
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 20, 2004

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)

Item 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information in this Current Report on Form 8-K and the exhibits 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 August 20, 2004, Sonus Networks, Inc. issued a press release reporting its financial results for the quarter ended June 30, 2004. A copy of the press release is attached as Exhibit 99.1 hereto.

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 20, 2004

SONUS NETWORKS, INC.

By:

/s/ Albert A. Notini

Albert A. Notini
President and Chief Operating Officer

Exhibit Index

- 99.1 Press release of Sonus Networks, Inc. dated August 20, 2004 reporting financial results for the quarter ended June 30, 2004.

Sonus Networks Reports 2004 Second Quarter Financial Results

CHELMSFORD, Mass.--(BUSINESS WIRE)--Aug. 20, 2004--

Revenues Increase 16% Sequentially, Profits Increase
to \$0.02 Per Share;
Company Becomes Current On All Financial Reporting Requirements

Sonus Networks (Pink Sheets: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, 2004. Sonus today also filed its Form 10-Q for the second quarter of 2004 with the Securities and Exchange Commission (SEC). Sonus will hold a conference call to review its financial results at 8:00 am Eastern time, Monday, August 23, 2004.

Revenues for the second quarter of fiscal 2004 were \$42.4 million compared with \$36.5 million for the first quarter of fiscal 2004 and \$15.4 million for the second quarter of fiscal 2003. Net income for the second quarter of fiscal 2004 was \$4.9 million or \$0.02 per share compared with a net income of \$3.0 million or \$0.01 per share for the first quarter of fiscal 2004 and a net loss of \$7.3 million or \$0.03 per share for the second quarter of fiscal 2003.

Revenues for the first six months of fiscal 2004 were \$78.9 million compared with \$24.6 million in the same period last year. Net income for the first six months of fiscal 2004 was \$7.9 million or \$0.03 per share compared with a net loss for the first six months of fiscal 2003 of \$17.0 million or \$0.08 per share.

Today's filing of Sonus' Quarterly Report on Form 10-Q for the second quarter brings the Company into full compliance with the SEC periodic financial statement reporting requirements. The Company has notified Nasdaq of its filing and will immediately apply for re-listing on The Nasdaq National Market.

"With today's filings, we have successfully regained compliance with SEC reporting requirements," said Hassan Ahmed, chief executive officer and chairman, Sonus Networks. "While it would have been easy to become distracted or lose momentum during this time, we remained focused on winning new business, expanding our market presence and delivering new solutions and services, and the results we are reporting to you today underscore this. We are pleased with our performance for the second quarter and are optimistic about the opportunity ahead of us."

Sonus' growth in the second quarter was fueled by an increasingly diversified customer base, as new customers selected Sonus for their VoIP networks and existing customers expanded their deployments. Reflecting this growth and diversity, AT&T Wireless, Qwest Communications and Volo were each 10% customers for the second quarter. In May, Global Crossing announced that it had achieved several important milestones with its Sonus-based network. Global Crossing more than doubled the minutes of traffic running on its VoIP network between January 2003 and March 2004, and also boosted the reliability of its network, recording 99.999 percent availability for the same period. Also in the quarter, Volo Communications implemented Sonus' VoIP infrastructure solutions to enhance its nationwide IP backbone network.

As testament to its success with its customers, independent industry research firms again recognized Sonus as the number one provider of carrier voice over IP (VoIP) infrastructure. Synergy Research Group and In-Stat/MDR issued first quarter market share reports naming Sonus as the market share leader in several segments of the VoIP equipment market.

At SUPERCOMM 2004, Sonus further extended its technology advantage, launching access solutions to facilitate carriers' deployment of voice over broadband (VoBB) services for consumers and enterprises. Sonus' VoBB solution delivers basic local area calling features as well as advanced IP-based functionality over broadband technologies including DSL and cable, providing a lower-cost and flexible alternative for residential and enterprise telephone services. Additionally, Sonus also announced that its Insignus(TM) Softswitch featuring the ASX Access Server provides enhanced services via WiFi devices.

Company Conference Call, Webcast and Replay Information

Date: Monday, August 23, 2004

Time: 8:00 am Eastern

To listen via telephone: Dial-in number: +1-800-726-6572 or
+1-415-908-6280

To listen via the Internet: Sonus will host a live webcast of the conference call. To access the webcast, visit the Sonus Networks Investor Relations site at <http://www.sonusnet.com>.

Replay: A telephone playback of the call will be available following the conference and can be accessed by calling +1-800-633-8284 or +1-402-977-9140. The access code for the replay is 21205824. The telephone playback will be available through Tuesday, September 7, 2004.

The webcast will be available on the Sonus Networks Investor Relations site through August 23, 2005. To access the replay of the webcast, visit the Investor Relations site at <http://www.sonusnet.com>.

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 Open Services Architecture(TM) (OSA), Sonus delivers end-to-end solutions addressing a full range of carrier applications, including trunking and tandem switching, residential and business access, network border switching and enhanced services. Sonus' 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 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 "Risk Factors" section of Sonus' Annual Report on Form 10-K/A dated July 28, 2004 and filed with the SEC, and the "Cautionary Statements" section of Sonus' Quarterly Report on Form 10-Q, dated August 20, 2004 and filed with the SEC, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Risk factors include, among others, the possibility that Sonus may not be re-listed on the The Nasdaq National Market and risks associated with the pending securities litigation and SEC investigation. 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, GSX9000, Insignus and Sonus Insight are trademarks of Sonus Networks. All other trademarks, service marks, registered trademarks, or registered service marks are the property of their respective owners.

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

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Three Months Ended March 31, 2004
Revenues	\$42,361	\$15,366	\$36,532
Cost of revenues	13,941	7,265	12,400
Gross profit	28,420	8,101	24,132
Gross profit %	67.1%	52.7%	66.1%
Operating expenses:			
Research and development	8,923	8,504	8,928
Sales and marketing	8,635	4,476	6,860
General and administrative	5,745	1,456	4,827
Stock-based compensation	136	645	379
Amort. of goodwill and purchased intangible assets	600	602	600
Total operating expenses	24,039	15,683	21,594

Income (loss) from operations	4,381	(7,582)	2,538
Interest expense	(121)	(148)	(122)
Interest income	891	461	765
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Income (loss) before provision for income taxes	5,151	(7,269)	3,181
Provision for income taxes	217	32	167
	-----	-----	-----
Net income (loss)	\$4,934	\$(7,301)	\$3,014
	=====	=====	=====
Net income (loss) per share:			
Basic	\$0.02	\$(0.03)	\$0.01
Diluted	\$0.02	\$(0.03)	\$0.01
Shares used in computation:			
Basic	245,390	215,970	244,607
Diluted	250,127	215,970	255,592

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

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
	-----	-----
Revenues	\$78,893	\$24,575
Cost of revenues	26,341	11,358
	-----	-----
Gross profit	52,552	13,217
Gross profit %	66.6%	53.8%
Operating expenses:		
Research and development	17,851	16,209
Sales and marketing	15,495	8,447
General and administrative	10,572	3,295
Stock-based compensation	515	1,569
Amort. of goodwill and purchased intangible assets	1,200	1,204
	-----	-----
Total operating expenses	45,633	30,724
	-----	-----
Income (loss) from operations	6,919	(17,507)
Interest expense	(243)	(278)
Interest income	1,656	842
	-----	-----
Income (loss) before provision for income taxes	8,332	(16,943)
Provision for income taxes	384	65
	-----	-----
Net income (loss)	\$7,948	\$(17,008)
	=====	=====
Net income (loss) per share:		
Basic	\$0.03	\$(0.08)
Diluted	\$0.03	\$(0.08)
Shares used in computation:		
Basic	244,906	207,483
Diluted	253,480	207,483

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

	June 30, 2004	December 31, 2003
	-----	-----
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$278,376	\$305,392
Accounts receivable, net	31,910	23,754
Inventory	20,201	13,739
Other current assets	14,559	6,935
	-----	-----
Total current assets	345,046	349,820

Property and equipment, net	6,399	5,009
Purchased intangible assets, net	1,202	2,402
Long-term marketable securities	25,266	-
Other assets, net	865	1,193

\$378,778 \$358,424
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Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable and accrued expenses	\$30,670	\$25,413
Accrued restructuring expenses	199	565
Current portion of deferred revenue	62,864	62,698
Current portion of long-term liabilities	101	182
Total current liabilities	93,834	88,858
Long-term deferred revenue, less current portion	30,142	24,302
Long-term liabilities, less current portion	708	829
Convertible subordinated notes	10,000	10,000
Stockholders' equity:		
Common stock	248	247
Capital in excess of par value	1,044,866	1,043,581
Accumulated deficit	(800,614)	(808,562)
Deferred compensation	(139)	(564)
Treasury stock	(267)	(267)
Total stockholders' equity	244,094	234,435
	\$378,778	\$358,424

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

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003
Cash flows from operating activities:		
Net income (loss)	\$4,934	\$(7,301)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	1,271	2,580
Stock-based compensation	136	645
Amortization of purchased intangible assets	600	602
Changes in current assets and liabilities		
Accounts receivable	152	(6,250)
Inventory	(4,909)	(2,436)
Other current assets	(6,169)	(1,980)
Accounts payable	2,975	1,221
Accrued expenses	591	930
Deferred revenue	(1,754)	11,796
Net cash used in operating activities	(2,173)	(193)
Cash flows from investing activities:		
Purchase of property and equipment	(2,063)	(703)
Maturities of marketable securities	2,098	16,035
Purchases of marketable securities	(4,286)	(900)
Purchases of long-term investments	(19,452)	115
Other assets	192	-
Net cash (used in) provided by investing activities	(23,511)	14,547
Cash flows from financing activities:		
Net proceeds from sale of common stock to public	-	56,730
Sales of common stock in connection with employee stock purchase plan	-	-
Proceeds from exercise of stock options	-	482

Payments of long-term liabilities	(52)	(424)
Repurchase of common stock	-	(5)
	-----	-----
Net cash (used in) provided by financing activities	(52)	56,783
	-----	-----
Net (decrease) increase in cash and cash equivalents	(25,736)	71,137
	-----	-----
Cash and cash equivalents, beginning of period	151,971	45,636
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Cash and cash equivalents, end of period	\$126,235	\$116,773
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