross profit	36,380	22,174	31,326
Gross profit %:			
Product	66.7%	40.2%	71.9%
Service	55.0%	63.3%	64.0%
Total gross profit	63.5%	48.6%	69.5%
Operating expenses:			
Research and development	12,483	11,787	9,348
Sales and marketing	12,881	10,834	8,935
General and administrative	8,116	5,455	7,385
Stock-based compensation	5	11	65
Amortization of purchased intangible assets	-	-	601
Total operating expenses	33,485	28,087	26,334
Income (loss) from operations	2,895	(5,913)	4,992
Interest expense	(121)	(121)	(119)
Interest income	3,092	2,690	1,477
Income (loss) before income taxes	5,866	(3,344)	6,350
Provision (benefit) for income taxes	844	(640)	89
Net income (loss)	\$ 5,022	\$ (2,704)	\$ 6,261
Net income (loss) per share:			
Basic	\$ 0.02	\$ (0.01)	\$ 0.03
Diluted	\$ 0.02	\$ (0.01)	\$ 0.02
Weighted average shares outstanding:			
Basic	249,390	248,801	247,134
Diluted	252,356	248,801	256,443

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

	Year Ended December 31, 2005	Year Ended December 31, 2004
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Revenues:		
Product	\$ 134,812	\$ 124,087
Service	59,798	46,651
Total revenues	194,610	170,738
Cost of revenues:		
Product	53,622	32,911
Service	23,898	17,656
Total cost of revenues	77,520	50,567
Gross profit	117,090	120,171
Gross profit %:		
Product	60.2%	73.5%
Service	60.0%	62.2%
Total gross profit	60.2%	70.4%
Operating expenses:		
Research and development	46,385	36,174
Sales and marketing	44,246	34,969
General and administrative	26,848	24,595
Stock-based compensation	20	671
Amortization of purchased intangible assets	-	2,402
Total operating expenses	117,499	98,811
(Loss) income from operations	(409)	21,360
Interest expense	(491)	(479)
Interest income	9,879	4,283
Income before income taxes	8,979	25,164
Provision for income taxes	611	687
Net income	\$ 8,368	\$ 24,477
Net income per share:		
Basic	\$ 0.03	\$ 0.10
Diluted	\$ 0.03	\$ 0.10
Weighted average shares outstanding:		
Basic	248,584	245,830
Diluted	253,024	253,816

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

	December 31, 2005	December 31, 2004	
	-----	-----	
Assets			
Current assets:			
Cash and cash equivalents	\$ 155,679	\$ 121,931	
Marketable debt securities	140,569	170,145	
Accounts receivable, net	72,321	32,486	
Inventory, net	37,831	28,346	
Other current assets	15,833	10,891	
Deferred income taxes	519	-	
Total current assets	422,752	363,799	
Property and equipment, net	15,181	8,217	
Long-term investments	17,993	21,029	
Deposits	631	783	
	\$ 456,557	\$ 393,828	
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 20,408	\$ 8,654	
Accrued expenses	23,204	18,240	
Accrued restructuring expenses	195	186	
Current portion of deferred revenue	88,199	65,105	
Convertible subordinated note	10,000	-	
Current portion of long-term liabilities	48	30	
Total current liabilities	142,054	92,215	
Long-term deferred revenue, less current portion	33,853	25,960	
Long-term liabilities, less current portion	485	613	
Convertible subordinated note	-	10,000	
Total liabilities	176,392	128,788	
Commitments and contingencies	-	-	
Stockholders' equity:			
Common stock	252	250	
Additional paid-in capital	1,055,941	1,049,142	
Accumulated deficit	(775,717)	(784,085)	
Accumulated other comprehensive loss	(44)	-	
Treasury stock	(267)	(267)	
Total stockholders' equity	280,165	265,040	
	\$ 456,557	\$ 393,828	

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

	Year Ended Ended December 31, 2005	Year Ended Ended December 31, 2004
	-----	-----
Cash flows from operating activities:		
Net income	\$ 8,368	\$ 24,477
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization of property and equipment	7,976	5,796
Tax benefit from stock options exercised	-	67
Stock-based compensation	20	671
Amortization of purchased intangible assets	-	2,402
Loss of disposal of property and equipment	142	-
Deferred income taxes	(519)	-
Changes in current assets and liabilities:		
Accounts receivable	(40,019)	(8,732)
Inventory	(11,321)	(14,607)
Other current assets	(4,342)	(3,956)
Accounts payable	11,955	5,406
Accrued expenses and accrued restructuring expenses	3,895	(4,490)
Deferred revenue	33,067	4,065
Cash flows provided by operating activities	9,222	11,099
Cash flows from investing activities:		
Purchases of property and equipment	(14,229)	(9,004)
Maturities (purchases) of marketable debt securities, net	32,612	(19,497)
Increase in restricted cash	(591)	-
Other assets	656	410
Cash flows provided by (used in) investing activities	18,448	(28,091)
Cash flows from financing activities:		
Sales of common stock in connection with employee stock purchase plan	4,517	1,721
Proceeds from exercise of stock options	2,264	3,669
Payments of long-term liabilities	(87)	(182)
Cash flows provided by financing activities	6,694	5,208
Effect of exchange rate changes on cash and cash equivalents	(616)	-
Net increase (decrease) in cash and cash equivalents	33,748	(11,784)
Cash and cash equivalents, beginning of year	121,931	133,715
Cash and cash equivalents, end of year	\$ 155,679	\$ 121,931

SOURCE Sonus Networks, Inc.

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