

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

3661
(Primary Standard Industrial
Classification Code Number)

04-3387074
(I.R.S. Employer
Identification No.)

5 CARLISLE ROAD, WESTFORD, MASSACHUSETTS 01886
(978) 692-8999
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

HASSAN M. AHMED
PRESIDENT AND CHIEF EXECUTIVE OFFICER
SONUS NETWORKS, INC.
5 CARLISLE ROAD
WESTFORD, MASSACHUSETTS 01886
(978) 692-8999
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As soon as
practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act,
check the following box. //

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, check the following box and
list the Securities Act registration statement number of the earlier effective
registration statement for the same offering. // _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration number of the earlier effective registration statement for the same
offering. // _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d)
under the Securities Act, check the following box and list the Securities Act
registration number of the earlier effective registration statement for the same
offering. // _____

If delivery of the Prospectus is expected to be made pursuant to Rule 434,
please check the following box. //

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION

STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED MAY 22, 2000.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

5,000,000 Shares

[LOGO]

Common Stock

This is an initial public offering of shares of common stock of Sonus Networks, Inc. All of the 5,000,000 shares of common stock are being sold by Sonus Networks.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between \$19.00 and \$21.00. We have applied to list our common stock on the Nasdaq National Market under the symbol "SONS".

SEE "RISK FACTORS" BEGINNING ON PAGE 4 TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF THE COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
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Initial public offering price.....	\$	\$
Underwriting discount.....	\$	\$
Proceeds, before expenses, to Sonus Networks.....	\$	\$

To the extent that the underwriters sell more than 5,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 750,000 shares from Sonus Networks at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2000.

GOLDMAN, SACHS & CO.

J.P. MORGAN & CO.

LEHMAN BROTHERS

ROBERTSON STEPHENS

Prospectus dated _____, 2000.

[Inside front cover: Graphics titled "Enabling the New Public Network" depicting telephone, computer mouse, globe, world map and Sonus GSX9000 Open Services Switch, all superimposed.]

PROSPECTUS SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION REGARDING US AND THE COMMON STOCK BEING SOLD IN THIS OFFERING AND OUR CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES TO THOSE STATEMENTS, APPEARING ELSEWHERE IN THIS PROSPECTUS. UNLESS OTHERWISE INDICATED, THIS PROSPECTUS ASSUMES:

- THE CONVERSION OF OUR OUTSTANDING SHARES OF REDEEMABLE CONVERTIBLE PREFERRED STOCK INTO AN AGGREGATE OF 32,319,074 SHARES OF COMMON STOCK UPON THE CLOSING OF THIS OFFERING; AND
- THAT THE UNDERWRITERS DO NOT EXERCISE THEIR OPTION GRANTED BY US TO PURCHASE ADDITIONAL SHARES IN THIS OFFERING.

ABOUT SONUS NETWORKS

We are a leading provider of voice infrastructure products for the new public network. Our products are a new generation of carrier-class switching equipment and software that enable voice services to be delivered over packet-based networks. Our target customers include new and established communications service providers, including long distance carriers, local exchange carriers, Internet service providers, cable operators, international telephone companies and carriers that provide services to other carriers. These service providers are rapidly building packet-based networks to support the dramatic growth in data traffic resulting from Internet use. Packet-based networks, which transport traffic in small bundles, or "packets," offer a significantly more flexible, cost-effective and efficient means for providing communications services than existing circuit-based networks, designed years ago for telephone calls. By enabling voice traffic to be carried over these packet-based networks, our products will accelerate the convergence of voice and data into the new public network.

Our suite of voice infrastructure products includes the GSX9000 Open Services Switch, PSX6000 SoftSwitch, SGX2000 SS7 Signaling Gateway and System 9200 Internet offload solution. Our products, designed for deployment at the core of a service provider's network infrastructure, significantly reduce the cost to build and operate voice services compared to traditional alternatives. Moreover, our products offer a powerful and open platform for service providers to increase their revenues through the creation and delivery of new and innovative voice and data services. Our switching equipment and software can be rapidly and easily deployed, and readily expanded to accommodate growth in traffic volumes. Our products also interoperate with service providers' existing telephone infrastructure, allowing them to preserve the investment in their current networks. Designed for the largest telephone networks in the world, our products offer the reliability and voice quality that have been hallmarks of the public telephone network for decades.

Two global forces -- deregulation and the Internet -- are expected to revolutionize the 100-year old public telephone network worldwide. Deregulation has fueled intense competition among service providers and is driving them to reduce their costs and establish new revenue sources. The dramatic rise in Internet use and accompanying growth in data traffic has led service providers to make major investments in high-capacity, packet-based networks. Building and maintaining these packet-based networks in parallel with traditional circuit-switched telephone networks is complex and expensive, driving the demand for a new public network that integrates both voice and data. Synergy Research Group projects that the market for voice infrastructure products to enable just two applications for the new public network, voice over Internet protocol and Internet offload, will grow dramatically to \$19 billion in 2003.

Our customers include Global Crossing, Intermedia Communications and Williams Communications, three of the world's leading service providers. We sell our products through a direct sales force, distributors and resellers. We also collaborate with our customers to identify and develop new advanced services and applications that they can offer to their customers.

Our objective is to capitalize on our early technology and market lead and build the premier franchise in voice infrastructure solutions for the new public network. The following are key elements of our strategy:

- Leverage our technology leadership to achieve key service provider design wins;
- Expand and broaden our customer base by targeting specific market segments;
- Expand our global sales, marketing, support and distribution capabilities;
- Grow our base of software applications and development partners;
- Leverage our technology platform from the core of the network out to the access edge;
- Actively contribute to the standards definition and adoption process; and
- Expand through investments in and acquisitions of complementary products, technologies and businesses.

Our principal executive offices are located at 5 Carlisle Road, Westford, Massachusetts 01886, and our telephone number is (978) 692-8999. Sonus is a trademark and service mark of Sonus Networks. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder. Information contained on our Web site, WWW.SONUSNET.COM, does not constitute part of this prospectus. We were incorporated as a Delaware corporation in August 1997.

THE OFFERING

Shares offered by Sonus Networks.....	5,000,000 shares
Shares to be outstanding after the offering (1).....	60,420,966 shares
Use of proceeds.....	For general corporate purposes, including working capital and capital expenditures.
Proposed Nasdaq National Market symbol.....	"SONS"

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(1) Based on the number of shares outstanding as of May 15, 2000. Excludes 3,641,160 shares of common stock issuable upon exercise of outstanding stock options. Includes 13,930,248 shares of restricted common stock, which are subject to our right to repurchase upon termination of employment.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

The following table contains summary financial data which should be read together with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	PERIOD FROM INCEPTION (AUGUST 7, 1997) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1998	1999	1999	2000
				(UNAUDITED)	
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues.....	\$ --	\$ --	\$ --	\$ --	\$ 1,093
Loss from operations.....	(486)	(7,228)	(24,374)	(4,163)	(16,263)
Net loss.....	(461)	(6,914)	(23,887)	(4,043)	(16,035)
Net loss applicable to common stockholders.....	(461)	(6,914)	(26,387)	(4,043)	(16,035)
Net loss per share (1):					
Basic and diluted.....	\$ --	\$ (4.27)	\$ (5.53)	\$ (1.23)	\$ (2.07)
Pro forma basic and diluted.....			(0.75)		(0.41)
Shares used in computing net loss per share (1):					
Basic and diluted.....	--	1,619,289	4,774,763	3,285,170	7,742,970
Pro forma basic and diluted.....			32,062,786		38,921,794

The following table is a summary of our consolidated balance sheet as of March 31, 2000:

- on an actual basis;
- on a pro forma basis to reflect the conversion of all outstanding shares of our redeemable convertible preferred stock into 32,319,074 shares of common stock upon the closing of this offering; and
- on a pro forma as adjusted basis to give effect to the sale of the 5,000,000 shares of common stock offered in this prospectus at an assumed initial public offering price of \$20.00 per share, the mid-point of the range set forth on the cover of this prospectus, and after deducting underwriting discounts and estimated offering expenses.

	MARCH 31, 2000 (UNAUDITED)		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
CONSOLIDATED BALANCE SHEET DATA:			
Cash, cash equivalents and marketable securities.....	\$ 41,779	\$41,779	\$133,529
Working capital.....	35,122	35,122	126,872
Total assets.....	52,361	52,361	144,111
Long-term obligations, less current portion.....	3,293	3,293	3,293
Redeemable convertible preferred stock.....	70,859	--	--
Total stockholders' equity (deficit).....	(32,695)	38,164	129,914

(1) See note (1)(q) to our consolidated financial statements for an explanation of the method of calculation. Pro forma per share calculation reflects the conversion upon the closing of the offering of all the outstanding shares of Series A, Series B, Series C and Series D redeemable convertible preferred stock into shares of common stock, as if the conversion occurred at the date of original issue.

RISK FACTORS

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW BEFORE BUYING OUR COMMON STOCK. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCURS, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.

RISKS RELATING TO OUR BUSINESS AND FINANCIAL PERFORMANCE

WE EXPECT THAT A MAJORITY OF OUR REVENUES WILL BE GENERATED FROM A LIMITED NUMBER OF CUSTOMERS, AND OUR REVENUES WILL NOT GROW IF WE DO NOT SUCCESSFULLY SELL PRODUCTS TO THESE CUSTOMERS

To date, we have shipped our products to a limited number of customers, and only during the first quarter of fiscal 2000 did we begin to recognize revenues. We expect that in the foreseeable future, substantially all of our revenues will depend on sales of our products to a limited number of customers. Our customers are not contractually committed to purchase any minimum quantities of products from us. The customers to whom we have shipped are currently using our products in laboratory testing and internal trials. Our customers may not deploy our products in their commercial networks on a timely basis, or at all, and any delay or failure by our customers to introduce commercial services based on our products, or a downturn in their business, would seriously harm our ability to sell products and generate revenues.

WE WILL NOT BE SUCCESSFUL IF WE DO NOT GROW OUR CUSTOMER BASE BEYOND OUR INITIAL FEW CUSTOMERS

Our future success will depend on our ability to attract additional customers beyond our current limited number. The growth of our customer base could be adversely affected by:

- customer unwillingness to implement our new voice infrastructure products;
- any delays or difficulties that we may incur in completing the development and introduction of our planned products or product enhancements;
- new product introductions by our competitors;
- any failure of our products to perform as expected; or
- any difficulty we may incur in meeting customers' delivery requirements.

If we do not expand our customer base to include additional customers that deploy our products in operational, commercial networks, our revenues will not grow significantly, or at all.

THE MARKET FOR VOICE INFRASTRUCTURE FOR THE NEW PUBLIC NETWORK IS NEW AND EVOLVING AND OUR BUSINESS WILL SUFFER IF IT DOES NOT DEVELOP AS WE EXPECT

The market for our products is rapidly evolving. Packet-based technology may not be widely accepted as a platform for voice and a viable market for our products may not develop or be sustainable. If this market does not develop, or develops more slowly than we expect, we may not be able to sell our products in significant volumes, or at all.

WE ARE ENTIRELY DEPENDENT UPON OUR VOICE INFRASTRUCTURE PRODUCTS AND OUR FUTURE REVENUES DEPEND UPON THEIR COMMERCIAL SUCCESS

Our future growth depends upon the commercial success of our voice infrastructure products, particularly the GSX9000 Open Services Switch and the System 9200 Internet offload solution. We intend to develop and introduce new products and enhancements to existing products in the future. We may not successfully complete the development or introduction of these products. If our target customers do not adopt, purchase and successfully deploy our current or planned products, our revenues will not grow.

BECAUSE OUR PRODUCTS ARE SOPHISTICATED AND DESIGNED TO BE DEPLOYED IN COMPLEX ENVIRONMENTS, THEY MAY HAVE ERRORS OR DEFECTS THAT WE FIND ONLY AFTER FULL DEPLOYMENT, WHICH COULD SERIOUSLY HARM OUR BUSINESS

Our products are sophisticated and are designed to be deployed in large and complex networks. Because of the nature of our products, they can only be fully tested when completely deployed in very large networks with high volumes of traffic. Our customers have not yet commercially deployed our products and they may discover errors or defects in the software or hardware, or the products may not operate as expected, after full deployment.

If we are unable to fix errors or other performance problems that may be identified after full deployment of our products, we could experience:

- loss of, or delay in, revenues;
- loss of customers and market share;
- a failure to attract new customers or achieve market acceptance for our products;
- increased service, support and warranty costs and a diversion of development resources; and
- costly and time-consuming legal actions by our customers.

IF WE DO NOT RESPOND RAPIDLY TO TECHNOLOGICAL CHANGES OR TO CHANGES IN INDUSTRY STANDARDS, OUR PRODUCTS COULD BECOME OBSOLETE

The market for voice infrastructure products for the new public network is likely to be characterized by rapid technological change and frequent new product introductions. We may be unable to respond quickly or effectively to these developments. We may experience difficulties with software development, hardware design, manufacturing or marketing that could delay or prevent our development, introduction or marketing of new products and enhancements. The introduction of new products by competitors, the market acceptance of products based on new or alternative technologies or the emergence of new industry standards could render our existing or future products obsolete. If the standards adopted are different from those that we have chosen to support, market acceptance of our products may be significantly reduced or delayed. If our products become technologically obsolete, we may be unable to sell our products in the marketplace and generate revenues.

WE DEPEND UPON CONTRACT MANUFACTURERS AND ANY DISRUPTION IN THESE RELATIONSHIPS MAY CAUSE US TO FAIL TO MEET THE DEMANDS OF OUR CUSTOMERS AND DAMAGE OUR CUSTOMER RELATIONSHIPS

We rely on a small number of contract manufacturers to manufacture our products according to our specifications and to fill orders on a timely basis. Our contract manufacturers provide comprehensive manufacturing services, including assembly of our products and procurement of materials. Each of our contract manufacturers also builds products for other companies and may not always have sufficient quantities of inventory available to fill our orders, or may not allocate their internal resources to fill these orders on a timely basis. We do not have long-term supply contracts with our manufacturers and they are not required to manufacture products for any specified period. We do not have internal manufacturing capabilities to meet our customers' demands. Qualifying a new contract manufacturer and commencing commercial-scale production is expensive and time consuming and could result in a significant interruption in the supply of our products. If a change in contract manufacturers results in delays of our fulfillment of customer orders or if a contract manufacturer fails to make timely delivery of orders, we may lose revenues and suffer damage to our customer relationships.

WE HAVE BEEN IN BUSINESS FOR A SHORT PERIOD OF TIME AND YOUR BASIS FOR EVALUATING US IS LIMITED

We were founded in August 1997, and only during the first quarter of fiscal 2000 did we begin to recognize any revenues. We have a limited meaningful operating history upon which you may evaluate us and our prospects. Moreover, we cannot be sure that we have accurately identified all of the risks to our business. Also, our assessment of the prospects for our success may prove inaccurate.

WE MAY NOT BECOME PROFITABLE

We have incurred significant losses since inception and expect to continue to incur losses in the future. As of March 31, 2000, we had an accumulated deficit of \$50.0 million and had only recognized our first revenues of \$1.1 million during the first quarter of fiscal 2000. We have not achieved profitability on a quarterly or annual basis. Our revenues may not grow and we may never generate sufficient revenues to achieve or sustain profitability. We expect to continue to incur significant and increasing sales and marketing, product development, administrative and other expenses. As a result, we will need to generate significant revenues to achieve and maintain profitability.

WE WILL NOT RETAIN CUSTOMERS OR ATTRACT NEW CUSTOMERS IF WE DO NOT ANTICIPATE AND MEET SPECIFIC CUSTOMER REQUIREMENTS AND IF OUR PRODUCTS DO NOT INTEROPERATE WITH OUR CUSTOMERS' EXISTING NETWORKS

To achieve market acceptance for our products, we must effectively anticipate, and adapt in a timely manner to, customer requirements and offer products and services that meet changing customer demands. Prospective customers may require product features and capabilities that our current products do not have. The introduction of new or enhanced products also requires that we carefully manage the transition from older products in order to minimize disruption in customer ordering patterns and ensure that adequate supplies of new products can be delivered to meet anticipated customer demand. If we fail to develop products and offer services that satisfy customer requirements, or to effectively manage the transition from older products, our ability to create or increase demand for our products would be seriously harmed and we may lose current and prospective customers.

Many of our customers will require that our products be designed to interface with their existing networks, each of which may have different specifications. Issues caused by an unanticipated lack of interoperability may result in significant warranty, support and repair costs, divert the attention of our engineering personnel from our hardware and software development efforts and cause significant customer relations problems. If our products do not interoperate with those of our customers' networks, installations could be delayed or orders for our products could be cancelled, which would seriously harm our gross margins and result in loss of revenues or customers.

IF WE FAIL TO COMPETE SUCCESSFULLY, OUR ABILITY TO INCREASE OUR REVENUES OR ACHIEVE PROFITABILITY WILL BE IMPAIRED

Competition in the telecommunications market is intense. This market has historically been dominated by large companies, such as Lucent Technologies and Nortel Networks, both of whom are our direct competitors. We also face competition from other large telecommunications and networking companies, including Cisco Systems, Siemens and Tellabs, that have entered our market by acquiring companies that design competing products. In addition, a number of private companies have announced plans for new products that address the same market opportunity that we address. Because this market is rapidly evolving, additional competitors with significant financial resources may enter these markets and further intensify competition.

Many of our current and potential competitors have significantly greater selling and marketing, technical, manufacturing, financial and other resources, including the ability to offer vendor-sponsored financing programs. If we are unable or unwilling to offer vendor-sponsored financing, prospective customers may decide to purchase products from one of our competitors who offers this type of financing. Furthermore, some of our competitors are currently selling significant amounts of other products to our current and prospective customers. Our competitors' broad product portfolios coupled with already existing relationships may cause our customers to buy our competitors' products.

To compete effectively, we must deliver products that:

- provide extremely high reliability and voice quality;
- scale easily and efficiently;
- interoperate with existing network designs and other vendors' equipment;
- provide effective network management;
- are accompanied by comprehensive customer support and professional services; and
- provide a cost-effective and space-efficient solution for service providers.

If we are unable to compete successfully against our current and future competitors, we could experience price reductions, order cancellations, loss of revenues and reduced gross margins.

THE UNPREDICTABILITY OF OUR QUARTERLY RESULTS MAY ADVERSELY AFFECT THE TRADING PRICE OF OUR COMMON STOCK

Our revenues and operating results will vary significantly from quarter to quarter due to a number of factors, many of which are outside of our control and any of which may cause our stock price to fluctuate. Generally, purchases by service providers of telecommunications equipment from manufacturers have been unpredictable and clustered, rather than steady, as the providers build out their networks. The primary factors that may affect our revenues and results include the following:

- fluctuation in demand for our voice infrastructure products and the timing and size of customer orders;
- the length and variability of the sales cycle for our products and the corresponding timing of recognizing revenues and deferred revenues;
- new product introductions and enhancements by our competitors and us;
- changes in our pricing policies, the pricing policies of our competitors and the prices of the components of our products;
- our ability to develop, introduce and ship new products and product enhancements that meet customer requirements in a timely manner;
- the mix of product configurations sold;
- our ability to obtain sufficient supplies of sole or limited source components;
- our ability to attain and maintain production volumes and quality levels for our products;
- costs related to acquisitions of complementary products, technologies or businesses; and
- general economic conditions, as well as those specific to the telecommunications, networking and related industries.

As with other telecommunications product suppliers, we may recognize a substantial portion of our revenue in a given quarter from sales booked and shipped in the last weeks of that quarter. As a result, a delay in customer orders is likely to result in a delay in shipments and recognition of

revenue beyond the end of a given quarter, which would have a significant impact on our operating results for that quarter.

Our operating expenses are largely based on anticipated organizational growth and revenue trends. As a result, a delay in generating or recognizing revenues for the reasons set forth above, or for any other reason, could cause significant variations in our operating results. We believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance. It is likely that in some future quarters, our operating results may be below the expectations of public market analysts and investors. In this event, the price of our common stock will probably substantially decrease.

WE AND OUR CONTRACT MANUFACTURERS RELY ON SINGLE OR LIMITED SOURCES FOR SUPPLY OF SOME COMPONENTS OF OUR PRODUCTS AND IF WE FAIL TO ADEQUATELY PREDICT OUR MANUFACTURING REQUIREMENTS OR IF OUR SUPPLY OF ANY OF THESE COMPONENTS IS DISRUPTED, WE WILL BE UNABLE TO SHIP OUR PRODUCTS

We and our contract manufacturers currently purchase several key components of our products, including commercial digital signal processors, from single or limited sources. We purchase these components on a purchase order basis. If we overestimate our component requirements, we could have excess inventory, which would increase our costs. If we underestimate our requirements, we may not have adequate supply, which could interrupt manufacturing of our products and result in delays in shipments and revenues.

We currently do not have long-term supply contracts with our component suppliers and they are not required to supply us with products for any specified periods, in any specified quantities or at any set price, except as may be specified in a particular purchase order. In the event of a disruption or delay in supply, or inability to obtain products, we may not be able to develop an alternate source in a timely manner or at favorable prices, or at all. A failure to find acceptable alternative sources could hurt our ability to deliver high-quality products to our customers and negatively affect our operating margins. In addition, our reliance on our suppliers exposes us to potential supplier production difficulties or quality variations. Our customers rely upon our ability to meet committed delivery dates, and any disruption in the supply of key components would seriously impact our ability to meet these dates and could result in legal action by our customers, loss of customers or harm to our ability to attract new customers.

IF WE ARE NOT ABLE TO OBTAIN NECESSARY LICENSES OF THIRD-PARTY TECHNOLOGY AT ACCEPTABLE PRICES, OR AT ALL, OUR PRODUCTS COULD BECOME OBSOLETE

We have incorporated third-party licensed technology into our current products. From time to time, we may be required to license additional technology from third parties to develop new products or product enhancements. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The inability to maintain or re-license any third-party licenses required in our current products, or to obtain any new third-party licenses to develop new products and product enhancements could require us to obtain substitute technology of lower quality or performance standards or at greater cost, and delay or prevent us from making these products or enhancements, any of which could seriously harm the competitiveness of our products.

OUR FAILURE TO MANAGE OUR EXPANSION EFFECTIVELY IN A RAPIDLY CHANGING MARKET COULD INCREASE OUR COSTS, HARM OUR ABILITY TO SELL FUTURE PRODUCTS AND IMPAIR OUR FUTURE GROWTH

We intend to expand our operations rapidly and plan to hire a significant number of employees during 2000. Our growth has placed, and our anticipated growth will continue to place, a significant strain on our management systems and resources. Our ability to successfully offer our products and implement our business plan in a rapidly evolving market requires effective planning and

management processes. We expect that we will need to continue to improve our financial, managerial and manufacturing controls and reporting systems, and will need to continue to expand, train and manage our work force worldwide. If we fail to implement adequate control systems in an efficient and timely manner, our costs may be increased and our growth could be impaired and we may not be able to accurately anticipate and fulfill market demand, the result of which will be a loss of revenues and customers.

IF WE FAIL TO HIRE AND RETAIN NEEDED PERSONNEL, THE IMPLEMENTATION OF OUR BUSINESS PLAN COULD SLOW OR OUR FUTURE GROWTH COULD HALT

Competition for highly skilled engineering, sales, marketing and support personnel is intense because there are a limited number of people available with the necessary technical skills and understanding of our market. Any failure to attract, assimilate or retain qualified personnel to fulfill our current or future needs could impair our growth. The support of our products requires highly trained customer support and professional services personnel. Once we hire them, they may require extensive training in our voice infrastructure products. If we are unable to hire, train and retain our customer support and professional services personnel, we may not be able to increase sales of our products.

Our future success depends upon the continued services of our executive officers who have critical industry experience and relationships that we rely on to implement our business plan. None of our officers or key employees is bound by an employment agreement for any specific term. The loss of the services of any of our officers or key employees could delay the development and introduction of, and negatively impact our ability to sell, our products.

OUR ABILITY TO COMPETE AND OUR BUSINESS COULD BE JEOPARDIZED IF WE ARE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY OR BECOME SUBJECT TO INTELLECTUAL PROPERTY RIGHTS LITIGATION, WHICH COULD REQUIRE US TO INCUR SIGNIFICANT COSTS

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Monitoring unauthorized use of our products is difficult and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. If competitors are able to use our technology, our ability to compete effectively could be harmed.

In addition, we may also become involved in litigation as a result of allegations that we infringe intellectual property rights of others. Any parties asserting that our products infringe upon their proprietary rights would force us to defend ourselves and possibly our customers or contract manufacturers against the alleged infringement. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our proprietary rights. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, incorporating or using our products that use the challenged intellectual property;
- obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; or
- redesign those products that use any allegedly infringing technology.

Any lawsuits regarding intellectual property rights, regardless of their success, would be time-consuming, expensive to resolve and would divert our management's time and attention.

IF WE ARE SUBJECT TO UNFAIR HIRING CLAIMS, WE COULD INCUR SUBSTANTIAL COSTS IN DEFENDING OURSELVES

Companies in our industry whose employees accept positions with competitors frequently claim that their competitors have engaged in unfair hiring practices. We may be subject to claims of this kind in the future as we seek to hire qualified personnel. Those claims may result in material litigation. We could incur substantial costs defending ourselves or our employees against those claims, regardless of their merits. In addition, defending ourselves from those types of claims could divert our management's attention from our operations. If we are found to have engaged in unfair hiring practices, or our employees are found to have violated agreements with previous employers, we may suffer a significant disruption in our operations.

WE MAY FACE RISKS ASSOCIATED WITH OUR INTERNATIONAL EXPANSION THAT COULD IMPAIR OUR ABILITY TO GROW OUR REVENUES ABROAD

We intend to expand into international markets. This expansion will require significant management attention and financial resources to successfully develop direct and indirect international sales and support channels. In addition, we may not be able to develop international market demand for our products, which could impair our ability to grow our revenues.

We have limited experience marketing and distributing our products internationally and, to do so, we expect that we will need to develop versions of our products that comply with local standards. Furthermore, international operations are subject to other inherent risks, including:

- greater difficulty collecting accounts receivable and longer collection periods;
- difficulties and costs of staffing and managing foreign operations;
- the impact of differing technical standards outside the United States;
- the impact of recessions in economies outside the United States;
- unexpected changes in regulatory requirements and currency exchange rates;
- certification requirements;
- reduced protection for intellectual property rights in some countries; and
- potentially adverse tax consequences.

ANY INVESTMENTS OR ACQUISITIONS WE MAKE COULD DISRUPT OUR BUSINESS AND SERIOUSLY HARM OUR FINANCIAL CONDITION

Although we have no current agreements to do so, we intend to consider investing in, or acquiring, complementary products, technologies or businesses. In the event of any future investments or acquisitions, we could:

- issue stock that would dilute our current stockholders' percentage ownership;
- incur debt or assume liabilities;
- incur significant amortization expenses related to goodwill and other intangible assets; or
- incur large and immediate write-offs.

Our integration of any acquired products, technologies or businesses will also involve numerous risks, including:

- problems and unanticipated costs associated with combining the purchased products, technologies or businesses;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with suppliers and customers;

- risks associated with entering markets in which we have limited or no prior experience; and
- potential loss of key employees, particularly those of the acquired organizations.

We may be unable to successfully integrate any products, technologies, businesses or personnel that we might acquire in the future without significant costs or disruption to our business.

WE MAY NEED ADDITIONAL CAPITAL IN THE FUTURE, WHICH MAY NOT BE AVAILABLE TO US, AND IF IT IS AVAILABLE, MAY DILUTE YOUR OWNERSHIP OF OUR COMMON STOCK

We may need to raise additional funds through public or private debt or equity financings in order to:

- fund ongoing operations;
- take advantage of opportunities, including more rapid expansion or acquisition of complementary products, technologies or businesses;
- develop new products; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute your percentage ownership of our common stock. Furthermore, additional financings may not be available on terms favorable to us, or at all. A failure to obtain additional funding could prevent us from making expenditures that may be required to grow or maintain our operations.

RISKS RELATING TO THIS OFFERING

OUR STOCK PRICE MAY BE VOLATILE AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE INITIAL OFFERING PRICE

The market for technology stocks has been extremely volatile. The following factors could cause the market price of our common stock to fluctuate significantly from the price you pay in this offering:

- loss of any of our major customers;
- the addition or departure of key personnel;
- variations in our quarterly operating results;
- announcements by us or our competitors of significant contracts, new products or product enhancements, acquisitions, distribution partnerships, joint ventures or capital commitments;
- changes in financial estimates by securities analysts;
- sales of common stock or other securities by us in the future;
- changes in market valuations of telecommunications and networking companies; and
- fluctuations in stock market prices and volumes.

In addition, the stock market in general, and the Nasdaq National Market and technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. The trading prices of many technology companies' stocks are at or near historical highs and these trading prices and multiples are substantially above historical levels and may not be sustained. These broad market and industry trends may materially and adversely affect the market price of our common stock, regardless of our actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been initiated against these companies. Class-action litigation, if initiated, could result in substantial costs and a diversion of management's attention and resources. All of these factors could cause

the market price of our stock to drop and you may not be able to sell your shares at or above the initial offering price.

AN ACTIVE TRADING MARKET FOR OUR COMMON STOCK MAY NOT DEVELOP

Prior to this offering, you could not buy or sell our common stock publicly. Although we expect our common stock to be quoted on the Nasdaq National Market, an active trading market for our shares may not develop or be sustained following this offering. You may not be able to resell your shares at prices equal to or greater than the initial public offering price. The initial public offering price will be determined through negotiations between us and our underwriters and may not be indicative of the market price for these shares following this offering. You should read "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price.

OUR MANAGEMENT DOES NOT HAVE A PLAN FOR THE USE OF THE NET PROCEEDS OF THE OFFERING AND MAY APPLY THE PROCEEDS OF THIS OFFERING TO USES THAT DO NOT PRODUCE PROFITABILITY OR INCREASE MARKET VALUE

We have not committed the net proceeds of this offering to any particular purpose and have no specific uses planned for these proceeds. Accordingly, our management will have considerable discretion in applying the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not generate revenues or increase our market value. Pending application of the proceeds, they may be placed in investments that do not produce income or that lose value.

INSIDERS WILL CONTINUE TO HAVE SUBSTANTIAL CONTROL OVER US AFTER THIS OFFERING AND COULD LIMIT YOUR ABILITY TO INFLUENCE THE OUTCOME OF KEY TRANSACTIONS, INCLUDING CHANGES OF CONTROL

We anticipate that our executive officers, directors and entities affiliated with them will, in the aggregate, beneficially own approximately 42.2% of our outstanding common stock following the completion of this offering, assuming the underwriters do not exercise their over-allotment option. These stockholders, if acting together, would be able to influence significantly all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. See "Principal Stockholders."

PROVISIONS OF OUR CHARTER DOCUMENTS AND DELAWARE LAW MAY HAVE ANTI-TAKEOVER EFFECTS THAT COULD PREVENT A CHANGE OF CONTROL

Provisions of our amended and restated certificate of incorporation, amended and restated by-laws, and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. See "Description of Capital Stock."

THERE MAY BE SALES OF A SUBSTANTIAL AMOUNT OF OUR COMMON STOCK AFTER THIS OFFERING THAT COULD CAUSE OUR STOCK PRICE TO FALL

Our current stockholders hold a substantial number of shares, which they will be able to sell in the public market in the near future. Sales of a substantial number of shares of our common stock within a short period of time after this offering could cause our stock price to fall. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional stock. See "Shares Eligible for Future Sale."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements based on our current expectations, assumptions, estimates and projections about ourselves and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements, as more fully described in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and elsewhere in this prospectus. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

USE OF PROCEEDS

Our net proceeds from the sale of the 5,000,000 shares of common stock in this offering will be approximately \$91.75 million, assuming an initial public offering price of \$20.00 per share, the mid-point of the range set forth on the cover of this prospectus, after deducting the underwriting discounts and estimated offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate that the net proceeds will be approximately \$105.70 million.

The principal purposes of this offering are to fund our operations, to obtain additional working capital, to establish a public market for our common stock, to increase our visibility in the marketplace, to facilitate future access to public capital markets and to provide currency for potential acquisitions.

We expect to use the net proceeds from this offering for general corporate purposes, including the funding of operating losses, the expansion of sales, marketing and product development activities, working capital, capital expenditures and the repayment of outstanding amounts under our equipment line of credit. In addition, we may use a portion of the net proceeds to acquire complementary products, technologies or businesses; however, we currently have no plans, commitments or agreements with respect to any of these types of transactions. Pending their use, we plan to invest the net proceeds in investment-grade, interest-bearing securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock or other securities. We currently expect to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Our credit agreement with a commercial bank prohibits the payment of dividends without prior approval.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2000:

- on an actual basis;
- on a pro forma basis to reflect the conversion of all outstanding shares of our redeemable convertible preferred stock into 32,319,074 shares of common stock upon the closing of this offering; and
- on a pro forma as adjusted basis to give effect to the sale of the 5,000,000 shares of common stock offered in this offering after deducting the underwriting discounts and estimated offering expenses payable by us assuming an initial public offering price of \$20.00 per share, the mid-point of the range set forth on the cover of this prospectus.

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes to those statements included elsewhere in this prospectus.

	MARCH 31, 2000		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Long-term obligations, less current portion.....	\$ 3,293	\$ 3,293	\$ 3,293
Redeemable convertible preferred stock, \$0.01 par value; 17,000,000 shares authorized, 13,833,122 shares issued and outstanding, actual; no shares authorized, issued and outstanding, on a pro forma and pro forma as adjusted basis.....	70,859	--	--
Stockholders' equity (deficit):			
Preferred stock, \$0.01 par value; no shares authorized, issued and outstanding on an actual basis; 5,000,000 shares authorized, no shares issued and outstanding, on a pro forma and pro forma as adjusted basis.....	--	--	--
Common stock, \$0.001 par value; 70,000,000 shares authorized, 22,713,920 shares issued, 22,683,920 shares outstanding, actual; 300,000,000 shares authorized, 55,032,994 shares issued, 55,002,994 shares outstanding, on a pro forma basis; 300,000,000 shares authorized, 60,032,994 shares issued, 60,002,994 shares outstanding, on a pro forma as adjusted basis (1).....	23	55	60
Capital in excess of par value.....	54,674	125,501	217,246
Accumulated deficit.....	(49,957)	(49,957)	(49,957)
Stock subscriptions receivable.....	(346)	(346)	(346)
Deferred compensation.....	(37,069)	(37,069)	(37,069)
Treasury stock, at cost: 30,000 common shares.....	(20)	(20)	(20)
Total stockholders' equity (deficit).....	(32,695)	38,164	129,914
Total capitalization.....	\$ 41,457	\$ 41,457	\$133,207
	=====	=====	=====

(1) Based on shares outstanding as of March 31, 2000. Excludes 3,127,032 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$6.00 per share. Includes 14,106,616 shares of restricted common stock which are subject to our right to repurchase upon termination of employment of the holder at a weighted average repurchase price of \$0.23 per share.

DILUTION

Our pro forma net tangible book value as of March 31, 2000 was approximately \$37.2 million, or \$0.68 per share of common stock outstanding. Pro forma net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the pro forma shares of common stock outstanding as of March 31, 2000, after giving effect to the conversion of all shares of redeemable convertible preferred stock into 32,319,074 shares of common stock. After giving effect to the issuance and sale of the 5,000,000 shares of common stock offered in this offering and after deducting the underwriting discounts and estimated offering expenses payable by us, assuming an initial public offering price of \$20.00 per share, the mid-point of the range set forth on the cover of this prospectus, our pro forma as adjusted net tangible book value as of March 31, 2000 would have been \$128.9 million, or \$2.15 per share. This represents an immediate increase in pro forma as adjusted net tangible book value of \$1.47 per share to existing stockholders and an immediate dilution of \$17.85 per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share.....	\$20.00
Pro forma net tangible book value per share at March 31, 2000.....	\$ 0.68
Increase in pro forma net tangible book value per share attributable to new investors.....	1.47

Pro forma as adjusted net tangible book value per share after this offering.....	2.15

Dilution per share to new investors.....	\$17.85
	=====

Assuming the exercise of all outstanding stock options as of March 31, 2000, and after giving effect to the issuance and sale of the common stock in this offering, after deducting the underwriting discounts and estimated offering expenses payable by us, assuming an initial public offering price of \$20.00 per share, the mid-point of the range set forth on the cover of this prospectus, our pro forma as adjusted net tangible book value as of March 31, 2000 would have been \$147.7 million, or \$2.34 per share, representing an immediate increase in pro forma as adjusted net tangible book value of \$1.66 per share to existing stockholders from the pro forma net tangible book value at March 31, 2000 of \$0.68 per share and an immediate dilution of \$17.66 per share to new investors.

The following table summarizes, on a pro forma basis, as of March 31, 2000, the differences between the number of shares of common stock purchased from us, the total consideration provided to us, and the average price per share paid by existing stockholders and by new investors purchasing stock in this offering:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders.....	55,002,994	91.7%	\$ 74,524,000	42.7%	\$ 1.35
New investors.....	5,000,000	8.3	100,000,000	57.3	20.00
	-----	-----	-----	-----	-----
Total.....	60,002,994	100.0%	\$174,524,000	100.0%	
	=====	=====	=====	=====	

The table above excludes as of March 31, 2000, 3,127,032 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$6.00 per share under our 1997 Stock Incentive Plan. To the extent any of these options are exercised, there will be further dilution to new investors. If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to 5,750,000 shares, or 9.5% of the total number of shares of common stock outstanding after this offering. See "Management--Benefit Plans" and note 9 to our consolidated financial statements.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes to those statements included elsewhere in this prospectus. The consolidated statement of operations data for the period from our inception on August 7, 1997 to December 31, 1997 and the years ended December 31, 1998 and 1999 and the consolidated balance sheet data as of December 31, 1998 and 1999 are derived from our consolidated financial statements, audited by Arthur Andersen LLP, independent public accountants, which are included elsewhere in this prospectus. The consolidated statement of operations data for the three months ended March 31, 1999 and 2000 and the consolidated balance sheet data as of March 31, 2000 are derived from our unaudited consolidated financial statements, which are included elsewhere in this prospectus. In the opinion of management, these unaudited interim consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of Sonus' financial position and operating results for these periods. The consolidated balance sheet data as of December 31, 1997 have been derived from our consolidated financial statements audited by Arthur Andersen LLP, independent public accountants, not included in this prospectus.

	PERIOD FROM INCEPTION (AUGUST 7, 1997) TO		YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	DECEMBER 31, 1997		1998	1999	1999	2000
						(UNAUDITED)
						(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
CONSOLIDATED STATEMENT OF OPERATIONS						
DATA:						
Revenues.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,093
Operating expenses:						
Manufacturing and product costs						
(1).....	--	--	1,861	223	1,462	
Research and development (1).....	299	5,824	10,780	2,684	4,844	
Sales and marketing (1).....	--	426	5,606	438	3,358	
General and administrative (1).....	187	919	1,723	301	713	
Stock-based compensation.....	--	59	4,404	517	6,979	
Total operating expenses.....	486	7,228	24,374	4,163	17,356	
Loss from operations.....	(486)	(7,228)	(24,374)	(4,163)	(16,263)	
Interest income (expense), net.....	25	314	487	120	228	
Net loss.....	(461)	(6,914)	(23,887)	(4,043)	(16,035)	
Beneficial conversion feature of Series C preferred stock.....	--	--	(2,500)	--	--	
Net loss applicable to common stockholders.....	\$(461)	\$ (6,914)	\$ (26,387)	\$ (4,043)	\$ (16,035)	
Net loss per share (2):						
Basic and diluted.....	\$ --	\$ (4.27)	\$ (5.53)	\$ (1.23)	\$ (2.07)	
Pro forma basic and diluted.....			(0.75)		(0.41)	
Shares used in computing net loss per share (2):						
Basic and diluted.....	--	1,619,289	4,774,763	3,285,170	7,742,970	
Pro forma basic and diluted.....			32,062,786		38,921,794	

(FOOTNOTES ON FOLLOWING PAGE)

	DECEMBER 31,			MARCH 31,
	1997	1998	1999	2000
				(UNAUDITED)
	(IN THOUSANDS)			
CONSOLIDATED BALANCE SHEET DATA:				
Cash, cash equivalents and marketable securities.....	\$6,606	\$16,501	\$23,566	\$41,779
Working capital.....	6,308	15,321	19,604	35,122
Total assets.....	6,987	18,416	30,782	52,361
Long-term obligations, less current portion.....	6	1,220	3,402	3,293
Redeemable convertible preferred stock.....	7,100	22,951	46,109	70,859
Total stockholders' deficit.....	(447)	(7,097)	(25,199)	(32,695)

(1) Excludes non-cash, stock-based compensation expense as follows:

	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1998	1999	1999	2000
				(UNAUDITED)
	(IN THOUSANDS)			
Manufacturing and product costs.....	\$ --	\$ 92	\$ 8	\$ 73
Research and development.....	29	1,537	121	3,647
Sales and marketing.....	12	2,104	214	2,739
General and administrative.....	18	671	174	520
	\$ 59	\$ 4,404	\$ 517	\$ 6,979
	=====	=====	=====	=====

(2) See note (1)(q) to our consolidated financial statements for an explanation of the method of calculation. Pro forma per share calculation reflects the conversion upon the closing of the offering of all the outstanding shares of Series A, Series B, Series C and Series D redeemable convertible preferred stock into shares of common stock, as if the conversion occurred at the date of original issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THOSE STATEMENTS AND OTHER FINANCIAL INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS. THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING INFORMATION THAT INVOLVES RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF A NUMBER OF FACTORS, INCLUDING THE RISKS DISCUSSED IN "RISK FACTORS" AND ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

We are a leading provider of voice infrastructure products for the new public network. We offer a new generation of carrier-class switching equipment and software that enable the delivery of voice services to be delivered over packet-based networks. From our inception in August 1997 through March 31, 2000, our operating activities consisted primarily of research and development, product design, development and testing. We also staffed and trained our administrative, marketing and sales organizations and began sales and marketing activities.

Since our inception, we have incurred significant losses and, as of March 31, 2000, had an accumulated deficit of \$50.0 million. We have not achieved profitability on a quarterly or an annual basis, and anticipate that we will continue to incur net losses. We have a lengthy sales cycle for our products and, accordingly, we expect to incur sales and other expenses before we realize the related revenues. We expect to incur significant sales and marketing, research and development and general and administrative expenses and, as a result, we will need to generate significant revenues to achieve and maintain profitability.

We sell our products through a direct sales force, resellers and distributors. In the future, we anticipate expanding our sales efforts to include additional overseas distribution partners. Customers' decisions to purchase our products to deploy in commercial networks involve a significant commitment of resources and a lengthy evaluation, testing and product qualification process. We believe these long sales cycles, as well as our expectation that customers will tend to sporadically place large orders with short lead times, will cause our revenues and results of operations to vary significantly and unexpectedly from quarter to quarter. We expect to recognize revenues from a limited number of customers for the foreseeable future.

We recognize revenue from product sales to end users, resellers and distributors upon shipment, provided there are no uncertainties regarding acceptance, persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collection of the related receivable is probable. If uncertainties exist, we recognize revenue when those uncertainties are resolved. Service revenue is recognized as the services are performed. Amounts collected prior to satisfying our revenue recognition criteria are reflected as deferred revenue. We estimate and record warranty costs at the time of product revenue recognition. In November 1999, we began shipping our products and during the first quarter of fiscal 2000 recognized our first revenues of \$1.1 million. As of March 31, 2000, we had a total of \$1.0 million in deferred revenue that we expect will be recognized in 2000. See note 1(i) to our consolidated financial statements.

GROSS PROFIT MARGINS. We believe that our gross profit margins will be affected primarily by the following factors:

- demand for our products and services;
- new product introductions both by us and by our competitors;

- product service and support costs associated with initial deployment of our products in customers' networks;
- changes in our pricing policies and those of our competitors;
- the mix of product configurations sold;
- the mix of sales channels through which our products and services are sold; and
- the volume of manufacturing and costs of manufacturing and components.

MANUFACTURING EXPENSES. Our manufacturing expenses consist primarily of amounts paid to third-party manufacturers, manufacturing start-up expenses and manufacturing personnel and related costs. Commencing in 1999, we outsourced our manufacturing to third-parties. Manufacturing engineering, documentation control, final testing and assembly are performed at our facility.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses consist primarily of salaries and related personnel costs, recruiting expenses and prototype costs related to the design, development, testing and enhancement of our products. We have expensed our research and development costs as incurred. Some aspects of our research and development effort require significant short-term expenditures, the timing of which can cause significant quarterly variability in our expenses. We believe that research and development is critical to our strategic product development objectives and we intend to enhance our technology to meet the changing requirements of our customers. As a result, we expect our research and development expenses to increase in absolute dollars in the future.

SALES AND MARKETING EXPENSES. Sales and marketing expenses consist primarily of salaries and related personnel expenses, commissions, recruiting expenses, promotions, customer evaluations and other marketing expenses. We expect that sales and marketing expenses will increase substantially in absolute dollars in the future as we increase our direct sales efforts, expand our operations internationally, hire additional sales and marketing personnel, initiate additional marketing programs and establish sales offices in new locations.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist primarily of salaries and related expenses for executive, finance, and accounting personnel, recruiting expenses and professional fees. We expect that general and administrative expenses will increase in absolute dollars as we add personnel and incur additional costs related to the growth of our business and our operation as a public company.

STOCK-BASED COMPENSATION EXPENSES. In connection with our grant of stock options and issuance of restricted common stock during the year ended December 31, 1999 and the three months ended March 31, 2000, we recorded deferred compensation of \$20.9 million and \$25.1 million, respectively. In addition, in April 2000, we recorded deferred compensation of \$4.0 million. Stock-based compensation expenses include the amortization of stock compensation charges resulting from the granting of stock options and the sales of restricted common stock to employees with exercise or sales prices that may be deemed for accounting purposes to be below the fair value of our common stock on the date of grant and compensation expense associated with the grant of stock options and issuance of restricted stock to non-employees. Deferred compensation amounts are being amortized over the vesting periods of the applicable options or restricted stock, which are four to five years. The compensation expense associated with non-employees is recorded at the time services are provided. See note 9(f) to our consolidated financial statements.

BENEFICIAL CONVERSION OF PREFERRED STOCK. In 1999, we recorded a charge to accumulated deficit of \$2.5 million representing the beneficial conversion feature of our Series C redeemable convertible preferred stock that was sold in November and December 1999. This charge is accounted for as a dividend to preferred stockholders and, as a result, will increase the net loss available to common stockholders and the related net loss per share.

RESULTS OF OPERATIONS

Because we were incorporated in August 1997 and commenced our principal operations in November 1997 after obtaining our initial funding, management believes that a discussion of the period from inception to December 31, 1997 would not be meaningful.

YEARS ENDED DECEMBER 31, 1998 AND 1999

MANUFACTURING EXPENSES. Manufacturing expenses were \$1.9 million in 1999, compared to no expense in 1998. The increase was due to the commencement of manufacturing operations.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses were \$10.8 million in 1999, an increase of \$5.0 million, or 85%, from \$5.8 million in 1998. The increase reflects costs primarily associated with a significant increase in personnel and personnel-related expenses and, to a lesser extent, recruiting expenses and prototype expenses for the development of our products.

SALES AND MARKETING EXPENSES. Sales and marketing expenses were \$5.6 million in 1999, an increase of \$5.2 million from \$426,000 in 1998. The increase reflects costs primarily associated with the hiring of additional sales and marketing personnel and, to a lesser extent, marketing program costs, including Web development, trade shows and product launch activities.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses were \$1.7 million in 1999, an increase of \$804,000, or 87%, from \$919,000 in 1998. The increase reflects costs primarily associated with the hiring of additional general and administrative personnel and, to a lesser extent, expenses necessary to support and scale our operations.

STOCK-BASED COMPENSATION EXPENSES. Stock-based compensation expenses were \$4.4 million in 1999, an increase of \$4.3 million, from \$59,000 in 1998. The increase is due to the amortization of deferred stock-based compensation resulting from the granting of stock options and sales of restricted common stock to employees with exercise or sales prices below the deemed fair value of our common stock on the date of grant or sale for accounting purposes.

INTEREST INCOME (EXPENSE), NET. Interest income consists of interest earned on our cash balances and marketable securities. Interest expense consists of interest incurred on equipment debt. Interest income, net of interest expense was \$487,000 and \$314,000 for 1999 and 1998, respectively. This increase reflects higher invested balances partially offset by an increase in interest expense from incurred borrowings.

NET OPERATING LOSS CARRYFORWARDS. As of December 31, 1999, we had approximately \$23.0 million of state and federal net operating loss carryforwards for tax reporting purposes available to offset future taxable income. These net operating loss carryforwards expire at dates through 2019, to the extent that they are not used. We have not recognized any benefit from the future use of loss carryforwards for these periods, or for any other periods since inception. Use of the net operating loss carryforwards may be limited in future years if there is a significant change in our ownership. Management has recorded a full valuation allowance for the related net deferred tax asset due to the uncertainty of realizing the benefit of this asset.

REVENUES. In November 1999, we began shipping our products and recognized \$1.1 million of revenues in the first quarter of 2000. Sales to Lucent Technologies accounted for substantially all of our revenues.

MANUFACTURING EXPENSES AND PRODUCT COSTS. Manufacturing expenses and product costs were \$1.5 million in the first quarter of 2000, an increase of \$1.2 million from \$223,000 in the first quarter of 1999. The increase primarily represents product and related costs associated with our first quarter of 2000 revenue and an increase in personnel associated with initial production start-up. The gross profit was lower than we anticipate it will be in the future, due to high start-up costs and the low volume of sales.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses were \$4.8 million in the first quarter of 2000, an increase of \$2.1 million, or 80%, from \$2.7 million in the first quarter of 1999. The increase reflects costs primarily associated with a significant increase in personnel and personnel-related expenses, offset in part by lower prototype expenses for the development of our products.

SALES AND MARKETING EXPENSES. Sales and marketing expenses were \$3.4 million in the first quarter of 2000, an increase of \$2.9 million from \$438,000 in the first quarter of 1999. The increase reflects costs primarily associated with the hiring of additional sales and marketing personnel, and to a lesser extent increases in marketing programs, travel and related expenses.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses were \$713,000 in the first quarter of 2000, an increase of \$412,000, or 137%, from \$301,000 in the first quarter of 1999. The increase reflects costs associated with the hiring of additional finance personnel and increased costs for professional services.

STOCK-BASED COMPENSATION EXPENSES. Stock-based compensation expenses were \$7.0 million in the first quarter of 2000, an increase of \$6.5 million from \$517,000 in the first quarter of 1999. The increase is due to the additional amortization of deferred stock-based compensation resulting from the granting of additional stock options and sale of restricted common stock to employees during the last three quarters of 1999 and first quarter of 2000 and compensation expense associated with non-employees. Based on the grant of stock options and sale of restricted common stock through April 30, 2000, we expect to incur stock-based compensation expense of approximately \$23.8 million in 2000, \$13.0 million in 2001, \$7.2 million in 2002, \$3.4 million in 2003 and \$600,000 in 2004.

INTEREST INCOME (EXPENSE), NET. Interest income, net of interest expense was \$228,000 and \$120,000 for the three months ended March 31, 2000 and 1999, respectively. The increase reflects higher invested balances because of the completion of private financings, partially offset by an increase in interest expense from incurred borrowings.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our operating results for the quarters ended March 31, 1999, June 30, 1999, September 30, 1999, December 31, 1999 and March 31, 2000. The information for each of these quarters is unaudited and has been prepared on the same basis as the audited consolidated financial statements appearing elsewhere in this prospectus. In the opinion of management, all necessary adjustments, consisting only of normal recurring adjustments, have been included to present fairly the unaudited consolidated quarterly results when read in conjunction with our audited consolidated financial statements and related notes appearing

elsewhere in this prospectus. These operating results are not necessarily indicative of the results of any future period.

	THREE MONTHS ENDED				
	MARCH 31, 1999	JUNE 30, 1999	SEPT. 30, 1999	DEC. 31, 1999	MARCH 31, 2000
	(IN THOUSANDS) (UNAUDITED)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues.....	\$ --	\$ --	\$ --	\$ --	\$ 1,093
Operating expenses:					
Manufacturing and product costs.....	223	349	519	770	1,462
Research and development.....	2,684	2,387	2,434	3,275	4,844
Sales and marketing.....	438	834	1,475	2,859	3,358
General and administrative.....	301	375	438	609	713
Stock-based compensation.....	517	564	1,090	2,233	6,979
Total operating expenses.....	4,163	4,509	5,956	9,746	17,356
Loss from operations.....	(4,163)	(4,509)	(5,956)	(9,746)	(16,263)
Interest income (expense), net.....	120	92	71	204	228
Net loss.....	(4,043)	(4,417)	(5,885)	(9,542)	(16,035)
Beneficial conversion feature of Series C preferred stock.....	--	--	--	(2,500)	--
Net loss applicable to common stockholders.....	\$(4,043)	\$(4,417)	\$(5,885)	\$(12,042)	\$(16,035)

Our revenues and operating results will vary significantly from quarter to quarter due to a number of factors, many of which are outside of our control and any of which may cause our stock price to fluctuate. Generally, purchases by service providers of telecommunications equipment from manufacturers have been unpredictable and clustered, rather than steady, as the providers build out their networks. The primary factors that may affect our revenues and results include the following:

- fluctuation in demand for our voice infrastructure products and the timing and size of customer orders;
- the length and variability of the sales cycle for our products and the corresponding timing of recognizing revenues and deferred revenues;
- new product introductions and enhancements by our competitors and us;
- changes in our pricing policies, the pricing policies of our competitors and the prices of the components of our products;
- our ability to develop, introduce and ship new products and product enhancements that meet customer requirements in a timely manner;
- the mix of product configurations sold;
- our ability to obtain sufficient supplies of sole or limited source components;
- our ability to attain and maintain production volumes and quality levels for our products;
- costs related to acquisitions of complementary products, technologies or businesses; and
- general economic conditions, as well as those specific to the telecommunications, networking and related industries.

As with other telecommunications product suppliers, we may recognize a substantial portion of our revenue in a given quarter from sales booked and shipped in the last weeks of that quarter. As a result, a delay in customer orders is likely to result in a delay in shipments and recognition of

revenue beyond the end of a given quarter, which would have a significant impact on our operating results for that quarter.

Our operating expenses are largely based on anticipated organizational growth and revenue trends. As a result, a delay in generating or recognizing revenues for the reasons set forth above, or for any other reason, could cause significant variations in our operating results. We believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance. It is likely that in some future quarters, our operating results may be below the expectations of public market analysts and investors. In this event, the price of our common stock will probably substantially decrease.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have financed our operations primarily through private sales of redeemable convertible preferred stock totaling \$70.7 million in net proceeds through March 31, 2000. Upon the closing of this offering, all of our redeemable convertible preferred stock will convert into 32,319,074 shares of common stock. We have also financed our operations through net long-term borrowings of \$4.7 million for the purchase of fixed assets. At March 31, 2000, cash, cash equivalents and marketable securities totaled \$41.8 million.

Net cash used in operating activities was \$5.7 million for the three months ended March 31, 2000, \$16.0 million for 1999 and \$5.9 million for 1998. Net cash flows from operating activities in each period reflect increasing net losses as compared to the comparable period of the preceding year and, to a lesser extent, inventory purchases offset in part by increases in accounts payable and accrued expenses.

Net cash used in investing activities was \$3.8 million for the three months ended March 31, 2000, \$6.4 million for 1999 and \$14.8 million for 1998. Net cash used for investing activities in each period reflects purchases of property and equipment, primarily computers and test equipment for our development and manufacturing activities and net purchases and maturities of marketable securities. We used amounts invested in marketable securities in 1998 to fund operations in 1999. We expect capital expenditures to continue to increase in the year 2000 to approximately \$11.0 million, due to our expansion and expenditures for software licenses, computers and test equipment.

Net cash provided by financing activities was \$26.3 million for the three months ended March 31, 2000, \$27.6 million for 1999 and \$17.7 million for 1998. Net cash provided by financing activities for these periods was derived primarily from private sales of redeemable convertible preferred stock and long-term borrowings. We also have a \$7.0 million bank equipment line of credit with available borrowings of \$1.4 million as of March 31, 2000. This line of credit is collateralized by all of our assets, except intellectual property, and bears interest at the bank's prime rate plus 0.5%. At April 30, 2000, an aggregate of approximately \$5.0 million was outstanding under this line of credit. We are required to comply with various financial and restrictive covenants, and as of April 30, 2000, are in compliance with these covenants.

We believe that the net proceeds from this offering, together with our current cash, cash equivalents and marketable securities and available line of credit, will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least 12 months. If our existing resources, proceeds from this offering and cash generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity or debt securities. The sale of additional equity or convertible debt securities could result in additional dilution to our stockholders, and we cannot be certain that additional financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain this additional financing, we may be

required to reduce the scope of our planned product development and sales and marketing efforts, which could harm our business, financial condition and operating results.

MARKET RISK

We do not currently use derivative financial instruments. We generally place our marketable security investments in high-quality credit instruments, primarily U.S. Government obligations and corporate obligations with contractual maturities of less than one year. We do not expect any material loss from our marketable security investments and therefore believe that our potential interest rate exposure is not material.

RECENT ACCOUNTING PRONOUNCEMENT

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS. This bulletin established guidelines for revenue recognition. We recognize revenues in accordance with this recent pronouncement.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, ACCOUNTING FOR DERIVATIVES AND HEDGING ACTIVITIES, which establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. We do not currently engage in trading market risk sensitive instruments or purchase hedging instruments or "other than trading" instruments that are likely to expose us to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. We may do so in the future as our operations expand domestically and abroad. We will evaluate the impact of foreign currency exchange risk and other derivative instrument risk on our results of operations when appropriate. We will adopt SFAS No. 133 as required by SFAS No. 137, DEFERRAL OF THE EFFECTIVE DATE OF FASB STATEMENT NO. 133, in fiscal year 2001. The adoption of SFAS No. 133 is not expected to have a material impact on our financial condition or results of operations.

OVERVIEW

We are a leading provider of voice infrastructure products for the new public network. We offer a new generation of carrier-class switching equipment and software that enable voice services to be delivered over packet-based networks.

We expect two global forces--deregulation and the expansion of the Internet--to revolutionize the public telephone network worldwide. Packet networks more efficiently use available network bandwidth as compared to traditional circuit-switched telephone networks, which were designed for voice traffic and built long before the advent of the Internet. Packet-based networks, which transport voice and data in small bundles, or "packets," offer a highly flexible, cost-effective and efficient means to provide communications services, including data, voice and multimedia. Our GSX9000 Open Services Switch, PSX6000 SoftSwitch, SGX2000 SS7 signaling gateway and System 9200 Internet offload solution are designed to offer high-reliability, toll-quality voice, improved economics, interoperability, rapid deployment and an open architecture enabling the design and implementation of new services and applications.

Our objective is to be the primary supplier of voice infrastructure products for the new public network. We intend to capitalize on our early technology and market lead to build the premier franchise in voice infrastructure solutions for the new public network.

INDUSTRY BACKGROUND

The public telephone network is an integral part of our everyday lives. For most of its 100-year history, the telephone industry has been heavily regulated, which has slowed the evolution of its underlying circuit-switching technologies and limited innovation in service offerings and the pricing of telephone services. We expect two global forces--deregulation and the expansion of the Internet--to revolutionize the public telephone network worldwide.

Deregulation of the telephone industry accelerated with the passage of the Telecommunications Act of 1996. The barriers that once restricted service providers to a specific geography or service offering, such as local or long distance, are disappearing. The opportunity created by opening up the \$750 billion telephone services market has been attracting thousands of new service providers. Intense competition between new players and incumbents is driving down prices. With limited ability to reduce the cost structure of the public telephone network, profit margins for traditional telephone services are eroding. In response, service providers are seeking both new, creative and differentiated service offerings and the means to reduce their costs.

Simultaneously, the rapid adoption of the Internet is driving dramatic growth of data traffic. Today, a significant portion of this data traffic is carried over the traditional circuit-switched telephone network. However, the circuit-switched network, designed for voice traffic and built long before the advent of the Internet, is not suited to efficiently transport data traffic. In a circuit-switched network, a dedicated path, or circuit, is established for each call, reserving a fixed amount of capacity or bandwidth in each direction. The dedicated circuit is maintained for the duration of the call across all of the circuit switches spanning the path from origination to the destination of the call, even when no traffic is being sent. As a result, a circuit-switched architecture is highly inefficient for Internet applications, which tend to create large bursts of data traffic followed by long periods of silence.

In contrast, a packet network divides traffic into distinct units called packets, and routes each packet independently. By combining traffic from users with differing capacity demands at different times, packet networks more efficiently fill available network bandwidth with packets of data from many users, thereby reducing the bandwidth wasted due to silence from any single user. The

volume of data traffic continues to increase as use of the Internet and the number of connected users grow, driving service providers to build large-scale, more efficient packet networks.

With voice traffic carried over the vast installed base of traditional circuit-switched networks, and data traffic carried over rapidly expanding packet networks, service providers are faced with the expense and complexity of building and maintaining parallel networks.

The following diagrams depict these parallel voice and data networks. [Two diagrams appear: the first diagram is symmetric and depicts a circuit-switched network. A large, rectangular box labeled "Circuit Switched Network" is in the center. The box contains a series of small shapes aligned linearly and connected by a straight bold line. From left to right, the shapes are a small circle labeled "End Office," two small hexagons labeled "Tandem/Toll" and a small circle labeled "End Office." Outside of the rectangular box on each side is an icon representing a telephone connected to the outer circle labeled "End Office" by a bold line. Also on each side and connected to the outer "End Office" circle by dotted lines are icons representing a fax machine and second telephone. Above the rectangular box and connected by dotted lines to each of the small shapes inside of the large rectangle is a shaded oval labeled "SS7."

Lower diagram is symmetric and depicts a generic packet-switched network. Shaded cloud labeled "Packet Network" is aligned directly below the rectangular box of the upper diagram. On left and right side of the cloud, aligned linearly, is an icon representing a computer, connected to the cloud by a dotted line. Connected to the bottom of the cloud by dotted lines are three additional computers.]

THE NEED FOR, AND BENEFITS OF, COMBINING VOICE AND DATA NETWORKS

We believe significant opportunities exist in uniting these separate, parallel networks into a new integrated public network capable of transporting both voice and data traffic. Enormous potential savings can be realized by eliminating redundant or overlapping equipment purchases and reducing network operating costs. Also, combining traditional voice services with Internet or Web-based services in a single network is expected to enable new and powerful high-margin, revenue-generating service offerings such as single-number dialing, unified messaging, Internet click-to-talk, sophisticated call centers and other services.

The packet network is the platform for the new public network. The volume of data traffic has already eclipsed voice traffic and is growing much faster than voice. Packet architectures are more efficient at moving data, more flexible, and reduce equipment and operating costs. The key to realizing the full potential of a converged, packet-based network is to enable the world's voice traffic to run over those networks.

Early attempts to develop new technologies to carry voice traffic over packet networks have included voice over Internet protocol, or VoIP, systems using a personal computer platform and

devices that added VoIP capability to existing data devices such as remote access servers. While demonstrating the viability of transmitting voice over packet technology, these approaches have fallen far short of the quality, reliability and scalability required by the public telephone network.

These early VoIP systems have also lacked the ability to interoperate with the signaling infrastructure of the circuit-switched network. Without this signaling capability, VoIP applications cannot provide the consistent "look, sound and feel" of traditional telephone calls and are not well-suited to more complex applications such as voicemail, unified messaging and other value-added services.

The public telephone network is large, highly complex and generates significant revenues, a substantial majority of which are derived from voice services. Given service providers' substantial investment in, and dependence upon, traditional circuit-switched technology, their transition to the new public network will be gradual. During this transition, an immediate opportunity exists to reduce the burden on overloaded and expensive circuit-switched resources. Internet offload will allow modem-connected Internet calls to be identified and diverted from the circuit-switched network to the packet network, thus optimizing use of valuable network bandwidth.

With \$45 billion spent on traditional circuit switches in 1999, according to Synergy Research Group, a market research firm, the market opportunity for providers of voice infrastructure is significant. For example, spending on voice infrastructure products to enable just two applications in the new public network, VoIP and Internet offload, is projected to grow dramatically to \$19 billion in 2003.

REQUIREMENTS FOR VOICE INFRASTRUCTURE PRODUCTS FOR THE NEW PUBLIC NETWORK

Users demand high levels of quality and reliability from the public telephone network, and service providers require a cost-efficient network that enables new revenue-generating services. As a result, voice infrastructure products for the new public network must satisfy the following requirements:

CARRIER-CLASS PERFORMANCE. Because they operate complex, mission-critical networks, service providers have clear infrastructure requirements. These include extremely high reliability, quality and interoperability. For example, service providers typically require equipment that complies with their 99.999% availability standard.

SCALABILITY AND DENSITY. Infrastructure solutions for the new public network face challenging scalability requirements. Service providers' central offices typically support tens or even hundreds of thousands of simultaneous calls. In order to be economically attractive, the new infrastructure must compare favorably with existing networks in terms of cost per port, space occupied, power consumption and cooling requirements.

COMPATIBILITY WITH STANDARDS AND EXISTING INFRASTRUCTURE. New infrastructure equipment and software must support the full range of telephone network standards, including signaling protocols such as SS7 and various physical interfaces such as ISDN, primary rate interface, or PRI, and T1. It must also support data networking protocols such as Internet protocol, or IP, and asynchronous transfer mode, or ATM, as well as newer protocols such as H.323, IPDC and SIP. When operating, the new equipment and software cannot hinder, and ideally should enhance, the capabilities of the existing infrastructure, for example, by alleviating Internet access bottlenecks.

INTELLIGENT SOFTWARE IN AN OPEN AND FLEXIBLE PLATFORM. The architecture for the new public network will decouple the capabilities of traditional circuit-switching equipment into robust hardware elements and highly intelligent software platforms that provide control, signaling and service creation capabilities. This approach will transform the closed, proprietary circuit-switched public

telephone network into a flexible, open environment accessible to a wide range of software developers. Service providers and third-party vendors will be able to develop and implement new applications independent of switch vendors. Moreover, the proliferation of independent software providers promises to drive the creation of innovative voice and data services that could expand service provider revenues.

SIMPLE AND RAPID INSTALLATION, DEPLOYMENT AND SUPPORT. Infrastructure solutions must be easy to install, deploy, configure and manage. These attributes will enable rapid growth and effective management of dynamic and complex service provider networks.

THE SONUS SOLUTION

We develop, market and sell what we believe to be the first comprehensive suite of voice infrastructure products purpose-built for the deployment and management of voice and data services over the new public network. Our solution consists of four carrier-class products:

- the GSX9000 Open Services Switch;
- the PSX6000 SoftSwitch;
- the SGX2000 SS7 Signaling Gateway; and
- the System 9200 Internet offload solution.

These products are designed to offer high reliability, toll-quality voice, improved economics, interoperability, rapid deployment and an open architecture enabling the design and implementation of new services and applications. Our solution has been specifically designed to meet the requirements of the new public network. As shown in the following diagram, our products unite the voice and data networks, unleashing the potential of the new public network.

[Symmetric diagram with shaded cloud labeled "Packet Network" at the center. Aligned on the horizontal axis extending from each of the left and right sides of the "Packet Network" cloud is a box with caption reading "Sonus GSX9000 Open Services Switch" and a small cloud labeled "Public Telephone Network." Connected to the small cloud by bold lines are icons representing telephones and fax machines. Below the center "Packet Network" cloud and connected by bold lines are a stacked figure labeled "3rd Party Application Servers" and an icon representing a computer. Above the center "Packet Network" cloud on the left side is a small box labeled "Sonus SGX2000 SS7 Signaling Gateway" connected by a bold line. Above that box to the left, connected by a dotted line, is an oval labeled "SS7." Above the center "Packet Network" cloud on the right side is a small box labeled "Sonus PSX6000 SoftSwitch."]

CARRIER-CLASS PERFORMANCE. Our products are designed to offer the highest levels of quality, reliability and interoperability, including:

- full redundancy, enabling 99.999% availability;
- voice quality as good as, or superior to, today's circuit-switched network;
- system hardware designed for network equipment building standards, or NEBS, Level 3 compliance;
- a complete set of service features, addressing those found in the existing voice network and extending them to offer greater flexibility; and
- sophisticated network management and configuration capabilities.

COMPATIBILITY WITH STANDARDS AND EXISTING INFRASTRUCTURE. Our products are designed to be compatible with all applicable voice and data networking standards and interfaces, including:

- SS7 and other telephone network signaling protocols, including advanced services as well as simple call management and routing;
- IP, ATM, Ethernet and optical data networking standards;
- encoding, compression and call management standards including H.323, IPDC, SIP and others;
- voice coding standards such as G.711, and echo cancellation standard G.168; and
- all common interfaces, including T1, T3, E1 and PRI, and optical interfaces.

Our solution is designed to interface with legacy circuit-switching equipment, supporting the transparent flow of calls and other information between the circuit and packet networks. As a result, our products allow service providers to migrate to the new public network, while preserving their significant legacy infrastructure investments.

COST EFFECTIVENESS AND HIGH SCALABILITY. Our solution can be used to cost-effectively build packet-based switch configurations supporting a range from a few hundred calls to hundreds of thousands of simultaneous calls. In addition, the capital cost of our equipment is typically half that of traditional circuit-switched equipment. At the same time, our GSX9000 Open Services Switch offers unparalleled density, requires less than one-tenth of the space needed by circuit-switching implementations and requires significantly less power and cooling. This enables a significant reduction in expensive central office facilities' cost and allows service providers to deploy our equipment in locations where traditional circuit switches are not even an option given the limited space and environmental services.

The GSX9000 Open Services Switch can create central office space savings as shown below.

[Three dimensional diagram with a set of four rectangular bars parallel to one another and lined up evenly with caption reading "Traditional Circuit Switch (50,000 calls)." Depicted in front of the rectangular bars is a single, small, upright rectangular box labeled "Sonus GSX9000 Open Services Switch (50,000 calls)." Extending from each of the left and right sides of the small rectangular box back to the sides of the first of the four larger bars is a thin line.]

OPEN SOFTWARE ARCHITECTURE AND FLEXIBLE PLATFORM. Our Open Services Architecture, or OSA, is based on a software-centric design and a flexible platform, allowing rapid development of new products and services. For example, software intelligence in our System 9200 can detect Internet modem calls as they enter the network and divert them to remote access servers to be routed directly to a packet network. New services may be developed by us, by service providers or by any number of third parties including software developers and systems integrators. The OSA also facilitates the creation of services that were previously not possible on the circuit-switched network. In addition, we have partnered with a number of third-party application software developers to stimulate the growth of new applications available for our platform.

EASE OF INSTALLATION AND DEPLOYMENT. Our equipment and software can be installed and placed in service by our customers much more quickly than circuit-switching equipment. By offering comprehensive testing, configuration and management software, we expedite the deployment process as well as the ongoing management and operation of our products. We believe that typical installations of our solution require just weeks of time from product arrival to final testing, thereby reducing the cost of deployment and speeding the time to market for new services.

THE SONUS STRATEGY

Our objective is to be the primary supplier of voice infrastructure for the new public network. We intend to capitalize on our early technology and market lead to build the premier franchise in voice infrastructure solutions for the new public network. Principal elements of our strategy include:

LEVERAGE TECHNOLOGY LEADERSHIP TO ACHIEVE KEY SERVICE PROVIDER DESIGN WINS. As the first company to provide voice infrastructure for the new public network, we plan to achieve key design wins with market-leading service providers as they develop the architecture for their new voice networks. We expect service providers to select vendors that provide leading technology and the ability to maintain that technology leadership. Our equipment is an integral part of the network architecture, and achieving design wins will enable us to rapidly grow our business as these networks are deployed. We have already been awarded contracts by three major service providers: Global Crossing, Intermedia Communications and Williams Communications. Furthermore, by working closely with our customers as they deploy these networks, we will gain valuable knowledge regarding their requirements, positioning us to develop product enhancements and extensions that address evolving service provider needs.

EXPAND AND BROADEN OUR CUSTOMER BASE BY TARGETING SPECIFIC MARKET SEGMENTS. We plan to leverage our early success to penetrate new customer segments. We believe new and incumbent service providers will build the new public network at different rates. Initially, the new service providers, also called greenfield carriers, who are relatively unencumbered by legacy equipment, will be the most likely first purchasers of our equipment and software, as they compete aggressively with the incumbent service providers. Other newer entrants, such as competitive local exchange carriers, or CLEC's, and Internet service providers, or ISP's, are also likely to be early adopters of our products. As competitive service providers achieve greater market presence and leverage the lower costs and advanced services inherent in packet-switching technology, we believe incumbents will face further competitive pressure, increasing the likelihood that, and pace at which, they will adopt our products.

EXPAND OUR GLOBAL SALES, MARKETING, SUPPORT AND DISTRIBUTION CAPABILITIES. Becoming the primary supplier of voice infrastructure for the new public network will require a strong worldwide presence. We are rapidly expanding our sales, marketing, support and distribution capabilities to address this need. We have recently opened regional sales offices in the United States and a European headquarters in the United Kingdom. In addition, we plan to augment our global direct

sales effort with international distribution partners. As a carrier-class solution provider, we are making a significant investment in professional services and customer support.

GROW OUR BASE OF SOFTWARE APPLICATIONS AND DEVELOPMENT PARTNERS. We have established and promote the Open Services Partner Alliance, or OSPA, which brings together a broad range of development partners to provide our customers with a variety of advanced services and application options. This alliance includes more than twenty members that are enabling new IP-based enhanced services, call processing, billing, provisioning, network management and operations systems. We plan to expand this program to maximize the services available to our customers, and speed their time to market.

LEVERAGE OUR TECHNOLOGY PLATFORM FROM THE CORE OF THE NETWORK OUT TO THE ACCESS EDGE. Our robust and sophisticated technology platform has been designed to operate at the heart of the largest networks in the world. From a fundamental position in this trunking infrastructure, we plan to extend our reach by moving outward to the access segments of the network. For example, we have already announced our System 9200 Internet offload solution, a turnkey product that gives service providers a cost effective means to manage Internet data traffic. Over time, we plan to expand our product offerings into other high-growth areas, such as business and residential access. This approach will allow our customers to design and execute a coordinated migration and expansion strategy as they build entirely new networks or transition from their legacy circuit-switched infrastructure.

ACTIVELY CONTRIBUTE TO THE STANDARDS DEFINITION AND ADOPTION PROCESS. To advance our technology and market leadership, we will continue to actively lead and contribute to standards bodies such as the International Softswitch Consortium, the Internet Engineering Task Force and the International Telecommunications Union. The definition of standards for the new public network is in an early stage and we intend to drive these standards to meet the requirements for an open, accessible, scalable and powerful new public network infrastructure.

PURSUE STRATEGIC ACQUISITIONS AND ALLIANCES. We intend to expand our products and services through selected acquisitions and alliances. These may include acquisitions of complementary products, technologies and businesses that further enhance our technology leadership or product breadth. We also believe that allying with companies providing complementary products or services for the new public network will enable us to bring greater value to our customers and extend our lead over potential competitors.

PRODUCTS

GSX9000 OPEN SERVICES SWITCH

Our GSX9000 Open Services Switch enables voice traffic to be transported over packet networks. Its carrier-class hardware is designed to be NEBS Level 3 compliant and provide 99.999% availability, with no single point of failure, and offers optional full redundancy and full hot-swap capability. It is powered from -48VDC sources standard in central offices and attaches to the central office timing network. The basic building block of a GSX9000 is a shelf. Each shelf is 28" high, mounts in a standard 19" or 23" rack, and provides 16 slots for server and adapter

modules. The first 2 slots are reserved for management modules, while the other 14 slots may be used for any mix of other module types. It supports the following interfaces:

- T1;
 - T3;
 - E1;
 - OC3;
 - 100BaseT; and
 - OC12c/STM-4.
- [Diagram depicting a large box with caption reading "GSX9000 Open Services Switch." Detail on the face includes the Sonus logo in the upper left corner and a set of vertical slots.]

The GSX9000 is designed to deliver voice quality equal, or superior, to that of the public network. It is designed to support the G.711 approach used in circuit switches, and will deliver a number of other voice compression algorithms. It also is designed to provide world-class echo cancellation, conforming to the latest G.168 standard, on every circuit port. It automatically disables echo cancellation when it detects a modem signal. The GSX9000 is also designed to minimize delay, further enhancing perceived voice quality. The GSX9000 scales to the very large configurations required by major carriers. A single GSX9000 shelf can support up to 8,064 simultaneous calls. A single GSX9000 consisting of multiple shelves, can support 100,000 or more simultaneous calls. The GSX9000 is designed to operate with our PSX6000 SoftSwitch and with softswitches and network products offered by other vendors.

PSX6000 SOFTSWITCH

The PSX6000 SoftSwitch controls the operation of the GSX9000. It contains the service provider's specifications of the features to be used for each subscriber or group of subscribers, the available services and when to provide them, and the policies for routing calls across the packet core. The PSX6000 does not handle voice calls directly; instead, it controls a GSX9000 to implement the necessary services. The PSX6000 supports a broad range of carrier switching requirements and provides a platform upon which new services can be easily and quickly created and implemented. It allows carriers to deploy a circuit-switched, packet, or converged circuit/packet infrastructure with the capacity, reliability and intelligence that they require. Functions such as provisioning, service selection and routing can be centralized in a small number of PSX6000 SoftSwitches.

The PSX6000 can reside in a wide range of standard hardware platforms to fit any size network. It may be replicated as required for high availability or to support very high call processing requirements. The service provider can designate a primary softswitch to control each GSX9000 gateway. In case of a failure of the primary PSX6000, the GSX9000 will transparently transfer control to another PSX6000 without affecting calls.

We believe the PSX6000 has the flexibility to support the requirements of the full range of service providers. Typical applications include Internet offload, PRI switching, domestic and international direct dial, business direct access, virtual private networks, and toll/tandem switching. The PSX6000 also facilitates new applications and services, integrating enhanced applications on IP-based platforms similar to Internet Web servers.

SGX2000 SS7 SIGNALING GATEWAY

The Sonus SGX2000 SS7 Signaling Gateway offers carriers a comprehensive and cost-effective SS7 signaling solution that provides interconnection between the traditional public telephone network and elements of our Open Services Architecture. With the SGX2000, existing public telephone network voice switches can interact with the Sonus GSX9000 using the same signaling methods they would use with other circuit switches. This compatibility means that carriers can preserve their existing investment in infrastructure, and can offer their customers the full range of normal public telephone network services, such as 800 services and 1+ dialing in the new public network.

The SGX2000 also supports full access to SS7 service control points. Using the SGX2000, our products gain access to signal control processor-based applications such as 800 number translation and local number portability. This support allows service providers to preserve their application investment and ensure compatibility between applications common to both circuit and packet voice services. The SGX2000 supports up to 64 A-links to the SS7 network, and transports the SS7 messages to other network devices using IP protocols. The SGX2000 can be deployed in a redundant configuration, providing the performance and high availability required of a carrier-class SS7 solution.

SYSTEM 9200

Our System 9200 Internet offload solution is a turnkey product that allows local service providers, including CLEC's and ISP's, to more effectively handle the rapidly increasing amount of modem-originated Internet traffic traversing voice networks. The System 9200 is designed to divert Internet traffic from expensive circuit switches as calls enter the network, enabling service providers to improve network performance and significantly reduce network operating costs.

The System 9200 utilizes the technology delivered in the GSX9000, PSX6000 and SGX2000 to provide a smooth migration to packetized voice and data transport.

CUSTOMER SUPPORT AND PROFESSIONAL SERVICES

We believe our comprehensive technical customer support and professional services capabilities are an important element of our solution for customers. These services cover the full network lifecycle: planning; design; installation; and operations. We help our customers create or revise their business plans and design their networks and also provide the following:

- turnkey network installation services;
- 24-hour technical support; and
- educational services to customer personnel on the installation, operation and maintenance of our equipment.

We have established a technical assistance center at our headquarters in Westford, Massachusetts. The technical assistance center provides customers with periodic updates to our software and product documentation. We offer our customers a variety of service plans.

A key differentiator of our support activities is our professional services group, many members of which hold advanced technical degrees in electrical engineering or related disciplines. We offer a broad range of professional services, including sophisticated network deployment, assistance with logistics and project management support. We also maintain a customer support laboratory in which customers can test the utility of our products for their specific applications and in which they can gain an understanding of the applications enabled by the converged network.

CUSTOMERS

Our target customer base includes long distance carriers, local exchange carriers, Internet service providers, cable operators, international telephone companies and carriers that provide services to other carriers. We have shipped products to Global Crossing, Intermedia Communications, Lucent Technologies and Williams Communications, and to other customers and prospective customers. Currently, our customers are using our products in laboratory testing and internal trials.

SALES AND MARKETING

We sell our products through a direct sales force, distributors and resellers, including Nissho Electronics Corporation and Lucent Technologies. Lucent Technologies currently represents us as a sales agent for one of our customers, Global Crossing. In addition, we intend to establish relationships with selected original equipment manufacturers and other marketing partners in order to serve particular markets or geographies and provide our customers with opportunities to purchase our products in combination with related services and products. As of March 31, 2000, our sales and marketing organization consisted of 40 employees, of which 14 are located in our headquarters in Westford, Massachusetts, and 26 are located in sales and support offices around the United States and in the United Kingdom.

RESEARCH AND DEVELOPMENT

We believe that strong product development capabilities are essential to our strategy of enhancing our core technology, developing additional applications, incorporating that technology into new products and maintaining the comprehensiveness of our product and service offerings. Our research and development process is driven by the availability of new technology, market data and customer feedback. We have invested significant time and resources in creating a structured process for undertaking all product development projects.

We have assembled a team of highly skilled engineers with significant telecommunications and networking industry experience. Our engineers have experience in, and have been drawn, from leading computer data networking, telecommunications and multimedia companies. As of March 31, 2000, we had 110 employees responsible for research and development, of which 87 were software and quality assurance engineers and 23 were hardware engineers. Our engineering effort is focused on new applications and network access features, new network interfaces, improved scalability, quality, reliability and next generation technologies.

We have made, and intend to continue to make, a substantial investment in research and development. Research and development expenses were \$299,000 for the period from inception on August 7, 1997 to December 31, 1997, \$5.8 million for the year ended December 31, 1998, \$10.8 million for the year ended December 31, 1999 and \$4.8 million for the three months ended March 31, 2000.

COMPETITION

The market for voice infrastructure products for the new public network is intensely competitive, subject to rapid technological change and significantly affected by new product introductions and other market activities of industry participants. We expect competition to persist and intensify in the future. Our primary sources of competition include vendors of networking and telecommunications equipment, such as Cisco Systems, Lucent Technologies, Nortel Networks, Siemens and Tellabs, and private companies that have focused on our target market. In addition, Lucent Technologies, who currently represents us as a sales agent for one of our customers, Global Crossing, is also a direct competitor. Many of our competitors have significantly greater financial resources than we do.

and are able to devote greater resources to the development, promotion, sale and support of their products. In addition, many of our competitors have more extensive customer bases and broader customer relationships than we do, including relationships with our potential customers.

In order to compete effectively, we must deliver products that:

- provide extremely high network reliability and voice quality;
- scale easily and efficiently;
- interoperate with existing network designs and other vendors' equipment;
- provide effective network management;
- are accompanied by comprehensive customer support and professional services; and
- provide a cost-effective and space-efficient solution for service providers.

In addition, we believe that the ability to provide vendor-sponsored financing, which some of our competitors currently offer, is an important competitive factor in our market.

INTELLECTUAL PROPERTY

Our success and ability to compete are dependent on our ability to develop and maintain our technology and operate without infringing on the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect the proprietary aspects of our technology. These legal protections afford only limited protection for our technology. We presently have two patent applications pending in the United States and abroad and we cannot be certain that patents will be granted based on these or any other applications. We seek to protect our intellectual property by:

- protecting our source code for our software, documentation and other written materials under trade secret and copyright laws;
- licensing our software pursuant to signed license agreements, which impose restrictions on others' ability to use our software; and
- seeking to limit disclosure of our intellectual property by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements.

Due to rapid technological change, we believe that factors such as the technological and creative skills of our personnel, new product developments and enhancements to existing products are more important than the various legal protections of our technology to establishing and maintaining technology leadership.

We have incorporated third-party licensed technology into our current products. From time to time, we may be required to license additional technology from third parties to develop new products or product enhancements. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The inability to maintain or re-license any third-party licenses required in our current products, or to obtain any new third-party licenses to develop new products and product enhancements could require us to obtain substitute technology of lower quality or performance standards or at greater cost, and delay or prevent us from making these products or enhancements, any of which could seriously harm the competitiveness of our products.

MANUFACTURING

Currently, we outsource the manufacturing of our products. Our contract manufacturers provide comprehensive manufacturing services, including assembly of our products and procurement of

materials on our behalf. We perform final test and assembly at our facility to ensure that we meet our internal and external quality standards. We believe that outsourcing our manufacturing will enable us to conserve working capital, better adjust manufacturing volumes to meet changes in demand and more quickly deliver products. At present, we purchase products from our outside contract manufacturers on a purchase order basis. We may not be able to enter into long-term contracts with outside manufacturers on terms acceptable to us, if at all.

EMPLOYEES

As of March 31, 2000, we had a total of 198 employees, including 110 in research and development, 40 in sales and marketing, 22 in customer support and professional services, 18 in manufacturing and eight in finance and administration. Our employees are not represented by any collective bargaining unit. We believe our relations with our employees are good.

PROPERTIES

Our headquarters are currently located in a leased facility in Westford, Massachusetts, consisting of approximately 41,500 square feet under a lease that expires in 2004. In April 2000, we executed a lease for an additional facility in Littleton, Massachusetts consisting of approximately 23,000 square feet under a sublease that expires in 2003. We also lease short-term office space in Colorado and New Jersey. We believe our existing facilities are adequate for our current needs and that suitable additional space will be available as needed.

LEGAL PROCEEDINGS

We are not currently a party to any material litigation.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth our executive officers and directors, their respective ages and positions as of March 31, 2000:

NAME	AGE	POSITION
Rubin Gruber.....	55	Chairman of the Board of Directors
Hassan M. Ahmed.....	42	President, Chief Executive Officer and Director
Michael G. Hluchyj.....	45	Chief Technology Officer, Vice President and Secretary
Jeffrey Mayersohn.....	49	Vice President of Customer Support and Professional Services
Stephen J. Nill.....	48	Chief Financial Officer, Vice President of Finance and Administration and Treasurer
Gary A. Rogers.....	45	Vice President of Worldwide Sales and Marketing
Frank T. Winiarski.....	57	Vice President of Manufacturing
Kwok P. Wong.....	42	Vice President of Engineering
Edward T. Anderson (1).....	50	Director
Paul J. Ferri (1) (2).....	61	Director
Paul J. Severino (1) (2).....	53	Director

(1) Member of audit committee.

(2) Member of compensation committee.

RUBIN GRUBER is one of our founders and has been a Director since November 1997 and Chairman of our Board of Directors since November 1998. From November 1997 until November 1998, Mr. Gruber was our President. Before founding Sonus, Mr. Gruber was a founder of VideoServer, Inc., now Ezenia!, Inc., a manufacturer of videoconference network equipment and from February 1992 until September 1996 served as Vice President of Business Development. Previously, Mr. Gruber was a founder and served as President of both Cambridge Telecommunications, Inc., a manufacturer of networking equipment, and Davox Corporation, a developer of terminals supporting voice and data applications, and served as a Senior Vice President of Bolt, Beranek and Newman Communications Corporation, a subsidiary of Bolt, Beranek and Newman, Inc., a manufacturer of data communications equipment. Mr. Gruber also serves on the board of directors of the International Softswitch Consortium. Mr. Gruber holds a B.Sc. in mathematics from McGill University and a M.A. in mathematics from Wayne State University.

HASSAN M. AHMED has been our President and Chief Executive Officer and a member of our Board of Directors since November 1998. From July 1998 to November 1998, Mr. Ahmed was Executive Vice President and General Manager of the Core Switching Division of Ascend Communications, Inc., a provider of wide area network switches and access data networking equipment, and from July 1997 until July 1998 was a Vice President and General Manager of the Core Switching Division. From June 1995 to July 1997, Mr. Ahmed was Chief Technology Officer and Vice President of Engineering for Cascade Communications Corp., a provider of wide area network switches. From 1993 until June 1995, Mr. Ahmed was a founder and President of WaveAccess, Inc., a supplier of wireless communications. Prior to that, he was an Associate Professor at Boston University, Engineering Manager at Analog Devices, a chip manufacturer, and director of VSLI Systems at Motorola Codex, a supplier of communications equipment. Mr. Ahmed

holds a B.S. and M.S. in engineering from Carleton University and a Ph.D. in engineering from Stanford University.

MICHAEL G. HLUCHYJ is one of our founders and has been our Chief Technology Officer and Vice President since November 1997. He also has been our Secretary since our inception, our President from August 1997 to November 1997, our Treasurer from inception until March 2000 and a Director from our inception until November 1998. From July 1994 until July 1997, he was Vice President and Chief Technology Officer at Summa Four, Inc., a supplier of switches for carrier networks. Previously, he was Director of Networking Research at Motorola Codex and on the technical staff at AT&T Bell Laboratories. Mr. Hluchyj holds a B.S. degree in engineering from the University of Massachusetts, and M.S. and Ph.D. degrees in engineering from the Massachusetts Institute of Technology.

JEFFREY MAYERSOHN has been our Vice President of Customer Support and Professional Services since July 1999. From March 1998 until July 1999, he was our Vice President of Carrier Relations. From June 1997 to March 1998, Mr. Mayersohn was a Senior Vice President at GTE Internetworking, an Internet service provider. From January 1995 to June 1997, he was with BBN Corporation, formerly Bolt, Beranek and Newman, Inc., and was a Vice President at the BBN Planet division, an Internet service provider. From 1978 to January 1995, he held a number of positions at Bolt, Beranek and Newman Communications Corporation, including Senior Vice President of Engineering, Senior Vice President responsible for U.S. Government Networks and Vice President of Professional Services. Mr. Mayersohn holds an A.B. in physics from Harvard College and a M.Phil. in physics from Yale University.

STEPHEN J. NILL has been our Chief Financial Officer and Vice President of Finance and Administration since September 1999 and our Treasurer since March 2000. From June 1994 until August 1999, he was Vice President of Finance and Chief Financial Officer of VideoServer, Inc., now Ezenia!, Inc. Previously, he served at Lotus Development Corporation, a software supplier, as Corporate Controller and Chief Accounting Officer. Prior to that, Mr. Nill held various financial positions with Computervision, Inc., a supplier of workstation-based software, International Business Machines Corporation and Arthur Andersen LLP. Mr. Nill has a B.A. in accounting from New Mexico State University and a M.B.A. from Harvard University.

GARY A. ROGERS has been our Vice President of Worldwide Sales and Marketing since March 1999. From February 1997 to March 1999, Mr. Rogers was Senior Vice President of Worldwide Sales and Operations at Security Dynamics, Inc., now RSA Security, Inc., a supplier of network security products. Previously, he served at Bay Networks, Inc., a provider of Internetworking communications products, as Vice President of International Sales from July 1996 to February 1997 and as Vice President of Europe, Middle East and Africa from 1994 until July 1996. Prior to that, he held sales and marketing positions with International Business Machines Corporation. Mr. Rogers holds a B.S. degree in mathematics from Dartmouth College and a M.B.A. from the University of Chicago.

FRANK T. WINIARSKI has been our Vice President of Manufacturing since July 1998. From June 1997 until June 1998, he was Vice President of Manufacturing at Net2Net, Inc., a supplier of network analyzers. From June 1992 until June 1997, he was Vice President of Manufacturing at VideoServer, Inc., now Ezenia!, Inc. Previously, Mr. Winiarski was Vice President of Manufacturing at Synernetics, a supplier of local area networks, Vice President of Operations at Ashton-Tate Corporation, a software supplier, and held various positions with Digital Equipment Corporation, a computer equipment manufacturer. He holds a B.S. in engineering from the University of Idaho and a M.B.A. from Boston University.

KWOK P. WONG is one of our founders and has been our Vice President of Engineering since November 1997. From 1991 to November 1997, he was director of software development at

VideoServer, Inc., now Ezenia!, Inc. Previously, Mr. Wong was Manager of Systems Networks Architecture at Bolt, Beranek and Newman Communications Corporation and was a software engineer at Davox Corporation. Mr. Wong has a B.S. in engineering and a M.S. in computer science from Northeastern University.

EDWARD T. ANDERSON has been a Director since November 1997. Mr. Anderson has been managing general partner of North Bridge Venture Partners, a venture capital firm, since 1994. Previously, he was a general partner for ABS Ventures, the venture capital affiliate of Alex Brown & Sons. He also serves on the board of directors of Arrowpoint Communications, Inc. He has a M.F.A. from the University of Denver and a M.B.A. from Columbia University.

PAUL J. FERRI has been a Director since November 1997. Mr. Ferri has been a general partner of Matrix Partners, a venture capital firm, since 1982. He also serves on the board of directors of Applix, Inc., Arrowpoint Communications, Inc. and Sycamore Networks, Inc. Mr. Ferri has a B.S. in engineering from Cornell University, a M.S. in engineering from Polytechnic Institute of New York and a M.B.A. from Columbia University.

PAUL J. SEVERINO has been a Director since March 1999. Mr. Severino is a private investor. He has been Chairman of NetCentric Corporation, a provider of Internet telephony applications since January 1998 and was Acting Chief Executive Officer from January 1998 to March 1999. From November 1996 until January 1998, Mr. Severino was a private investor. From 1994 to October 1996, he was Chairman of Bay Networks, Inc. after its formation from the merger of Wellfleet Communications, Inc. and Synoptics Communications, Inc. Prior to that, he was a founder, President and Chief Executive Officer of Wellfleet Communications, Inc. He also serves on the board of directors of Interspeed, Inc., MCK Communications, Inc., Media 100, Inc., and Silverstream Software, Inc. Mr. Severino has a B.S. in engineering from Rensselaer Polytechnic Institute.

Each executive officer serves at the discretion of the board of directors and holds office until his or her successor is elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers. Each of the directors serves on the board of directors pursuant to the terms of an agreement that will terminate upon the closing of this offering.

ELECTION OF DIRECTORS

Following this offering, the board of directors will be divided into three classes, with members of each class serving for a staggered three-year term. Messrs. Ferri and Gruber will serve in the class whose term expires in 2001; Messrs. Ahmed and Severino will serve in the class whose term expires in 2002; and Mr. Anderson will serve in the class whose term expires in 2003. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires.

COMPENSATION OF DIRECTORS

We reimburse directors for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors. See "Certain Transactions--Common Stock and Option Issuances" and "Management--Benefit Plans; 1997 Stock Incentive Plan."

BOARD COMMITTEES

The board of directors has established a compensation committee and an audit committee. The compensation committee, which consists of Messrs. Ferri and Severino, reviews executive salaries, administers bonuses, incentive compensation and stock plans, and approves the salaries

and other benefits of our executive officers. In addition, the compensation committee consults with our management regarding our benefit plans and compensation policies and practices.

The audit committee, which consists of Messrs. Anderson, Ferri and Severino, reviews the professional services provided by our independent accountants, the independence of our accountants from our management, our annual financial statements and our system of internal accounting controls. The audit committee also reviews other matters with respect to our accounting, auditing and financial reporting practices and procedures as it may find appropriate or may be brought to its attention.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Prior to the appointment of the compensation committee, our full board of directors, which includes Messrs. Gruber and Ahmed, was responsible for the functions of a compensation committee. Messrs. Gruber and Ahmed did not participate in deliberations regarding their own compensation. No interlocking relationship exists between any member of our board of directors or our compensation committee and any member of the board of directors or compensation committee of any other company, and none of these interlocking relationships have existed in the past.

Messrs. Ferri and Severino are the members of our compensation committee. Neither Mr. Ferri nor Mr. Severino is an executive officer of Sonus, nor has either received any compensation from us within the last three years other than in his capacity as a director.

Since November 1997, we have issued and sold shares of Series A, Series B, Series C and Series D redeemable convertible preferred stock. Matrix Partners and affiliated entities hold 2,100,000 shares of our Series A preferred stock, 600,000 shares of our Series B preferred stock and 230,266 shares of our Series C preferred stock. Mr. Ferri is a general partner of Matrix Partners V Management Co., L.L.C., the general partner of the Matrix Partners entities that hold the preferred stock. Mr. Severino also purchased 50,000 shares of Series B preferred stock and 4,264 shares of Series C preferred stock. In addition, we sold 87,500 shares of common stock to Mr. Severino in April 1999. In March 2000, both Messrs. Ferri and Severino each purchased 10,000 shares of common stock under our 1997 Stock Incentive Plan. See "Certain Transactions."

EXECUTIVE COMPENSATION

The following table sets forth, for the year ended December 31, 1999, the compensation earned by:

- our Chairman of the Board of Directors;
- our Chief Executive Officer; and
- the other three most highly compensated executive officers who received annual compensation in excess of \$100,000.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION		ALL OTHER COMPENSATION	LONG-TERM COMPENSATION AWARDS
	SALARY	BONUS		RESTRICTED STOCK AWARDS (3)
Rubin Gruber Chairman of the Board of Directors.....	\$150,000	\$ --	\$ --	\$ --
Hassan M. Ahmed President and Chief Executive Officer.....	186,417	75,000	--	--
Michael G. Hluchyj Chief Technology Officer, Vice President and Secretary.....	150,000	--	--	--
Jeffrey Mayersohn Vice President of Customer Support and Professional Services.....	150,000	--	--	--
Gary A. Rogers Vice President of Worldwide Sales and Marketing.....	111,371(1)	--	99,107(2)	0(4)

(1) Represents the total amount of compensation Mr. Rogers received in fiscal 1999 for the portion of the year during which he was one of our executive officers. Mr. Rogers joined us in March 1999.

(2) Represents commission income.

(3) On December 31, 1999, the remaining number of shares of restricted common stock held by the above executive officers that had not vested and the value of this stock as of December 31, 1999, was as follows: Mr. Gruber: 908,124 shares, \$18,158,848; Mr. Ahmed: 2,031,805 shares, \$40,432,920; Mr. Hluchyj: 1,084,219 shares, \$21,683,930; Mr. Mayersohn: 487,499 shares, \$9,740,230; and Mr. Rogers: 625,000 shares, \$12,375,000. The value is based on the mid-point of the estimated public offering price range set forth on the cover page of this prospectus less the purchase price paid. The holders of these shares of restricted common stock will be entitled to receive any dividends we pay on our common stock.

(4) In April 1999, we sold 625,000 shares of restricted common stock to Mr. Rogers, subject to our right to repurchase at \$0.20 per share, the then current fair market value of the common stock as determined by our board of directors. Our repurchase right lapses 20% one year from the date Mr. Rogers commenced employment and thereafter lapses an additional 1.6667% of the shares for each month of employment. There was no public trading market for the common stock in April 1999. Our board of directors determined the market value of the common stock based on various factors including the illiquid nature of an investment in our common stock, our historical performance, the preferences, including liquidation and redemption of our outstanding redeemable convertible preferred stock, our future prospects and the price for securities sold in arms' length issuances to third parties.

BENEFIT PLANS

1997 STOCK INCENTIVE PLAN

In November 1997, our board of directors approved our 1997 Stock Incentive Plan, which was amended in November 1998, October 1999 and March 2000. The initial adoption of the plan and each of its amendments were subsequently approved by our stockholders. Our 1997 Stock Incentive Plan provides for the grant of incentive stock options, non-qualified stock options,

restricted common stock awards and common stock grants to our employees, directors and consultants.

In March 2000, our stockholders approved an amendment to increase the maximum number of shares of common stock reserved for issuance under our 1997 plan to 27,000,000. This maximum number of shares will increase, effective as of January 1, 2001 and each January 1 thereafter during the term of the plan, by an additional number of shares of common stock in an amount equal to the lesser of (1) 5% of the total number of shares of common stock issued and outstanding as of the close of business on December 31 of the preceding year or (2) a number of shares determined by our board of directors. However, no more than an aggregate of 27,000,000 shares will be available for incentive stock options during the life of the 1997 plan. As of May 15, 2000, we had granted options for the purchase of 3,641,160 shares of common stock and issued 14,500,968 shares of restricted common stock, and had 8,549,679 shares remaining available for future grant under the 1997 plan.

Our board of directors has authorized the compensation committee to administer our 1997 plan, including the granting of options and restricted common stock to our executive officers. Subject to any applicable limitations contained in our 1997 plan, our board of directors, our compensation committee or executive officers to whom our board of directors delegates authority, as the case may be, selects the recipients of awards and determines:

- the number of shares of common stock covered by options and the dates upon which any option grants vest and become exercisable;
- the exercise price of options;
- the duration of options; and
- the number of shares of common stock subject to any restricted stock or other stock awards and the terms and conditions of these awards, including the conditions for repurchase, issue price and repurchase price.

Generally, options and restricted common stock under the 1997 plan vest over four to five year periods from the date of grant. In the event of a merger, consolidation or other acquisition event resulting in a change in control of Sonus, outstanding options and restricted common stock will accelerate in vesting by 12 months. Our board of directors may in its discretion accelerate the vesting of any options or restricted grant at any time. The vesting of restricted common stock granted to some of our executive officers will fully accelerate upon a change in control. Upon a change in control, the acquiring or successor corporation may assume or make substitutions for options or restricted common stock outstanding under our 1997 plan.

The board of directors may amend, modify, suspend or terminate our 1997 plan at any time, subject to applicable law and the rights of holders of outstanding options and restricted common stock awards. Our 1997 plan will terminate in November 2007, unless the board of directors terminates it prior to that time.

2000 EMPLOYEE STOCK PURCHASE PLAN

Our 2000 Employee Stock Purchase Plan was adopted by our board of directors in March 2000, and our stockholders approved the purchase plan in May 2000. The purchase plan authorizes the issuance of up to a total of 1,200,000 shares of our common stock to participating employees. This number of shares will increase, effective as of January 1, 2001 and each January 1 thereafter during the term of the plan, by an additional number of shares of common stock in an amount equal to the lesser of (1) 2% of the total number of shares of common stock issued and outstanding as of the close of business on December 31 of the preceding year or (2) a number of

shares determined by our board of directors. However, no more than an aggregate of 25,000,000 shares will be available for the grant of options during the life of the plan. Unless terminated earlier by our board of directors, the purchase plan shall terminate in May 2020.

The employee stock purchase plan, which is intended to qualify under Section 423 of the Internal Revenue Code, will be implemented by a series of overlapping 24-month offering periods. New offering periods, other than the first offering period, are expected to commence on February 1 and August 1 of each year. Each offering period will generally consist of four consecutive six-month purchase periods, and at the end of each six-month period an automatic purchase will be made for participants. The initial offering and initial purchase periods are expected to commence on the date of this offering. The 2000 employee stock purchase plan will be administered by the board of directors or by a committee appointed by the board. Employees of ours, or of any majority-owned subsidiary designated by the board, are eligible to participate if we or any subsidiary employs them for at least 20 hours per week and more than five months per year. Eligible employees may purchase common stock through payroll deductions, which in any event may not exceed 20% of an employee's compensation, at a price equal to the lower of 85% of the fair market value of the common stock at the beginning of each offering period or at the end of each purchase period. Employees may end their participation in the 2000 employee stock purchase plan at any time during an offering period and participation ends automatically on termination of employment.

Under the 2000 employee stock purchase plan, no employee shall be granted an option under the plan if immediately after the grant the employee would own stock and/or hold outstanding options to purchase stock equaling 5% or more of the total voting power or value of all classes of our stock. In addition, no employee shall be granted an option under the 2000 employee stock purchase plan if the option would permit the employee to purchase stock under all of our employee stock purchase plans in an amount that exceeds \$25,000 of fair market value for each calendar year in which the option is outstanding at any time. In addition, no employee may purchase more than 2,500 shares of common stock under the 2000 employee stock purchase plan in any one purchase period. If the fair market value of the common stock on a purchase date other than the final purchase date of an offering is less than the fair market value at the beginning of the offering period, each participant shall automatically be withdrawn from the offering period as of the purchase date and re-enrolled in a new 24 month offering period beginning on the first business day following the purchase date.

In the event of a merger, consolidation or other acquisition event resulting in any change of control of Sonus, each right to purchase stock under the 2000 employee stock purchase plan will be assumed or an equivalent right will be substituted by the successor corporation. Our board of directors will shorten any ongoing offering period, however, so that employees' rights to purchase stock under the 2000 employee stock purchase plan are exercised prior to the transaction in the event that the successor corporation refuses to assume each purchase right or to substitute an equivalent right. The board of directors has the power to amend or terminate the 2000 employee stock purchase plan and to change or terminate offering periods as long as any action does not adversely affect any outstanding rights to purchase stock. Our board of directors may amend or terminate the 2000 employee stock purchase plan or an offering period even if it would adversely affect outstanding options in order to avoid us incurring adverse accounting charges. We have not issued any shares under the 2000 employee stock purchase plan to date.

401(K) PLAN

On February 27, 1998, we adopted an employee savings and retirement plan, qualified under Section 401(a) of the Internal Revenue Code, covering all of our employees. Pursuant to the 401(k) plan, employees may elect to reduce their current compensation by up to the statutorily prescribed annual limit and have the amount of the reduction contributed to the 401(k) plan. We may make matching or additional contributions to the 401(k) plan in amounts to be determined annually by our board of directors. We have made no contributions to the 401(k) plan to date.

CERTAIN TRANSACTIONS

PREFERRED STOCK ISSUANCES

Since November 1997, we have issued and sold shares of Series A, Series B and Series C redeemable convertible preferred stock to the following persons and entities who are our executive officers, directors or 5% or greater stockholders. Upon the closing of this offering, each share of Series A, Series B and Series C redeemable convertible preferred stock will automatically convert into 2.5 shares of common stock. For more detail on shares to be held by these purchasers after conversion, see "Principal Stockholders."

INVESTOR	SERIES A PREFERRED STOCK	SERIES B PREFERRED STOCK	SERIES C PREFERRED STOCK
Matrix Partners and affiliated entities (1).....	2,100,000	600,000	230,266
North Bridge Venture Partners and affiliated entities (2).....	2,100,000	600,000	230,266
Charles River Ventures and affiliated entities.....	2,100,000	600,000	230,265
Bedrock Capital Partners and affiliated entities.....	275,000	1,180,000	124,088
Paul J. Severino.....	--	50,000	4,264
Rubin Gruber.....	25,000	--	--
Kwok P. Wong.....	25,000	--	--
Michael G. Hluchyj.....	20,000	--	--
Frank T. Winiarski.....	--	10,000	853

(1) Composed of Matrix Partners V, L.P. and Matrix V Entrepreneurs Fund, L.P. with the general partner being Matrix V Management Co., L.L.C. Paul J. Ferri, one of our directors, is a general partner of Matrix V Management Co., L.L.C.

(2) Composed of North Bridge Venture Partners II, L.P. and North Bridge Venture Partners III, L.P. with the general partners being North Bridge Venture Management II, L.P. and North Bridge Venture Management III, L.P. Edward T. Anderson, one of our directors, is a general partner of North Bridge Venture Management II and III, L.P.

SERIES A FINANCING. In November 1997 and July 1998, we issued an aggregate of 7,180,000 shares of Series A preferred stock to investors, including Rubin Gruber, Kwok P. Wong, Michael G. Hluchyj, and entities affiliated with Matrix Partners, North Bridge Venture Partners, Charles River Ventures and Bedrock Capital Partners. The per share purchase price for our Series A preferred stock was \$1.00.

SERIES B FINANCING. In September and December 1998, and May 1999, we issued an aggregate of 3,204,287 shares of Series B preferred stock to investors, including Paul J. Severino, Frank T. Winiarski, and entities affiliated with Matrix Partners, North Bridge Venture Partners, Charles River Ventures and Bedrock Capital Partners. The per share purchase price for our Series B preferred stock was \$5.00.

SERIES C FINANCING. In September, November and December 1999, we issued an aggregate of 1,939,681 shares of Series C preferred stock to investors, including Paul J. Severino, Frank T. Winiarski, and entities affiliated with Matrix Partners, North Bridge Venture Partners, Charles River Ventures and Bedrock Capital Partners. The per share purchase price for our Series C preferred stock was \$11.81.

SERIES D FINANCING. In March 2000, we issued an aggregate of 1,509,154 shares of Series D preferred stock to investors, which did not include any officer, director or 5% or greater stockholder of Sonus. Upon the closing of this offering, each share of Series D preferred stock will automatically

convert into one share of common stock. The per share purchase price for our Series D preferred stock was \$16.40.

COMMON STOCK AND OPTION ISSUANCES

The following table presents information regarding our issuances of common stock to some of our executive officers. We issued the shares of common stock set forth below in the table pursuant to stock restriction agreements with each of the executive officers that give us rights to repurchase all or a portion of the shares at their original purchase price in the event the officer ceases to be our employee. Some of these stock restriction agreements prohibit us from repurchasing some or all of the shares following a change in control of Sonus.

NAME	DATE OF ISSUANCE	NUMBER OF RESTRICTED SHARES PURCHASED	AGGREGATE PURCHASE PRICE
Rubin Gruber.....	11/10/97	3,212,499	\$ 12,850
Hassan M. Ahmed.....	11/4/98	3,212,499	321,250
Michael G. Hluchyj.....	8/26/97	2,409,375	1,000
Jeffrey Mayersohn.....	4/14/98	749,999	15,000
Gary A. Rogers.....	4/30/99	625,000	125,000
Stephen J. Nill.....	9/1/99	562,500	112,500

Other executive officers have purchased shares of common stock pursuant to similar stock restriction agreements for aggregate purchase prices that did not exceed \$60,000 for any one executive officer. The repurchase right generally lapses as to 20% of the shares approximately one year from the hire date of the executive officer and thereafter lapses as to an additional 1.6667% of the shares for each month of employment completed by the executive officer.

In April 1999, we issued 87,500 shares of common stock for \$17,500 to Paul J. Severino, one of our directors. See "Certain Transactions-Preferred Stock Issuances" for additional issuances of stock to Mr. Severino.

In March 2000, we granted options to purchase shares of our common stock or the right to purchase restricted common stock to our executive officers and non-employee directors, under our 1997 Stock Incentive Plan, each at a price of \$10.00 per share, as listed below:

NAME	NUMBER OF OPTIONS GRANTED	NUMBER OF RESTRICTED SHARES PURCHASED
Rubin Gruber.....	296,000	25,000
Hassan M. Ahmed.....	271,000	50,000
Michael G. Hluchyj.....	241,000	--
Kwok P. Wong.....	98,000	50,000
Jeffrey Mayersohn.....	56,250	18,750
Gary A. Rogers.....	13,000	50,000
Stephen J. Nill.....	46,000	10,000
Frank T. Winiarski.....	--	25,000
Edward T. Andersen.....	--	10,000
Paul J. Ferri.....	--	10,000
Paul J. Severino.....	--	10,000

These options vest, and the restrictions on the common stock lapse, over a four year period with 25% of the aggregate number of options and restricted shares vesting, or being released from

restrictions, on March 9, 2001 and monthly thereafter at the rate of 2.0833% for each month of employment or service completed by the executive officer or non-employee director.

Kwok P. Wong, our Vice President of Engineering, and members of his immediate family may acquire up to 8,000 shares of our common stock through participation in our directed share program.

AGREEMENTS WITH EXECUTIVE OFFICERS

On November 4, 1998, in connection with the issuance of restricted common stock, we loaned \$257,000 to Hassan M. Ahmed, our President and Chief Executive Officer. The loan is secured by 2,570,000 shares of our restricted common stock and bears interest at 8% per year. The loan is due upon the earlier of November 4, 2003 or 180 days after his shares are eligible for public sale. As of April 10, 2000, the aggregate amount of principal and interest outstanding under Mr. Ahmed's loan was approximately \$265,000, and the largest amount outstanding to date was approximately \$279,000.

The Company has agreed to pay Mr. Ahmed a \$275,000 bonus upon the closing of this offering or upon a merger, consolidation or other acquisition event resulting in any change of control of Sonus for a minimum purchase price of \$100 million.

On September 1, 1999, in connection with the issuance of restricted common stock, we loaned \$110,250 to Stephen J. Nill, our Chief Financial Officer, Vice President of Finance and Administration and Treasurer. The loan is secured by 562,500 shares of his common stock and is a full recourse note, which bears interest at 8% per year. The loan is due upon the earlier of September 1, 2004 or 180 days after his shares are eligible for public sale. As of April 10, 2000, the aggregate amount of principal and interest outstanding under Mr. Nill's loan was approximately \$115,000, which is also the largest amount outstanding to date.

We believe that all of the transactions set forth above were made on terms no less favorable to us than could have been obtained from unaffiliated third parties. All future transactions, including loans between us and our officers, directors, principal stockholders and their affiliates will be approved by a majority of the board of directors, including a majority of the independent and disinterested directors on the board of directors, and will be on terms no less favorable to us than could be obtained from unaffiliated third parties.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of May 15, 2000 and as adjusted to reflect the sale of our common stock offered in this prospectus by:

- each person who beneficially owns more than 5% of the outstanding shares of our common stock;
- each of our executive officers listed in the Summary Compensation Table;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and includes voting and investment power with respect to shares. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law.

The number of shares of common stock deemed outstanding prior to this offering includes 55,420,966 shares of common stock outstanding as of May 15, 2000, assuming conversion of all outstanding shares of redeemable convertible preferred stock into common stock. The number of shares of common stock deemed outstanding after this offering includes the 5,000,000 shares that are being offered for sale by us in this offering. Unless otherwise indicated below, the address of each listed stockholder is care of Sonus Networks, Inc., 5 Carlisle Road, Westford, Massachusetts 01886.

NAME OF BENEFICIAL OWNER -----	NUMBER OF SHARES BENEFICIALLY OWNED -----	PERCENTAGE OF COMMON STOCK -----	
		BEFORE OFFERING	AFTER OFFERING
Paul J. Ferri (1).....	7,335,664	13.2%	12.1%
Matrix Partners and affiliated entities (2).....	7,325,664	13.2	12.1
Edward T. Anderson (3).....	7,335,664	13.2	12.1
North Bridge Venture Partners and affiliated entities (4).....	7,325,664	13.2	12.1
Charles River Ventures and affiliated entities (5).....	7,325,661	13.2	12.1
Bedrock Capital Partners and affiliated entities (6).....	3,947,718	7.1	6.5
Hassan M. Ahmed (7).....	3,227,999	5.8	5.3
Michael G. Hluchyj (8).....	2,317,375	4.2	3.8
Rubin Gruber (9).....	1,339,916	2.4	2.2
Jeffrey Mayersohn (10).....	697,999	1.3	1.2
Gary A. Rogers (11).....	667,000	1.2	1.1
Paul J. Severino (12).....	163,160	*	*
All executive officers and directors as a group (11 persons)(13).....	25,499,015	46.0	42.2

* Less than 1% of the outstanding common stock.

(1) Composed of 6,593,097 shares held by Matrix Partners V, L.P., 732,567 shares held by Matrix V Entrepreneurs Fund, L.P. and includes 10,000 shares which are subject to our right to repurchase at cost if Mr. Ferri ceases to serve as one of our directors. Matrix V Management Co., L.L.C. is the general partner of the aforementioned entities. Paul J. Ferri is a director of Sonus and is a general partner of Matrix V Management Co., L.L.C. Mr. Ferri disclaims

beneficial ownership of the shares held by these entities except to the extent of his proportionate pecuniary interest therein. Mr. Ferri, by virtue of his management position in the Matrix entities, has sole voting and dispositive power with respect to the shares owned by Matrix Partners V, L.P. and Matrix V Entrepreneurs Fund, L.P. The address of Mr. Ferri is in care of Matrix V Management Co., L.L.C., 1000 Winter Street, Suite 4500, Waltham, MA 02451.

- (2) Composed of 6,593,097 shares held by Matrix Partners V, L.P. and 732,567 shares held by Matrix V Entrepreneurs Fund, L.P. Matrix V Management Co., L.L.C. is the general partner of the aforementioned entities. Mr. Ferri, by virtue of his management position in the Matrix entities, has sole voting and dispositive power with respect to the shares owned by Matrix Partners V, L.P. and Matrix V Entrepreneurs Fund, L.P. The address of Matrix Partners and its affiliated entities is in care of Matrix V Management Co., L.L.C., 1000 Winter Street, Suite 4500, Waltham, MA 02451.
- (3) Composed of 6,300,017 shares held by North Bridge Venture Partners II, L.P., 1,025,647 shares held by North Bridge Venture Partners III, L.P. and includes 10,000 shares which are subject to our right to repurchase at cost if Mr. Andersen ceases to serve as one of our directors. The general partner for North Bridge Venture Partners II, L.P. is North Bridge Venture Management II, L.P., and for North Bridge Venture Partners III, L.P. is North Bridge Venture Management III, L.P. Edward T. Anderson is a director of Sonus, and is a general partner of both North Bridge Venture Management II and III, L.P. Mr. Anderson disclaims beneficial ownership of the shares held by these entities except to the extent of his proportionate pecuniary interest therein. Edward T. Andersen, William J. Geary, Richard D'Amore and Jeffrey P. McCarthy, by virtue of their management position in the North Bridge entities, each have voting and dispositive power with respect to the shares owned by North Bridge Venture Partners II, L.P. and North Bridge Venture Partners III, L.P. The address of Mr. Anderson is in care of North Bridge Venture Management II and III, L.P., 950 Winter Street, Suite 4600, Waltham, MA 02451.
- (4) Composed of 6,300,017 shares held by North Bridge Venture Partners II, L.P. and 1,025,647 shares held by North Bridge Venture Partners III, L.P. The general partner for North Bridge Venture Partners II, L.P. is North Bridge Venture Management II, L.P., and for North Bridge Venture Partners III, L.P. is North Bridge Venture Management III, L.P. Edward T. Andersen, William J. Geary, Richard D'Amore and Jeffrey P. McCarthy, by virtue of their management position in the North Bridge entities, each have voting and dispositive power with respect to the shares owned by North Bridge Venture Partners II, L.P. and North Bridge Venture Partners III, L.P. The address of North Bridge Venture Partners and its affiliated entities is in care of North Bridge Venture Management II and III, L.P., 950 Winter Street, Suite 4600, Waltham, MA 02451.
- (5) Composed of 7,193,032 shares held by Charles River Partnership VIII, L.P. and 132,629 shares held by Charles River VIII-A LLC. Charles River Partnership VIII GP Limited Partnership is the general partner of the Charles River Partnership VIII, L.P. and Charles River Friends VIII, Inc. is the manager of Charles River VIII-A LLC. Richard M. Burnes, Jr., Michael J. Zak and Ted R. Dintersmith, by virtue of their management position in the Charles River entities, each have voting and dispositive power with respect to the shares owned by Charles River Partnership VIII, L.P. and Charles River VIII-A LLC. The address of Charles River Ventures and its affiliated entities is in care of Charles River VIII GP Limited Partnership, 1000 Winter Street, Suite 3300, Waltham, MA 02154.
- (6) Composed of 3,657,832 shares held by Bedrock Capital Partners I, L.P., 127,464 shares held by VBW Employee Bedrock Fund, and 162,422 shares held by Credit Suisse First Boston Bedrock Fund, L.P. Bedrock General Partner I, LLC is the general partner for these entities. James McLean, David Duval, Paul Brown and Jason Rosenbluth, by virtue of their management position in the Bedrock entities, each have voting and dispositive power with respect to the

shares owned by Bedrock Capital Partners I, L.P., Credit Suisse First Boston Bedrock Fund, L.P. and VBW Employee Bedrock Fund. The address of Bedrock Capital Partners and its affiliated entities is in care of Bedrock General Partner, I, L.L.C., One Boston Place, Suite 3310, Boston, MA 02108.

- (7) Includes 2,570,000 shares subject to a stock pledge agreement in favor of Sonus. Includes 2,264,249 shares that are subject to our right to repurchase at cost if Mr. Ahmed ceases to be employed by us. Includes 402,000 shares held by the Hassan and Aliya Family Trust and by his minor children, and 566,666 shares held by the 1999 Hassan M. Ahmed Generation Skipping Family Trust on behalf of his family. Mr. Ahmed disclaims beneficial ownership of the shares held by these trusts.
- (8) Includes 874,207 shares that are subject to our right to repurchase at cost if Mr. Hluchyj ceases to be employed by us. Includes an aggregate of 705,000 shares held by the Michael G. and Theresa M. Hluchyj Family Trust and by his minor children. Mr. Hluchyj disclaims beneficial ownership of the shares held by the Michael G. and Theresa M. Hluchyj Family Trust and his minor children.
- (9) Includes 737,539 shares that are subject to our right to repurchase at cost if Mr. Gruber ceases to be employed by us.
- (10) Includes 435,576 shares that are subject to our right to repurchase at cost if Mr. Mayersohn ceases to be employed by us. Includes 181,817 shares held by the Mayersohn Seamonson Family Irrevocable Trust-1999 on behalf of his minor children. Mr. Mayersohn disclaims beneficial ownership of the shares held by the Mayersohn Seamonson Family Irrevocable Trust-1999.
- (11) Includes 521,167 shares that are subject to our right to repurchase at cost if Mr. Rogers ceases to be employed by us. Includes 300,000 shares held by the Gary A. Rogers GRAT, and 4,000 shares held in trust for his minor children. Mr. Rogers disclaims beneficial ownership of the shares held by the Gary A. Rogers GRAT and trusts for his minor children.
- (12) Includes 10,000 shares that are subject to our right to repurchase at cost if Mr. Severino ceases to serve as one of our directors. Includes 17,000 shares for the benefit of Mr. Severino's minor child under the Massachusetts Uniform Transfer to Minors Act.
- (13) Includes 6,162,331 shares which are subject to our right to repurchase at cost if our executive officers cease to be employed by us or our directors cease to serve as directors. Includes 8,000 shares that an executive officer may acquire ownership of under our directed share program.

DESCRIPTION OF CAPITAL STOCK

GENERAL

After this offering, we will be authorized to issue 300,000,000 shares of common stock, \$0.001 par value, per share, and 5,000,000 shares of undesignated preferred stock, \$0.01 par value per share. As of May 15, 2000, there were 55,420,966 shares of common stock outstanding held by 746 stockholders of record, assuming conversion of all shares of the redeemable convertible preferred stock into common stock. Based on the number of shares outstanding as of that date and giving effect to the issuance of the 5,000,000 shares of common stock offered by us in this offering, there will be 60,420,966 shares of common stock outstanding upon the closing of the offering.

COMMON STOCK

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares voted can elect all of the directors then standing for election. Holders of common stock are entitled to receive ratably any dividends that may be declared by the board of directors out of legally available funds, subject to any preferential dividend rights of any outstanding preferred stock. Upon our liquidation, dissolution or winding up, the holders of common stock are entitled to receive ratably our net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of common stock are, and the shares offered by us in this offering will be upon receipt of payment for these shares, fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of shares of any series of preferred stock that we may designate and issue in the future without further stockholder approval. Upon the closing of this offering, there will be no shares of preferred stock outstanding.

PREFERRED STOCK

Upon the closing of this offering, our board of directors will be authorized without further stockholder approval to issue from time to time up to an aggregate of 5,000,000 shares of preferred stock in one or more series. The board of directors has discretion to fix or alter the designations, preferences, rights, qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, term of redemption including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of any series without further vote or action by the stockholders.

The purpose of authorizing the board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, a majority of our outstanding voting stock. We have no current plans to issue any shares of preferred stock.

DELAWARE LAW AND CHARTER AND BY-LAW PROVISIONS; ANTI-TAKEOVER EFFECTS

We are subject to the provisions of Section 203 of the General Corporation Law of Delaware. In general, the statute prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the

transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to some exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock.

Our amended and restated certificate of incorporation and amended and restated by-laws to be effective on the closing of this offering provide:

- that the board of directors be divided into three classes, as nearly equal in size as possible, with staggered three-year terms;
- that directors may be removed only for cause by the affirmative vote of the holders of at least 66 2/3% of the shares of our capital stock entitled to vote; and
- that any vacancy on the board of directors, however occurring, including a vacancy resulting from an enlargement of the board, may only be filled by vote of a majority of the directors then in office.

The classification of the board of directors and the limitations on the removal of directors and filling of vacancies could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, Sonus.

Our amended and restated certificate of incorporation and amended and restated by-laws also provide that, after the closing of this offering:

- any action required or permitted to be taken by the stockholders at an annual meeting or special meeting of stockholders may only be taken if it is properly brought before the meeting and may not be taken by written action in lieu of a meeting; and
- special meetings of the stockholders may only be called by the chairman of the board of directors, the president or by the board of directors.

Our amended and restated by-laws provide that, in order for any matter to be considered "properly brought" before a meeting, a stockholder must comply with requirements regarding advance notice to us. These provisions could delay until the next stockholders' meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities. These provisions may also discourage another person or entity from making a tender offer for our common stock, because the person or entity, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder, such as electing new directors or approving a merger, only at a duly called stockholders meeting, and not by written consent.

Delaware's corporation law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. Our amended and restated certificate of incorporation requires the affirmative vote of the holders of at least 66 2/3% of the shares of our capital stock entitled to vote to amend or repeal any of the provisions of our amended and restated certificate of incorporation described in the preceding paragraphs. Generally, our amended and restated by-laws may be amended or repealed by a majority vote of the board of directors or the holders of a majority of the shares of our capital stock issued and outstanding and entitled to vote. To amend our amended and restated by-laws regarding special meetings of stockholders, written actions of stockholders in lieu of a meeting and the election, removal and classification of members of the board of directors requires the affirmative vote of the holders of at least 66 2/3% of the shares of our capital stock entitled to vote. The stockholder vote would be in addition to any separate class vote

that might in the future be required pursuant to the terms of any series of preferred stock that might be outstanding at the time any of these amendments are submitted to stockholders.

LIMITATION OF LIABILITY AND INDEMNIFICATION

Our amended and restated certificate of incorporation provides that our directors and officers shall be indemnified by us to the fullest extent authorized by Delaware law. This indemnification would cover all expenses and liabilities reasonably incurred in connection with their services for or on behalf of us. In addition, our amended and restated certificate of incorporation provides that our directors will not be personally liable for monetary damages to us for breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to us or our stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper personal benefit from their action as directors.

REGISTRATION RIGHTS

After this offering, the holders of approximately 32,319,074 shares of common stock will be entitled to rights with respect to the registration of these shares under the Securities Act. Set forth below is a summary of the registration rights of the holders of our Series A preferred stock, Series B preferred stock, Series C preferred stock and Series D preferred stock, each of which will convert into common stock upon the closing of this offering.

DEMAND REGISTRATION RIGHTS. At any time after the earlier of November 18, 2000, or the closing of our initial public offering, the holders of 35% or more of the shares having registration rights may request that we register shares of common stock. We will be obligated to effect only two registrations pursuant to a demand request by holders of registrable shares.

We are not obligated to effect a registration 90 days prior to, and extending up to three months from the effective date of, the anticipated filing of the most recent company-initiated registration. We are also not required to effect a stockholder requested registration, if the requested registration of shares would adversely affect, to our material harm, any other activity in which we are then engaged. We may only delay stockholder initiated registrations once every twelve months.

PIGGYBACK REGISTRATION RIGHTS. Stockholders with registration rights have unlimited rights to request that shares be included in any company-initiated registration of common stock other than registrations of shares issued in connection with employee benefit plans, shares issued in connection with business combinations subject to Rule 145 under the Securities Act, convertible debt or other specified registrations. If the registration that we initiate involves an underwriting, however, we will not be obligated to register any shares unless the holders agree to the terms of the underwriting agreement. It may also be necessary, at the discretion of the lead underwriter, to limit the number of selling stockholders in the offering, as a result of which stockholders may only be able to register a pro rata number of registrable shares, if any.

FORM S-3 REGISTRATION RIGHTS. Once we have become eligible, under applicable securities laws, to file a registration statement on Form S-3, which will not be until at least 12 months after the closing of this offering, one or more stockholders may request that we file a registration statement on Form S-3, so long as the shares offered have an aggregate offering price of at least \$1,000,000 based on the public market price at the time of the request. We will be obligated to effect no more than three registrations pursuant to an S-3 request by holders of registration rights.

FUTURE GRANTS OF REGISTRATION RIGHTS. Without the consent of current stockholders owning at least 66 2/3% of the then outstanding registrable shares, we may not grant further registration rights that would be on more favorable terms than the existing registration rights.

TRANSFERABILITY. The registration rights are transferable upon transfer of registrable securities and notice by the holder to us of the transfer, provided that, in most cases, a specified minimum number of shares, as adjusted for splits, dividends, recapitalizations and similar events, are transferred and the transferee or assignee assumes the rights and obligations of the transferor of the shares.

TERMINATION. The registration rights will terminate as to any particular registrable securities on the date on which the shares are sold pursuant to a registration statement and are no longer subject to Rule 144 under the Securities Act. The piggyback registration rights will expire upon the third anniversary of this offering.

WAIVER. The holders of 32,301,281 shares of common stock entitled to the registration rights described above have agreed not to exercise these rights for a period of 180 days after the date of this prospectus.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for our common stock will be American Stock Transfer & Trust Company.

LISTING

We have filed an application for our common stock to be quoted on the Nasdaq National Market under the symbol "SONS".

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the offering, we will have 60,420,966 shares of common stock outstanding, or 61,170,966 shares if the underwriters' over-allotment option is exercised in full, in each case, assuming no exercise of options after May 15, 2000. Of this amount, the 5,000,000 shares offered by this prospectus will be available for immediate sale in the public market as of the date of this prospectus. The remaining 55,420,966 shares of common stock held by existing stockholders that will be outstanding after the offering will be "restricted securities" as defined in Rule 144 under the Securities Act, and may be sold in the future without registration under the Securities Act subject to compliance with the provisions of Rule 144, Rule 701 or any other applicable exemption under the Securities Act.

Approximately 51,025,000 shares will be available for sale in the public market 180 days after the date of this prospectus, subject in some cases to compliance with applicable stock restriction agreements and the volume and other limitations of Rule 144. See "Shares Eligible for Future Sale--Lock-Up Agreements."

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares, including shares attributed to them, for at least one year is entitled to sell within any three-month period commencing 90 days after the date of this prospectus a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock, which will be equal to approximately 604,000 shares immediately after the offering; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the sale, subject to the filing of a Form 144 with respect to the sale.

A person, or persons whose shares are aggregated, who is not deemed to have been an affiliate of Sonus at any time during the 90 days immediately preceding the sale and who has beneficially owned his or her shares for at least two years is entitled to sell these shares pursuant to Rule 144(k) without regard to the volume limitations described above. Persons deemed to be affiliates must always sell pursuant to Rule 144, even after the applicable holding periods have been satisfied.

We are unable to estimate the number of shares that will be sold under Rule 144, since this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Any future sale of substantial amounts of the common stock in the open market may adversely affect the market price of the common stock we are offering.

We have also agreed not to issue any shares during the 180 days after the date of this prospectus without the consent of the representatives of the underwriters, except that we may, without consent, issue or sell shares under our 1997 Stock Incentive Plan and 2000 Employee Stock Purchase Plan.

Any of our employees, consultants or advisors who purchased shares pursuant to a written compensatory plan or other agreement is entitled to rely on the resale provisions of Rule 701, which permits non-affiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144 and permits affiliates to sell their Rule 701 shares without having to comply with the Rule 144 holding period restrictions, in each case commencing 90 days after the date of this prospectus.

We intend to file a registration statement on Form S-8 under the Securities Act within 90 days after the completion of the offering to register the shares of common stock issued or reserved for future issuance under our 1997 Stock Incentive Plan, thus permitting the resale of these shares by non-affiliates in the public market without restriction under the Securities Act. As of May 15, 2000,

there were a total of approximately 18,142,128 shares of outstanding common stock and options to purchase shares of common stock under our 1997 Stock Incentive Plan.

In addition, some of our stockholders have registration rights with respect to 32,319,074 shares of common stock. Registration of these registrable shares under the Securities Act would result in those shares becoming freely tradeable without restriction under the Securities Act. See "Description of Capital Stock-Registration Rights."

LOCK-UP AGREEMENTS

Our officers, directors and stockholders holding an aggregate of 55,420,966 shares of our common stock have entered into lock-up agreements with the representatives of the underwriters or have agreed with Sonus to enter into lock-up agreements with the representatives. Optionholders having the right to acquire an aggregate of 3,641,160 shares of our common stock have also entered into lock-up agreements with the representatives or have agreed with Sonus to enter into lock-up agreements with the representatives. The lock-up agreements provide that these persons will not offer, sell, contract to sell, grant any option to purchase or otherwise dispose of our common stock or any securities exercisable for, or convertible into, our common stock for a period of 180 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co. The lock-up agreements do not generally restrict the transfer of shares of our common stock purchased under the directed share program in connection with this offering or in the open market following the date of this prospectus.

However, if the reported last sale price of our common stock on the Nasdaq National Market is greater than twice the initial public offering price per share for 20 of the 30 consecutive trading days ending on the last trading day preceding the 90(th) day after the date of this prospectus, then 15% of the securities subject to lock-up agreements as of the date of this prospectus will be released from the transfer restrictions of the lock-up agreements. The release of these securities will occur on the 90(th) day after the date of this prospectus.

In addition, if the reported last sale price of our common stock on the Nasdaq National Market is greater than twice the initial public offering price per share for 20 of the 30 consecutive trading days ending on the second trading day after the date of the public release of our operating results for the quarter ending September 30, 2000, an additional 25% of the securities subject to lock-up agreements as of the date of this prospectus will be released from the transfer restrictions of the lock-up agreements. The release of these securities will occur on the third trading day after the date of the public release of our operating results for the quarter ending September 30, 2000.

LEGAL MATTERS

The validity of the shares of common stock we are offering will be passed upon for us by Bingham Dana LLP, Boston, Massachusetts. As of May 15, 2000, partners at Bingham Dana LLP owned shares of Series A, Series B and Series C redeemable convertible preferred stock, which will convert into an aggregate of 87,210 shares of common stock upon the completion of this offering. The validity of the shares of common stock we are offering will be passed upon for the underwriters by Ropes & Gray, Boston, Massachusetts.

EXPERTS

The consolidated financial statements of Sonus Networks, Inc. as of December 31, 1998 and 1999 and for the period from inception (August 7, 1997) through December 31, 1997, and for the years ended December 31, 1998 and 1999 included in this prospectus and elsewhere in this registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in reliance upon the authority of said firm as experts in giving said report.

ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the shares to be sold in the offering. This prospectus does not contain all the information set forth in the registration statement. For further information with respect to us and the shares to be sold in the offering, reference is made to the registration statement and the exhibits and schedules attached to the registration statement. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended and will file annual, quarterly and current reports, proxy statements and other information with the Commission.

You may read and copy all or any portion of the registration statement or any reports, statements or other information that we file at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Commission. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our Commission filings, including the registration statement, are also available to you on the Commission's Web site at <http://www.SEC.GOV>.

UNDERWRITING

Sonus and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to the conditions in the underwriting agreement, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., FleetBoston Robertson Stephens Inc., J.P. Morgan Securities Inc. and Lehman Brothers Inc. are the representatives of the underwriters.

UNDERWRITERS	NUMBER OF SHARES
Goldman, Sachs & Co.	
FleetBoston Robertson Stephens Inc.	
J.P. Morgan Securities Inc.	
Lehman Brothers Inc.	
Total.....	5,000,000
	=====

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 750,000 shares from us to cover these sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by Sonus. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 750,000 additional shares.

	PAID BY SONUS	
	NO EXERCISE	FULL EXERCISE
Per Share.....	\$	\$
Total.....	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to \$ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

Sonus has agreed with the underwriters not to dispose of or hedge any of its common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. See "Shares Eligible for Future Sale" for a discussion of transfer restrictions.

Prior to this offering, there has been no public market for the common stock. The initial public offering price will be negotiated among Sonus and the representatives. Among the factors to be

considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to have common stock approved for quotation on the Nasdaq National Market under the symbol "SONS".

In connection with this offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. Stabilizing transactions consist of some bids or purchases made for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts received by it because the representatives have repurchased shares sold by or for the account of that particular underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on The Nasdaq National Market, in the over-the-counter market or elsewhere.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

At the request of Sonus, the underwriters are reserving up to 700,000 shares of common stock for sale at the initial public offering price to some of our directors, officers, employees, customers, other friends and business associates under a directed share program. The number of shares available for sale to the general public will be reduced by the number of reserved shares sold. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as other shares offered hereby.

A prospectus in electronic format may be made available on the Web sites maintained by one or more underwriters or securities dealers. The representatives of the underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distribution will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

Sonus estimates that its share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$1.25 million.

Sonus has agreed to indemnify the several underwriters against liabilities, including liabilities under the Securities Act of 1933.

SONUS NETWORKS, INC.
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
Sonus Networks, Inc.:

We have audited the accompanying consolidated balance sheets of Sonus Networks, Inc. (a Delaware corporation) as of December 31, 1998 and 1999, and the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for the period from inception (August 7, 1997) to December 31, 1997, and for the years ended December 31, 1998 and 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sonus Networks, Inc. as of December 31, 1998 and 1999, and the results of its operations and its cash flows for the period from inception (August 7, 1997) to December 31, 1997, and for the years ended December 31, 1998 and 1999, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Boston, Massachusetts
March 10, 2000

SONUS NETWORKS, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31,		MARCH 31,	PRO FORMA
	1998	1999	2000	MARCH 31,
				2000
	(UNAUDITED)			
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents.....	\$ 3,584	\$ 8,885	\$25,668	\$25,668
Marketable securities.....	12,917	14,681	16,111	16,111
Inventories.....	--	2,210	3,680	3,680
Other current assets.....	162	298	567	567
	-----	-----	-----	-----
Total current assets.....	16,663	26,074	46,026	46,026
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization.....	1,506	4,269	5,329	5,329
OTHER ASSETS, net of accumulated amortization of \$57, \$301, \$362 and \$362 at December 31, 1998 and 1999, March 31, 2000 and pro forma March 31, 2000, respectively.....	247	439	1,006	1,006
	-----	-----	-----	-----
	\$18,416	\$30,782	\$52,361	\$52,361
	=====	=====	=====	=====
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Current portion of long-term obligations.....	\$ 430	\$ 1,336	\$ 1,455	\$ 1,455
Accounts payable.....	422	1,412	3,773	3,773
Accrued expenses.....	490	2,691	4,631	4,631
Deferred revenue.....	--	1,031	1,045	1,045
	-----	-----	-----	-----
Total current liabilities.....	1,342	6,470	10,904	10,904
LONG-TERM OBLIGATIONS, less current portion.....	1,220	3,402	3,293	3,293
COMMITMENTS (Note 7)				
REDEEMABLE CONVERTIBLE PREFERRED STOCK, \$0.01 par value; 17,000,000 shares authorized; 10,334,287, 12,323,968 and 13,833,122 shares issued and outstanding, at December 31, 1998 and 1999 and March 31, 2000, respectively; No shares authorized, issued and outstanding, pro forma.....	22,951	46,109	70,859	--
STOCKHOLDERS' EQUITY (DEFICIT):				
Preferred stock, \$0.01 par value; Pro forma, 5,000,000 shares authorized; none issued and outstanding.....	--	--	--	--
Common stock, \$0.001 par value; 70,000,000 shares authorized and 300,000,000 pro forma; 16,523,353, 21,836,974, 22,713,920 and 55,032,994 shares issued at December 31, 1998 and 1999, March 31, 2000 and pro forma March 31, 2000, respectively; 16,523,353, 21,836,974, 22,683,920 and 55,002,994 shares outstanding at December 31, 1998 and 1999, March 31, 2000 and pro forma March 31, 2000, respectively.....	17	22	23	55
Capital in excess of par value.....	589	25,611	54,674	125,501
Accumulated deficit.....	(7,446)	(33,882)	(49,957)	(49,957)
Stock subscriptions receivable.....	(257)	(346)	(346)	(346)
Deferred compensation.....	--	(16,604)	(37,069)	(37,069)
Treasury stock, at cost: 30,000 common shares at March 31, 2000 and pro forma March 31, 2000.....	--	--	(20)	(20)
	-----	-----	-----	-----
Total stockholders' equity (deficit).....	(7,097)	(25,199)	(32,695)	38,164
	-----	-----	-----	-----
	\$18,416	\$30,782	\$52,361	\$52,361
	=====	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SONUS NETWORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	PERIOD FROM INCEPTION (AUGUST 7, 1997) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1998	1999	1999	2000
				(UNAUDITED)	
REVENUES.....	\$ --	\$ --	\$ --	\$ --	\$ 1,093
OPERATING EXPENSES:					
Manufacturing and product costs (1).....	--	--	1,861	223	1,462
Research and development (1).....	299	5,824	10,780	2,684	4,844
Sales and marketing (1).....	--	426	5,606	438	3,358
General and administrative (1).....	187	919	1,723	301	713
Stock-based compensation.....	--	59	4,404	517	6,979
Total operating expenses.....	486	7,228	24,374	4,163	17,356
LOSS FROM OPERATIONS.....	(486)	(7,228)	(24,374)	(4,163)	(16,263)
Interest expense.....	--	(78)	(224)	(37)	(116)
Interest income.....	25	392	711	157	344
NET LOSS.....	(461)	(6,914)	(23,887)	(4,043)	(16,035)
Beneficial conversion feature of Series C preferred stock.....	--	--	(2,500)	--	--
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS..	\$(461)	\$ (6,914)	\$ (26,387)	\$ (4,043)	\$ (16,035)
NET LOSS PER SHARE (Note 1(q)):					
Basic and diluted.....	\$ --	\$ (4.27)	\$ (5.53)	\$ (1.23)	\$ (2.07)
Pro forma basic and diluted.....			\$ (0.75)		\$ (0.41)
SHARES USED IN COMPUTING NET LOSS PER SHARE (Note 1(q)):					
Basic and diluted.....	--	1,619,289	4,774,763	3,285,170	7,742,970
Pro forma basic and diluted.....			32,062,786		38,921,794

(1) Excludes non-cash, stock-based compensation expense as follows:

Manufacturing and product costs.....	\$ --	\$ 92	\$ 8	\$ 73
Research and development.....	29	1,537	121	3,647
Sales and marketing.....	12	2,104	214	2,739
General and administrative.....	18	671	174	520
	\$ 59	\$ 4,404	\$ 517	\$ 6,979

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SONUS NETWORKS, INC.

CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(IN THOUSANDS, EXCEPT SHARE DATA)

	REDEEMABLE CONVERTIBLE PREFERRED STOCK		COMMON STOCK		CAPITAL IN EXCESS OF PAR VALUE
	SHARES	REDEMPTION VALUE	SHARES	PAR VALUE	
BALANCE, INCEPTION (AUGUST 7, 1997).....	--	\$ --	--	\$ --	\$ --
Issuance of common stock to founders.....	--	--	8,205,231	8	18
Issuance of Series A preferred stock and issuance costs of \$28.....	7,100,000	7,100	--	--	--
Issuance of common stock to employees.....	--	--	1,031,875	1	20
Net loss.....	--	--	--	--	--
BALANCE, DECEMBER 31, 1997.....	7,100,000	7,100	9,237,106	9	38
Payments on subscriptions receivable.....	--	--	--	--	--
Issuance of Series A preferred stock and issuance costs of \$2.....	80,000	80	--	--	--
Issuance of Series B preferred stock and issuance costs of \$40.....	3,154,287	15,771	--	--	--
Issuance of common stock to officer.....	--	--	3,212,499	4	317
Issuance of common stock to employees.....	--	--	4,073,748	4	175
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	--	--	--	--	59
Net loss.....	--	--	--	--	--
BALANCE, DECEMBER 31, 1998.....	10,334,287	22,951	16,523,353	17	589
Issuance of Series B preferred stock to a director and issuance costs of \$9.....	50,000	250	--	--	--
Issuance of Series C preferred stock and issuance costs of \$40.....	1,939,681	22,908	--	--	--
Beneficial conversion feature of Series C preferred stock.....	--	--	--	--	2,500
Payments on subscriptions receivable.....	--	--	--	--	--
Issuance of common stock to employees, officers and a director.....	--	--	5,076,871	5	1,498
Exercise of stock options.....	--	--	236,750	--	16
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	--	--	--	--	149
Deferred compensation related to stock option grants and sale of restricted common stock.....	--	--	--	--	20,859
Amortization of deferred compensation.....	--	--	--	--	--
Net loss.....	--	--	--	--	--
BALANCE, DECEMBER 31, 1999.....	12,323,968	46,109	21,836,974	22	25,611
Issuance of Series D preferred stock and issuance costs of \$40 (unaudited).....	1,509,154	24,750	--	--	--
Issuance of common stock to employees (unaudited).....	--	--	836,199	1	1,608
Exercise of stock options (unaudited).....	--	--	40,747	--	11
Repurchase of common stock (unaudited).....	--	--	--	--	--
Compensation associated with the grant of stock options and sale of restricted stock to non-employees (unaudited).....	--	--	--	--	2,379
Deferred compensation related to stock option grants and sale of restricted common stock (unaudited).....	--	--	--	--	25,065
Amortization of deferred compensation (unaudited).....	--	--	--	--	--
Net loss (unaudited).....	--	--	--	--	--
BALANCE, MARCH 31, 2000 (UNAUDITED).....	13,833,122	70,859	22,713,920	23	54,674
Pro forma conversion of preferred stock to common stock (unaudited).....	(13,833,122)	(70,859)	32,319,074	32	70,827
PRO FORMA BALANCE, MARCH 31, 2000 (UNAUDITED).....	-----	-----	-----	-----	-----

	ACCUMULATED DEFICIT	STOCK	DEFERRED	TREASURY STOCK	
		SUBSCRIPTIONS RECEIVABLE	COMPENSATION	SHARES	COST
BALANCE, INCEPTION (AUGUST 7, 1997).....	\$ --	\$ --	\$ --	--	\$ --
Issuance of common stock to founders.....	(1)	--	--	--	--
Issuance of Series A preferred stock and issuance costs of \$28.....	(28)	--	--	--	--
Issuance of common stock to employees.....	--	(4)	--	--	--
Net loss.....	(461)	--	--	--	--
BALANCE, DECEMBER 31, 1997.....	(490)	(4)	--	--	--
Payments on subscriptions receivable.....	--	4	--	--	--
Issuance of Series A preferred stock and issuance costs of \$2.....	(2)	--	--	--	--
Issuance of Series B preferred stock and issuance costs of \$40.....	(40)	--	--	--	--
Issuance of common stock to officer.....	--	(257)	--	--	--
Issuance of common stock to employees.....	--	--	--	--	--
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	--	--	--	--	--
Net loss.....	(6,914)	--	--	--	--

BALANCE, DECEMBER 31, 1998.....	(7,446)	(257)	--	--	--
Issuance of Series B preferred stock to a director and issuance costs of \$9.....	(9)	--	--	--	--
Issuance of Series C preferred stock and issuance costs of \$40.....	(40)	--	--	--	--
Beneficial conversion feature of Series C preferred stock.....	(2,500)	--	--	--	--
Payments on subscriptions receivable.....	--	21	--	--	--
Issuance of common stock to employees, officers and a director.....	--	(110)	--	--	--
Exercise of stock options.....	--	--	--	--	--
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	--	--	--	--	--
Deferred compensation related to stock option grants and sale of restricted common stock.....	--	--	(20,859)	--	--
Amortization of deferred compensation.....	--	--	4,255	--	--
Net loss.....	(23,887)	--	--	--	--
BALANCE, DECEMBER 31, 1999.....	(33,882)	(346)	(16,604)	--	--
Issuance of Series D preferred stock and issuance costs of \$40 (unaudited).....	(40)	--	--	--	--
Issuance of common stock to employees (unaudited).....	--	--	--	--	--
Exercise of stock options (unaudited).....	--	--	--	--	--
Repurchase of common stock (unaudited).....	--	--	--	30,000	(20)
Compensation associated with the grant of stock options and sale of restricted stock to non-employees (unaudited).....	--	--	--	--	--
Deferred compensation related to stock option grants and sale of restricted common stock (unaudited).....	--	--	(25,065)	--	--
Amortization of deferred compensation (unaudited).....	--	--	4,600	--	--
Net loss (unaudited).....	(16,035)	--	--	--	--
BALANCE, MARCH 31, 2000 (UNAUDITED).....	(49,957)	(346)	(37,069)	30,000	(20)
Pro forma conversion of preferred stock to common stock (unaudited).....	--	--	--	--	--
PRO FORMA BALANCE, MARCH 31, 2000 (UNAUDITED).....	<u>\$(49,957)</u>	<u>\$(346)</u>	<u>\$(37,069)</u>	<u>30,000</u>	<u>\$(20)</u>

TOTAL
STOCKHOLDERS'
EQUITY
(DEFICIT)

BALANCE, INCEPTION (AUGUST 7, 1997).....	\$ --
Issuance of common stock to founders.....	25
Issuance of Series A preferred stock and issuance costs of \$28.....	(28)
Issuance of common stock to employees.....	17
Net loss.....	(461)
BALANCE, DECEMBER 31, 1997.....	(447)
Payments on subscriptions receivable.....	4
Issuance of Series A preferred stock and issuance costs of \$2.....	(2)
Issuance of Series B preferred stock and issuance costs of \$40.....	(40)
Issuance of common stock to officer.....	64
Issuance of common stock to employees.....	179
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	59
Net loss.....	(6,914)
BALANCE, DECEMBER 31, 1998.....	(7,097)
Issuance of Series B preferred stock to a director and issuance costs of \$9.....	(9)
Issuance of Series C preferred stock and issuance costs of \$40.....	(40)
Beneficial conversion feature of Series C preferred stock.....	--
Payments on subscriptions receivable.....	21
Issuance of common stock to employees, officers and a director.....	1,393
Exercise of stock options.....	16
Compensation associated with the grant of stock options and sale of restricted stock to non-employees.....	149
Deferred compensation related to stock option grants and sale of restricted common stock.....	--
Amortization of deferred compensation.....	4,255
Net loss.....	(23,887)
BALANCE, DECEMBER 31, 1999.....	(25,199)
Issuance of Series D preferred stock and issuance costs of \$40 (unaudited).....	(40)
Issuance of common stock to employees (unaudited).....	1,609
Exercise of stock options (unaudited).....	11
Repurchase of common stock (unaudited).....	(20)
Compensation associated with the grant of stock options and sale of restricted stock to non-employees (unaudited).....	2,379
Deferred compensation related to stock option grants and sale of restricted common stock (unaudited).....	--
Amortization of deferred compensation (unaudited).....	4,600
Net loss (unaudited).....	(16,035)

BALANCE, MARCH 31, 2000 (UNAUDITED).....	(32,695)
Pro forma conversion of preferred stock to common stock (unaudited).....	70,859

PRO FORMA BALANCE, MARCH 31, 2000 (UNAUDITED).....	\$ 38,164
	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SONUS NETWORKS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	PERIOD FROM INCEPTION (AUGUST 7, 1997) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1998	1999	1999	2000
					(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss.....	\$ (461)	\$(6,914)	\$(23,887)	\$(4,043)	\$(16,035)
Adjustment to reconcile net loss to net cash used in operating activities--					
Depreciation and amortization.....	11	466	1,632	220	759
Compensation expense associated with the grant of stock options and issuance of restricted stock to non-employees.....	--	59	149	22	2,379
Amortization of deferred compensation.....	--	--	4,255	508	4,600
Changes in current assets and liabilities--					
Inventories.....	--	--	(2,210)	(68)	(1,470)
Other current assets.....	(30)	(132)	(136)	(186)	(269)
Accounts payable.....	229	193	990	203	2,361
Accrued expenses.....	96	394	2,201	201	1,940
Deferred revenue.....	--	--	1,031	--	14
Net cash used in operating activities.....	(155)	(5,934)	(15,975)	(3,143)	(5,721)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment.....	(347)	(1,577)	(4,151)	(516)	(1,907)
Maturities of marketable securities.....	--	7,295	22,020	8,922	16,151
Purchases of marketable securities.....	--	(20,212)	(23,784)	(3,033)	(17,581)
Other assets.....	(14)	(292)	(436)	13	(479)
Net cash provided by (used in) investing activities.....	(361)	(14,786)	(6,351)	5,386	(3,816)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from sale of common stock.....	42	243	1,393	262	1,609
Proceeds from exercise of stock options.....	--	--	16	1	11
Net proceeds from issuance of preferred stock.....	6,847	15,809	23,109	--	24,710
Payment of stock subscriptions receivable.....	--	4	21	--	--
Proceeds from long-term obligations.....	8	1,749	3,609	379	298
Payments on long-term obligations.....	--	(107)	(521)	(100)	(288)
Repurchase of common stock.....	--	--	--	--	(20)
Proceeds from notes payable.....	225	--	--	--	--
Net cash provided by financing activities.....	7,122	17,698	27,627	542	26,320
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	6,606	(3,022)	5,301	2,785	16,783
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	--	6,606	3,584	3,584	8,885
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$6,606	\$ 3,584	\$ 8,885	\$ 6,369	\$ 25,668
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for interest.....	\$ --	\$ 78	\$ 208	\$ 37	\$ 111
SUPPLEMENTARY DISCLOSURE OF NONCASH TRANSACTIONS:					
Conversion of notes payable to preferred stock.....	\$ 225	\$ --	\$ --	\$ --	\$ --
Issuance of common stock for subscriptions receivable.....	\$ 4	\$ 257	\$ 110	\$ --	\$ --

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Sonus Networks, Inc. (Sonus) was incorporated on August 7, 1997 and is a leading provider of voice infrastructure products for the new public network. Sonus offers a new generation of carrier-class switching equipment and software that enable voice services to be delivered over packet-based networks. Sonus was considered to be in the development stage through December 31, 1999 and was principally engaged in research and development, raising capital and hiring its management team.

Sonus is subject to risks common to technology-based companies including, but not limited to, the development of new technology, development of markets and distribution channels, dependence on key personnel, and the ability to obtain additional capital as needed to meet its product plans. Sonus has a limited operating history and has incurred significant operating losses since inception. To date, Sonus has been funded principally by private equity financings. Sonus' ultimate success is dependent upon its ability to raise additional capital and to successfully develop and market its products.

The accompanying consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying consolidated financial statements and notes.

(A) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Sonus and its wholly owned subsidiary Sonus Networks Limited. All material intercompany transactions and balances have been eliminated.

(B) INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

The consolidated financial statements for the three months ended March 31, 1999 and 2000 and related footnote information are unaudited and have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the interim unaudited consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results of these interim periods. The results for the three months ended March 31, 2000 are not necessarily indicative of the operating results to be expected for the entire year.

(C) PRO FORMA PRESENTATION (UNAUDITED)

The unaudited pro forma consolidated balance sheet and consolidated statement of redeemable convertible preferred stock and stockholders' equity (deficit) as of March 31, 2000 reflect the automatic conversion of all outstanding shares of Series A, B, C and D redeemable convertible preferred stock into an aggregate of 32,319,074 shares of common stock, which will occur upon the closing of Sonus' proposed initial public offering (IPO).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(D) CASH EQUIVALENTS AND MARKETABLE SECURITIES

Cash equivalents are stated at cost plus accrued interest, which approximates market value, and have maturities of three months or less at the date of purchase.

Marketable securities are classified as held-to-maturity, as Sonus has the intent and ability to hold to maturity. Marketable securities are reported at amortized cost. Cash equivalents and marketable securities are invested in highly rated government securities. There have been no gains or losses to date.

(E) CONCENTRATIONS OF CREDIT RISK AND LIMITED SUPPLIERS

The financial instruments that potentially subject Sonus to concentrations of credit risk are cash, marketable securities and receivables. Sonus has no significant off-balance-sheet concentrations such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The majority of Sonus' cash is maintained with a commercial bank. For the three months ended March 31, 2000, one customer accounted for substantially all of Sonus' revenues.

Certain components and software licenses from third-parties used in Sonus' products are procured from a single source. The failure of a supplier, including a subcontractor, to deliver on schedule could delay or interrupt Sonus' delivery of products and thereby adversely affect Sonus' revenues and operating results.

(F) INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out basis) or market.

(G) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Sonus provides for depreciation and amortization using the straight-line method and charges to operations amounts estimated to allocate the cost of the assets over their estimated useful lives.

(H) OTHER ASSETS

Other assets include licenses for certain technology embedded in Sonus' products. These licenses are amortized over the lesser of their useful lives or the term of the license.

(I) REVENUE RECOGNITION

Sonus recognizes revenue from product sales to end users, resellers and distributors upon shipment, provided there are no uncertainties regarding acceptance, persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collection of the related receivable is probable. If uncertainties exist, Sonus recognizes revenue when those uncertainties are resolved. In multiple element arrangements, Sonus will use the residual method in accordance with Statement of Position 97-2 and 98-9. Service revenue is recognized as the services are provided. Amounts collected prior to satisfying the revenue recognition criteria are reflected as deferred revenue. Warranty costs are estimated and recorded by Sonus at the time of product revenue recognition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(J) SOFTWARE DEVELOPMENT COSTS

Sonus accounts for its software development costs in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE TO BE SOLD, LEASED OR OTHERWISE MARKETED. Accordingly, the costs for the development of new software and substantial enhancements to existing software are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized. Sonus has determined that technological feasibility is established at the time a working model of the software is completed. Because Sonus believes its current process for developing software is essentially completed concurrently with the establishment of technological feasibility, no costs have been capitalized to date.

(K) STOCK-BASED COMPENSATION

Sonus uses the intrinsic value-based method of Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, to account for all of its employee stock-based compensation plans and uses the fair value method to account for all non-employee stock-based compensation.

(L) COMPREHENSIVE LOSS

Sonus applies Financial Accounting Standards Board (FASB) SFAS No. 130, REPORTING COMPREHENSIVE INCOME. The comprehensive loss for the period from inception (August 7, 1997) to December 31, 1997, the years ended December 31, 1998 and 1999 and the three months ended March 31, 1999 and 2000 does not differ from the reported loss.

(M) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of Sonus' financial instruments, which include cash equivalents, marketable securities, stock subscriptions receivable, accounts payable, accrued expenses and long-term obligations, approximate their fair value.

(N) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

(O) NEW PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Pursuant to SFAS No. 137, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES--DEFERRAL OF THE EFFECTIVE DATE OF FASB NO. 133, SFAS No. 133 is effective in fiscal year 2001. SFAS No. 133 is not expected to have a material impact on Sonus' financial condition or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(P) DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE

SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION, establishes standards for reporting information regarding operating segments and establishes standards for related disclosures about products and services and geographic areas. 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, or decision making group, in making decisions regarding resource allocation and assessing performance. To date, the Company has viewed its operations and manages its business as principally one operating segment.

(Q) NET LOSS PER SHARE

Basic net loss per share is computed by dividing the net loss for the period by the weighted average number of unrestricted common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of unrestricted common shares and potential common stock outstanding during the period, if dilutive. Potential common stock is comprised of restricted shares of common stock and the incremental common shares issuable upon the exercise of stock options. Shares of common stock issuable upon the conversion of Sonus' redeemable convertible preferred stock have also been excluded from the date of issuance. In accordance with Staff Accounting Bulletin No. 98, EARNINGS PER SHARE IN AN INITIAL PUBLIC OFFERING, Sonus determined there were no nominal issuances of Sonus' stock prior to Sonus' IPO. For the period from inception through December 31, 1997, there were no unrestricted outstanding shares of common stock.

Options to purchase 125,000, 557,500, 1,017,581, 723,750 and 3,127,032 shares of common stock have not been included in the computation of diluted net loss per share for the period from inception to December 31, 1997, the years ended December 31, 1998 and 1999 and the three months ended March 31, 1999 and 2000, respectively, as their effects would have been anti-dilutive (see Note 9(e)).

Pro forma basic and diluted net loss per share for the year ended December 31, 1999 and the three months ended March 31, 2000 are computed using the weighted average number of unrestricted common shares outstanding, including the pro forma effects of the automatic conversion of Sonus' Series A, B, C and D redeemable convertible preferred stock into shares of Sonus' common stock which will occur upon the closing of Sonus' proposed IPO, as if such conversion occurred at the date of original issuance. There were no dilutive shares of potential common stock for these periods.

SONUS NETWORKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

The following table sets forth the computation of basic and diluted net loss per share and pro forma basic and diluted net loss per share:

	PERIOD FROM INCEPTION (AUGUST 7, 1997) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
		1998	1999	1999	2000
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)					
HISTORICAL--					
Net loss applicable to common stockholders.....	\$ (461)	\$ (6,914)	\$ (26,387)	\$ (4,043)	\$ (16,035)
Weighted average common shares outstanding.....	3,900,329	11,800,382	19,153,503	17,057,359	22,309,713
Less weighted average restricted common shares outstanding.....	(3,900,329)	(10,181,093)	(14,378,740)	(13,772,189)	(14,566,743)
Shares used in computing basic and diluted net loss per share.....	--	1,619,289	4,774,763	3,285,170	7,742,970
Basic and diluted net loss per share.....	\$ --	\$ (4.27)	\$ (5.53)	\$ (1.23)	\$ (2.07)
PRO FORMA--					
Net loss.....			\$ (23,887)		\$ (16,035)
Shares used in computing historical basic and diluted net loss per share.....			4,774,763		7,742,970
Weighted average number of shares assumed upon conversion of redeemable convertible preferred stock.....			27,288,023		31,178,824
Shares used in computing pro forma basic and diluted net loss per share.....			32,062,786		38,921,794
Pro forma basic and diluted net loss per share.....			\$ (0.75)		\$ (0.41)

(2) INVENTORIES

Inventories consist of the following, in thousands:

	DECEMBER 31, 1999	MARCH 31, 2000
Raw materials.....	\$ 305	\$ 234
Work in progress.....	941	1,289
Finished goods.....	964	2,157
	\$2,210	\$3,680

SONUS NETWORKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(3) PROPERTY AND EQUIPMENT

Property and equipment consist of the following, in thousands:

	ESTIMATED USEFUL LIFE	DECEMBER 31,		MARCH 31,
		1998	1999	2000
Computer equipment and software.....	2-3 years	\$ 1,836	\$ 5,956	\$ 7,699
Furniture and fixtures.....	3-5 years	88	69	76
Leasehold improvements.....	Life of lease	--	50	59
		-----	-----	-----
		1,924	6,075	7,834
Less accumulated depreciation and amortization.....		(418)	(1,806)	(2,505)
		-----	-----	-----
		\$ 1,506	\$ 4,269	\$ 5,329
		=====	=====	=====

(4) LONG-TERM OBLIGATIONS

Sonus has a \$7,000,000 equipment line of credit with a bank, bearing interest at the bank's prime rate (8.5% at December 31, 1999 and 9.0% at March 31, 2000) plus 0.5%, available through June 30, 2000. Amounts borrowed under the line shall be repaid over a 42- or 48-month period. Under the agreement, all of Sonus' assets, except intellectual property, have been pledged as collateral and Sonus must maintain a certain minimum tangible stockholders' equity and quick ratio, as defined. As of December 31, 1998 and 1999, and March 31, 2000, Sonus had outstanding balances of \$1,650,000, \$4,738,000 and \$4,748,000, respectively. As of March 31, 2000, Sonus had additional borrowings available under the equipment line of credit of \$1,354,000.

The aggregate principal payments on long-term obligations as of December 31, 1999 are as follows: \$1,336,000 in 2000; \$1,399,000 in 2001; \$1,201,000 in 2002; \$763,000 in 2003; and \$39,000 in 2004.

Sonus also has a \$200,000 letter of credit with a bank available through June 30, 2000. As of December 31, 1999 and March 31, 2000, Sonus has committed approximately \$166,000 against the letter of credit, representing the security deposit for Sonus' leased property.

(5) ACCRUED EXPENSES

Accrued expenses consist of the following, in thousands:

	DECEMBER 31,		MARCH 31,
	1998	1999	2000
Employee compensation and related costs.....	\$195	\$1,381	\$1,568
Professional fees.....	132	609	1,832
Facilities.....	100	137	248
Other.....	63	564	983
	----	-----	-----
	\$490	\$2,691	\$4,631
	====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(6) INCOME TAXES

Sonus provides for income taxes in accordance with SFAS No. 109, ACCOUNTING FOR INCOME TAXES. Deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. A valuation allowance has been recorded for the net deferred tax asset due to the uncertainty of realizing the benefit of this asset.

The following is a summary of the significant components of Sonus' deferred tax assets and liabilities, in thousands:

	DECEMBER 31,	
	1998	1999
Net operating loss carryforwards.....	\$2,230	\$ 9,204
Tax credit carryforwards.....	308	761
Start-up costs.....	625	485
Deferred revenue.....	--	412
Other temporary differences.....	44	560
Valuation allowance.....	(3,207)	(11,422)
	\$ --	\$ --
	=====	=====

As of December 31, 1999, Sonus has net operating loss carryforwards for income tax purposes of approximately \$23,000,000, which expire through 2019. Sonus also has available research and development credit carryforwards of approximately \$761,000 that expire through 2019. The Internal Revenue Code contains provisions that limit the net operating loss and tax credit carryforwards available to be used in any given year in the event of certain circumstances, including significant changes in ownership interests. Sonus has completed several financings since inception and has incurred ownership changes and may incur an ownership change upon completion of the IPO. Sonus does not believe that these changes will have a material impact on its ability to use its net operating loss and tax credit carryforwards.

(7) LEASE COMMITMENTS

Sonus leases its administrative and development facility under an operating lease, which expires in March 2004. In April 2000, Sonus entered into a lease for an additional facility, which expires in May 2003. Rent expense was approximately \$20,000 from inception to December 31, 1997 and \$150,000, \$537,000, \$38,000 and \$172,000 for the years ended December 31, 1998 and 1999 and the three months ended March 31, 1999 and 2000, respectively. Sonus is responsible for certain real estate taxes, utilities and maintenance costs. The future minimum payments under operating lease payments as of December 31, 1999, including the new 2000 facility lease, are as follows: \$868,000 in 2000; \$938,000 in 2001; \$973,000 in 2002; \$829,000 in 2003; and \$187,000 in 2004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(8) REDEEMABLE CONVERTIBLE PREFERRED STOCK

Sonus has authorized 17,000,000 shares of preferred stock, \$0.01 par value, and designated four series of redeemable convertible preferred stock as of March 31, 2000: 7,220,000 shares of Series A preferred stock; 3,247,857 shares of Series B preferred stock; 2,153,072 shares of Series C preferred stock and 1,585,366 shares of Series D preferred stock. A summary of the redeemable convertible preferred stock issuances as of March 31, 2000 are as follows:

DESCRIPTION	DATE	NUMBER OF SHARES	PRICE PER SHARE	REDEMPTION VALUE
Series A	November 1997 and July 1998	7,180,000	\$ 1.00	\$ 7,180
Series B	September and December 1998, May 1999	3,204,287	5.00	16,021
Series C	September, November and December 1999	1,939,681	11.81	22,908
Series D	March 2000	1,509,154	16.40	24,750
		13,833,122		\$70,859
		=====		=====

(IN THOUSANDS)

The rights, preferences and privileges of the Series A, Series B, Series C and Series D redeemable convertible preferred stock are as follows:

REDEMPTION

If requested prior to the redemption dates specified below by holders of 66 2/3% of the then outstanding Series A, B, C and D preferred stock, Sonus is required to redeem such stock at \$1.00, \$5.00, \$11.81 and \$16.40 per share, respectively, as adjusted in the event of future dilution, plus declared but unpaid dividends as follows:

SERIES A, B AND C REDEMPTION DATE	SERIES D REDEMPTION DATE	PERCENTAGE OF THEN OUTSTANDING PREFERRED SHARES TO BE REDEEMED
November 18, 2002	March 9, 2005	33.33%
November 18, 2003	March 9, 2006	50.00%
November 18, 2004	March 9, 2007	All shares then held

DIVIDENDS

Series A, B, C and D preferred stockholders are entitled to receive any cash dividend declared on common stock equal to the amount they would be entitled to if such preferred stock had been converted into common stock. In connection with the sale of an aggregate of 211,688 shares of Series C preferred stock in November and December 1999, Sonus recorded a charge to accumulated deficit of \$2.5 million. This amount represents the beneficial conversion feature of the Series C preferred stock. This amount has been accounted for as a dividend to preferred stockholders and as a result, increased Sonus' capital in excess of par value, net loss applicable to common stockholders and the related net loss per share.

LIQUIDATION PREFERENCE

In the event of liquidation of Sonus and before any distribution to common stockholders, the Series A, B, C and D preferred stockholders are entitled to share pro rata, \$1.00, \$5.00, \$11.81 and \$16.40 per share, respectively, plus all declared but unpaid dividends.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

VOTING RIGHTS

Series A, B, C and D preferred stockholders are entitled to one vote per common share equivalent on all matters voted on by holders of common stock. In addition, the Series A preferred stockholders are entitled to elect 40% of the board members as long as 1,775,000 shares of such preferred stock are outstanding.

CONVERSION

Each share of Series A, B and C preferred stock is convertible into 2.5 shares of common stock and each share of Series D preferred stock is convertible into one share of common stock, both adjustable for certain dilutive events. Conversion is at the option of the holder, but becomes automatic upon the closing of an IPO for the Series A, B and C preferred stock in which at least \$10,000,000 of net proceeds shall be received by Sonus at a price of at least \$8.00 per share and for the Series D preferred stock with at least \$25,000,000 of net proceeds at a price of at least \$19.68 per share.

(9) STOCKHOLDERS' EQUITY (DEFICIT)

(A) AUTHORIZED CAPITAL STOCK

In March 2000, the Board of Directors authorized, subject to stockholder approval, an increase in the authorized shares of Sonus' common stock from 70,000,000 to 300,000,000 shares and authorized and approved 5,000,000 shares of \$0.01 par value undesignated preferred stock that may be issued by the Board of Directors from time to time in one or more series. This amendment is to be effective upon the closing of Sonus' IPO.

(B) STOCK SUBSCRIPTIONS RECEIVABLE

On November 4, 1998, Sonus entered into a stock subscription agreement for \$257,000 from an officer that bears interest at 8%. The note is secured by 2,570,000 shares of Sonus' restricted common stock and is due upon the earlier of November 4, 2003 or 180 days after such shares are eligible for public sale. The interest payments on the note are unconditional and are not limited to the aforementioned stock. As of December 31, 1999 and March 31, 2000, this note due Sonus had a remaining principal balance of \$236,000.

On September 1, 1999, Sonus entered into a stock subscription agreement for \$110,250 from an officer that bears interest at 8%. The full recourse note is secured by 562,500 shares of Sonus' restricted common stock and is due upon the earlier of September 1, 2004 or 180 days after such shares are eligible for public sale.

(C) COMMON STOCK PURCHASE RIGHT

In November 1999, Sonus signed a definitive purchase and license agreement (the Agreement) with a customer to provide certain Sonus products. Under the terms of the Agreement, the customer also has the right to purchase shares of common stock in Sonus' IPO at the IPO price. The number of shares subject to this right equals 5% of the dollar value of the customer's accumulated purchases of Sonus' products and services as of the date of the IPO divided by the IPO per share price, but in no event more than 5% of the shares offered in the IPO. The ability of the customer to exercise its right to purchase such shares is contingent upon a closing of an IPO on a national exchange.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(D) RESTRICTED COMMON STOCK

Sonus issued 8,205,231 and 87,500 shares of restricted common stock outside of the 1997 Stock Incentive Plan (the Plan) in the period ended December 31, 1997 and in the year ended December 31, 1999, respectively. These shares are subject to repurchase agreements which expire over a five-year period. Sonus may repurchase any remaining restricted shares of common stock held by these individuals upon termination of employment at their original purchase price ranging from \$0.0004 to \$0.004 per share. All shares of common stock subject to repurchase restrictions, contain the same rights and privileges as unrestricted shares of common stock and are presented as outstanding as of the date of issuance. As of December 31, 1999, 3,793,916 shares and as of March 31, 2000, 3,383,653 shares of this common stock were restricted and subject to Sonus' repurchase.

(E) 1997 STOCK INCENTIVE PLAN

The Plan, which is administered by the Board of Directors, permits Sonus to sell or award restricted common stock or to grant incentive and non-qualified stock options for the purchase of common stock to employees, directors and consultants. In March, 2000, Sonus' stockholders increased the shares authorized under the Plan from 16,250,000 to 27,000,000. On January 1 of each year, commencing with January 2001, the aggregate number of shares of common stock available for purchase under the Plan shall increase by the lesser of (i) 5% of the outstanding shares on December 31 of the preceding year or (ii) an amount determined by the Board of Directors. At March 31, 2000, 9,481,778 shares were available under the Plan for future sale of restricted common stock or grant of stock options.

Sonus issued shares of restricted common stock to employees and consultants which are subject to repurchase agreements and vest over a four or five-year period. If the employee leaves or if the services are not performed, Sonus may repurchase any restricted shares of common stock held by these individuals at their original purchase price ranging from \$0.02 to \$10.00 per share. All shares of common stock subject to repurchase restrictions, contain the same rights and privileges as unrestricted shares of common stock and are presented as outstanding as of the date of issuance. As of December 31, 1999, 10,827,839 shares and as of March 31, 2000, 10,722,963 shares of the outstanding common stock issued under the Plan were restricted and subject to Sonus' repurchase.

SONUS NETWORKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

A summary of activity under Sonus' Plan for the period from inception to March 31, 2000, is as follows:

RESTRICTED COMMON STOCK ISSUANCES

	NUMBER OF SHARES	PURCHASE PRICE	WEIGHTED AVERAGE PURCHASE PRICE
	-----	-----	-----
Outstanding, August 7, 1997 (inception).....	--	\$ --	\$ --
Issued.....	1,031,875	.02	.02
-----	-----	-----	-----
Outstanding, December 31, 1997.....	1,031,875	.02	.02
Issued.....	7,286,247	.02-.20	.07
-----	-----	-----	-----
Outstanding, December 31, 1998.....	8,318,122	.02-.20	.06
Issued.....	4,989,372	.20-.66	.30
-----	-----	-----	-----
Outstanding, December 31, 1999.....	13,307,494	.02-.66	.15
Repurchased.....	(30,000)	.66	.66
Issued.....	836,199	.66-10.00	1.88
-----	-----	-----	-----
Outstanding, March 31, 2000.....	14,113,693	\$.02-10.00	\$.25
=====	=====	=====	=====
Unrestricted common stock, December 31, 1999.....	2,479,655	\$.02-.66	\$.06
=====	=====	=====	=====
Unrestricted common stock, March 31, 2000.....	3,390,730	\$.02-2.00	\$.08
=====	=====	=====	=====

COMMON STOCK OPTION GRANTS

	NUMBER OF SHARES	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----	-----
Outstanding, August 7, 1997 (inception).....	--	\$ --	\$ --
Granted.....	125,000	.004	.004
-----	-----	-----	-----
Outstanding, December 31, 1997.....	125,000	.004	.004
Granted.....	445,000	.02-.20	.16
Canceled.....	(12,500)	.20	.20
-----	-----	-----	-----
Outstanding, December 31, 1998.....	557,500	.004-.20	.13
Granted.....	696,831	.20-.66	.39
Exercised.....	(236,750)	.004-.20	.07
-----	-----	-----	-----
Outstanding, December 31, 1999.....	1,017,581	.02-.66	.32
Granted.....	2,150,531	2.00-10.00	8.57
Canceled.....	(333)	.66	.66
Exercised.....	(40,747)	.20-2.00	.26
-----	-----	-----	-----
Outstanding, March 31, 2000.....	3,127,032	\$.02-10.00	\$6.00
=====	=====	=====	=====
Exercisable, December 31, 1999.....	124,793	\$.02-.48	\$.17
=====	=====	=====	=====
Exercisable, March 31, 2000.....	234,467	\$.02-10.00	\$.77
=====	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

The following table summarizes information relating to currently outstanding and exercisable options as of December 31, 1999:

EXERCISE PRICE	OUTSTANDING			EXERCISABLE	
	NUMBER OF SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
\$.02	50,000	9.43	\$.02	25,000	\$.02
.20	578,250	8.78	.20	95,293	.20
.48	245,750	9.74	.48	4,500	.48
.66	143,581	9.88	.66	--	--
	1,017,581		\$.32	124,793	\$.17
	=====		====	=====	====

(F) STOCK-BASED COMPENSATION

Stock-based compensation expenses includes the amortization of deferred employee compensation and other equity related expenses for non-employees.

In connection with certain employee stock option grants and the issuance of employee restricted common stock during the year ended December 31, 1999, and the first quarter of 2000, Sonus recorded deferred compensation of \$20,859,000 and \$25,065,000, respectively. In addition, in April 2000, we recorded deferred compensation of \$4,000,000. This represents the aggregate difference between the exercise price or purchase price and the fair value of the common stock on the date of grant or sale for accounting purposes. The deferred compensation will be recognized as an expense over the vesting period of the underlying stock options and restricted common stock. Sonus recorded compensation expense of \$4,255,000 in the year ended December 31, 1999 and \$508,000 and \$4,600,000 for the three months ended March 31, 1999 and 2000, respectively, related to these options and restricted common stock. Based on the grant of stock options and the sale of restricted common stock through April 30, 2000, Sonus expects to record approximately \$21,400,000, \$13,000,000, \$7,200,000, \$3,400,000 and \$600,000 in employee compensation expense in the years ending December 31, 2000, 2001, 2002, 2003 and 2004, respectively.

Sonus granted 417,500 non-qualified stock options to non-employees for services rendered in the period from inception to December 31, 1999. In 1998 and 1999, Sonus sold 125,000 shares of restricted common stock and 10,000 shares of Series B preferred stock to consultants at their then current fair market value, subject to repurchase provisions, in the event consulting services are no longer provided. In the first quarter of 2000, Sonus granted 12,000 non-qualified stock options and sold 13,000 shares of restricted common stock to consultants.

Sonus has valued the stock options and the issuances of restricted common stock and Series B preferred stock to non-employees based upon the fair market value of the services rendered where Sonus believes the value of these services is more readily determinable than the value of the options or restricted stock. All other grants of options and issuances of restricted stock to non-employees are valued based upon the Black-Scholes option pricing model. As of December 31, 1999, Sonus has 135,000 stock options, 80,000 shares of restricted common stock, and 6,000 shares of restricted Series B preferred stock outstanding to non-employees. As of March 31, 2000, Sonus has 45,000 stock options and 45,000 shares of restricted common stock outstanding to non-employees. Sonus has recorded stock-based compensation expense of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

\$59,000, \$149,000, \$9,000 and \$2,379,000 for the grant of options and issuances of restricted stock to non-employees for the years ended December 31, 1998 and 1999, and the three months ended March 31, 1999 and 2000, respectively. In accordance with Emerging Issues Task Force 96-18, Sonus will record the value at the time the services are provided.

The value of the options granted to employees as calculated under SFAS No. 123 for the period from inception to December 31, 1997 and during the year ended December 31, 1998 was immaterial to the consolidated financial statements. Sonus has computed the pro forma disclosures required under SFAS No. 123 for options granted to employees for the year ended December 31, 1999, using the Black-Scholes option pricing model with an assumed risk-free interest rate of 5%, 60% volatility and an expected life ranging from 2-5 years with the assumption that no dividends will be paid. Had compensation expense for Sonus' stock option plan been determined consistent with SFAS No. 123 for the year ended December 31, 1999, the pro forma net loss and pro forma net loss per share would have been as follows:

Net loss applicable to common stockholders, in thousands--	
As reported.....	\$(26,387)
Pro forma.....	(26,400)
Basic and diluted net loss per share--	
As reported.....	\$ (5.53)
Pro forma.....	(5.53)

(G) 2000 EMPLOYEE STOCK PURCHASE PLAN

In March 2000, the Board of Directors approved, subject to stockholder approval, the 2000 Employee Stock Purchase Plan. A total of 1,200,000 shares of common stock have been reserved for issuance under this plan. Eligible employees may purchase common stock at a price equal to 85% of the lower of the fair market value of the common stock at the beginning or end of each offering period. Participation is limited to 20% of an employee's eligible compensation not to exceed amounts allowed by the Internal Revenue Code. On January 1 of each year, commencing with January 2001, the aggregate number of shares of common stock available for purchase under the Employee Stock Purchase Plan shall increase by the lesser of (i) 2% of the outstanding shares on December 31 of the preceding year or (ii) an amount determined by the Board of Directors.

(H) COMMON STOCK RESERVED

Common stock reserved for future issuance at March 31, 2000 consist of the following:

Conversion of preferred stock:	
Series A.....	17,950,000
Series B.....	8,010,718
Series C.....	4,849,202
Series D.....	1,509,154

Total preferred stock.....	32,319,074
Stock incentive plan.....	12,608,810
Employee stock purchase plan.....	1,200,000

	46,127,884
	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(INFORMATION FOR MARCH 31, 1999 AND 2000 IS UNAUDITED)

(10) EMPLOYEE BENEFIT PLAN

In 1998, Sonus adopted a savings plan for its employees, which has been qualified under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to contribute to the 401(k) plan through payroll deductions within statutory and plan limits. Contributions from Sonus are made at the discretion of the Board of Directors. Sonus has made no contributions to the 401(k) plan to date.

[Inside back cover: Diagram titled "The Sonus Open Services Architecture" showing GSX9000 Open Services Switch connecting "Packet Network" to "IP Appliances," "Third Party Application Servers" and "SGX2000 Signaling Gateway," with text beneath.]

No dealer, salesperson, or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including _____, 2000 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

5,000,000 Shares

SONUS NETWORKS, INC.

Common Stock

[LOGO]

GOLDMAN, SACHS & CO.
J.P. MORGAN & CO.
LEHMAN BROTHERS
ROBERTSON STEPHENS

Representatives of the Underwriters

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Expenses of the Registrant in connection with the issuance and distribution of the securities being registered, other than the underwriting discounts, are estimated as follows:

	TOTAL

SEC Registration Fee.....	\$ 31,878
NASD Fees.....	12,575
NASDAQ Listing Fees.....	95,000
Printing and Engraving Expenses.....	200,000
Legal Fees and Expenses.....	350,000
Accountants' Fees and Expenses.....	230,000
Blue Sky Fees and Expenses (including legal fees).....	15,000
Transfer Agent and Registrar's Fees.....	9,000
Miscellaneous Costs.....	306,547

Total.....	\$1,250,000
	=====

ITEM 14. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 145 of the Delaware General Corporation law empowers a Delaware corporation to indemnify its officers and directors and certain other persons to the extent under the circumstances set forth therein.

The form of the Fourth Amended and Restated Certificate of Incorporation of the Registrant and the Amended and Restated By-laws of the Registrant, copies of the forms of which are filed as Exhibits 3.1 and 3.2, provide for indemnification of officers and directors of the Registrant and certain other persons against liabilities and expenses incurred by any of them in certain stated proceedings and under certain stated conditions.

The above discussion of the Registrant's Fourth Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Section 145 of the Delaware General Corporation Law is not intended to be exhaustive and is qualified in its entirety by the forms of such Fourth Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and statute.

The Registrant will agree to indemnify the Underwriters and their controlling persons, and the Underwriters will agree to indemnify the Registrant and its controlling persons, including directors and executive officers of the Registrant, against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of the Underwriting Agreement that will be filed as part of the Exhibits hereto.

In addition, the Registrant intends to purchase a directors and officers liability insurance policy.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On November 18, 1997, the Registrant issued and sold 7,100,000 shares of Series A Convertible Preferred Stock to 18 investors for an aggregate purchase price of \$7,100,000. On July 7, 1998, the Registrant issued and sold 80,000 shares of Series A Convertible Preferred Stock to two investors for an aggregate purchase price of \$80,000. Upon completion of this offering, the Series A Convertible Preferred Stock will convert into 17,950,000 shares of common stock, \$0.001

par value (the "Common Stock"), which reflects a 1.5-for-1 split of the Common Stock in October 1999, and a 5-for-3 split of the Common Stock in December 1999. These sales were made in reliance upon Rule 506 of Regulation D, promulgated under the Securities Act and Section 4(2) of the Securities Act, as transactions to accredited investors by an issuer not involving a public offering.

On September 23, 1998, the Registrant issued and sold an aggregate of 3,144,287 shares of Series B Convertible Preferred Stock to a total of 20 investors for an aggregate purchase price of \$15,721,435. On December 10, 1998, the Registrant issued and sold an aggregate of 10,000 shares of Series B Convertible Preferred Stock to one investor for a purchase price of \$50,000. On May 24, 1999, the Registrant issued and sold 50,000 shares of Series B Convertible Preferred Stock to one investor for a purchase price of \$250,000. Upon completion of this offering, the Series B Convertible Preferred Stock will convert into 8,010,718 shares of Common Stock, which reflects a 1.5-for-1 split of the Common Stock in October 1999, and a 5-for-3 split of the Common Stock in December 1999. These sales were made in reliance upon Rule 506 of Regulation D, promulgated under the Securities Act and Section 4(2) of the Securities Act, as transactions to accredited investors by an issuer not involving a public offering.

On September 10, 1999, the Registrant issued and sold 1,727,993 shares of Series C Convertible Preferred Stock to a total of 47 investors for an aggregate purchase price of \$20,407,597. On November 15, 1999, November 30, 1999 and December 9, 1999, the Registrant issued and sold an aggregate of 211,688 shares of Series C Convertible Preferred Stock to a total of three investors for an aggregate purchase price of \$2,500,035. Upon completion of this offering, the Series C Convertible Preferred Stock will convert into 4,849,202 shares of Common Stock, which reflects a 1.5-for-1 split of the Common Stock in October 1999, and a 5-for-3 split of the Common Stock in December 1999. These transactions were made in reliance upon Rule 506 of Regulation D, promulgated under the Securities Act and Section 4(2) of the Securities Act, as transactions to accredited investors by an issuer not involving a public offering.

On March 9, 2000, the Registrant issued and sold 1,509,154 shares of Series D Convertible Preferred Stock to a total of 20 investors for an aggregate purchase price of \$24,750,126. Upon completion of this offering, the Series D Convertible Preferred Stock will convert into 1,509,154 shares of Common Stock. This transaction was made in reliance upon Rule 506 of Regulation D, promulgated under the Securities Act and Section 4(2) of the Securities Act, as transactions to accredited investors by an issuer not involving a public offering.

As of May 15, 2000, the Registrant has outstanding options to certain employees, officers and consultants of the Registrant, to purchase an aggregate of 3,641,160 shares of Common Stock under the Registrant's Amended and Restated 1997 Stock Incentive Plan. The purchase price under the options ranges from \$0.02 to \$14.00 per share based on the fair market value of the stock on the date of grant. The Registrant has issued grants of restricted stock to certain employees, officers and consultants of the Registrant, and as of May 15, 2000 there were 14,500,968 shares of restricted stock outstanding under the Registrant's Amended and Restated 1997 Stock Incentive Plan. The purchase price of the restricted stock ranged from \$0.02 to \$14.00 per share based on the fair market value of the stock on the date of issuance. These grants of options, and sales of restricted stock were made in reliance upon Rule 701 promulgated under the Securities Act and are deemed to be exempt transactions as sales of an issuer's securities pursuant to a written plan or contract relating to the compensation of such individuals and upon Section 4(2) of the Securities Act as transactions not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

The following is a list of exhibits filed as a part of this registration statement:

EXHIBIT NUMBER	DESCRIPTION
1.1*	Form of Underwriting Agreement.
3.1	Form of Fourth Amended and Restated Certificate of Incorporation of the Registrant.
3.2	Form of Amended and Restated By-Laws of the Registrant.
4.1	Specimen Certificate for shares of the Registrant's common stock.
5.1	Opinion of Bingham Dana LLP, counsel to the Registrant, regarding the legality of the shares of common stock registered hereunder.
10.1*	Lease, dated January 21, 1999, as amended, between the Registrant and Glenborough Fund V, Limited Partnership with respect to property located at 5 Carlisle Road, Westford, Massachusetts.
10.2	Amended and Restated 1997 Stock Incentive Plan of the Registrant.
10.3	2000 Employee Stock Purchase Plan.
10.4*	Series A Preferred Stock Purchase Agreement, dated as of November 18, 1997, by and among the Registrant and the "Purchaser" parties thereto.
10.5*	Series B Preferred Stock Purchase Agreement, dated as of September 23, 1998, by and among the Registrant and the "Purchaser" parties thereto.
10.6*	Series C Preferred Stock Purchase Agreement, dated as of September 10, 1999, by and among the Registrant and the "Purchaser" parties thereto.
10.7*	Series D Preferred Stock Purchase Agreement, dated as of March 9, 2000, by and among the Registrant and the "Purchaser" parties thereto.
10.8*	Third Amended and Restated Investor Rights Agreement, dated as of March 9, 2000 by and among the Registrant and the "Purchaser" parties thereto.
10.9*	Third Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of March 9, 2000, among the Registrant and the persons and entities listed on the signature pages thereto.
10.10*	Loan and Security Agreement, dated as of March 6, 1998, by and between the Registrant and Silicon Valley Bank.
10.11*	Modification Agreement, dated as of November 31, 1998, by and between the Registrant and Silicon Valley Bank.
10.12*	Modification Agreement, dated as of November 29, 1999, by and between the Registrant and Silicon Valley Bank.
10.13*	Agreement of Sublease, dated April 14, 2000, between the Registrant and Unisphere Solutions, Inc. with respect to property located at 25 Porter Road, Littleton, Massachusetts.
10.14*	Promissory Note, dated November 4, 1998, of Hassan M. Ahmed to the Registrant and associated Pledge Agreement.
10.15*	Promissory Note, dated September 1, 1999, of Stephen J. Nill to the Registrant and associated Pledge Agreement.
21.1*	Subsidiary of the Registrant.
23.1	Consent of Arthur Andersen LLP.
23.2	Consent of Bingham Dana LLP, counsel to the Registrant (included in Exhibit 5.1).
24.1*	Power of Attorney (included in signature page to Registration Statement).
27.1*	Financial Data Schedule.

* Previously filed.

All schedules have been omitted because either they are not required, are not applicable or the information is otherwise set forth in the Consolidated Financial Statements and notes thereto.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

(1) To provide the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(2) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(3) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this Amendment No. 2 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Westford, Commonwealth of Massachusetts, on this 19(th) day of May, 2000.

SONUS NETWORKS, INC.

BY: /S/ STEPHEN J. NILL

 Stephen J. Nill
 VICE PRESIDENT OF FINANCE AND
 ADMINISTRATION AND CHIEF FINANCIAL OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

SIGNATURE -----	TITLE -----	DATE -----
/s/ HASSAN M. AHMED* ----- Hassan M. Ahmed	President, Chief Executive Officer and Director (Principal Executive Officer)	May 19, 2000
/s/ STEPHEN J. NILL ----- Stephen J. Nill	Vice President of Finance and Administration and Chief Financial Officer (Principal Financial and Accounting Officer)	May 19, 2000
/s/ RUBIN GRUBER* ----- Rubin Gruber	Chairman of the Board of Directors and Director	May 19, 2000
/s/ EDWARD T. ANDERSON* ----- Edward T. Anderson	Director	May 19, 2000
/s/ PAUL J. FERRI* ----- Paul J. Ferri	Director	May 19, 2000
/s/ PAUL J. SEVERINO* ----- Paul J. Severino	Director	May 19, 2000

*By: /s/ STEPHEN J. NILL

 Stephen J. Nill
 ATTORNEY-IN-FACT

EXHIBIT INDEX

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27.1*	Financial Data Schedule.

* Previously filed.

EXHIBIT 3.1

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
SONUS NETWORKS, INC.

Sonus Networks, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "General Corporation Law"), hereby certifies as follows:

FIRST: The name of the Corporation is Sonus Networks, Inc. The original Certificate of Incorporation of the Corporation was filed by the Corporation with the Secretary of State of Delaware on August 7, 1997. The original Certificate of Incorporation was subsequently amended and restated on September 23, 1998, on September 10, 1999 and again on March 9, 2000 (the original Certificate of Incorporation, as amended and restated, the "ORIGINAL CERTIFICATE OF INCORPORATION").

SECOND: This Fourth Amended and Restated Certificate of Incorporation: (i) was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law; and (ii) was approved by written consent of a majority of the stockholders of the Corporation given in accordance with the provisions of Section 228 of the General Corporation Law.

THIRD: The text of the Original Certificate of Incorporation of the Corporation, as heretofore amended, is hereby further restated and amended to read in its entirety as follows:

FOURTH: This Fourth Amended and Restated Certificate of Incorporation, in accordance with the provisions of Section 103 of the General Corporation Laws, shall be effective on May __, 2000, at __:00 p.m. Eastern Daylight Time.

ARTICLE I
NAME

The name of the corporation (the "CORPORATION") is Sonus Networks, Inc.

ARTICLE II
REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is 1013 Centre Road in the City of Wilmington, County of New Castle; and the name of its registered agent is Corporation Service Company.

ARTICLE III
PURPOSE

The nature of the business or purposes to be conducted or promoted by the Corporation is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV
CAPITAL STOCK

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 305,000,000 shares, consisting solely of:

300,000,000	shares of common stock, par value \$0.001 per share ("Common Stock"); and
5,000,000	shares of preferred stock, par value \$0.01 per share ("Preferred Stock").

The following is a statement of the powers, designations, preferences, privileges, and relative rights in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. GENERAL. The voting, dividend and liquidation rights of the holders of Common Stock are subject to and qualified by the rights of the holders of Preferred Stock.

2. VOTING. The holders of Common Stock are entitled to one vote for each share held at all meetings of stockholders. There shall be no cumulative voting.

3. DIVIDENDS. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor if, as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding shares of Preferred Stock.

4. LIQUIDATION. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding shares of Preferred Stock.

B. PREFERRED STOCK.

Shares of Preferred Stock may be issued from time to time in one or more series, each of such series to have such powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and such qualifications and restrictions, if any, of such preferences and rights, as are stated or expressed in the resolution or resolutions of the Board of Directors providing for such series of Preferred Stock. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly so provided in such resolution or resolutions.

Authority is hereby granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions to determine and fix the powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and the qualifications and restrictions, if any, of such preferences and rights, including without limitation dividend rights, conversion rights, voting rights (if any), redemption privileges, and liquidation preferences, of such series of Preferred Stock (which need not be uniform among series), all to the fullest extent now or hereafter permitted by the General Corporation Law of Delaware. Without limiting the generality of the foregoing, the resolution or resolutions providing for the creation or issuance of any series of Preferred Stock may provide that such series shall be superior to, rank equally with, or be junior to the Preferred Stock of any other series, all to the fullest extent permitted by law. No resolution, vote, or consent of the holders of the capital stock of the Corporation shall be required in connection with the creation or issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of this Amended and Restated Certificate of Incorporation, the right to any such resolution, vote, or consent being expressly waived by all present and future holders of the capital stock of the Corporation.

Any resolution or resolutions adopted by the Board of Directors pursuant to the authority vested in them by this Article IV shall be set forth in a certificate of designation along with the number of shares of stock of such series as to which the resolution or resolutions shall apply and such certificate shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with ss.103 of the General Corporation Law of the State of Delaware. Unless otherwise provided in any such resolution or resolutions, the number of shares of stock of any such series to which such resolution or resolutions apply may be increased (but not above the total number of authorized shares of the class) or decreased (but not below the number of shares thereof then outstanding) by a certificate likewise executed, acknowledged, filed and recorded, setting forth a statement that a specified increase or decrease therein has been authorized and directed by a resolution or resolutions likewise adopted by the Board of Directors. In case the number of such shares shall be decreased, the number of shares so specified in the certificate shall resume the status which they had prior to the adoption of the first resolution or resolutions. When no shares of any such class or series are outstanding, either because none were issued or because none remain outstanding, a certificate setting forth a resolution or resolutions adopted by the Board of Directors that none of the authorized shares of such class or series are outstanding, and that none will be issued subject to the certificate of designations previously filed with respect to such class or series, may be executed, acknowledged, filed and recorded in the same manner as previously described and it shall have the effect of eliminating from this Amended and Restated Certificate of Incorporation all matters set forth in the certificate of designations with respect to such class or series of stock. If no shares of any such class or series established by a resolution or resolutions adopted by the Board of Directors have been issued, the voting powers, designations, preferences and relative, participating, optional or other rights, if any, with the qualifications, limitations or restrictions thereof, may be amended by a resolution or resolutions adopted by the Board of Directors. In the event of any such amendment, a certificate which (i) states that no shares of such class or series have been issued, (ii) sets forth the copy of the amending resolution or resolutions and (iii) if the designation of such class or series is being changed, indicates the original designation and the new designation, shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with ss.103 of the General Corporation Law of the State of Delaware.

ARTICLE V
BOARD OF DIRECTORS

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and for defining and regulating the powers of the Corporation and its directors and stockholders and are in furtherance and not in limitation of the powers conferred upon the Corporation by statute:

(a) The Board of Directors shall be divided into three classes of directors, such classes to be as nearly equal in number of directors as possible, having staggered three-year terms of office, the term of office of the directors of the first such class to expire as of the first annual meeting of the Corporation's stockholders following the closing of the Corporation's first public offering of shares of Common Stock registered pursuant to the Securities Act of 1933, as amended, those of the second class to expire as of the second annual meeting of the Corporation's stockholders following such closing, and those of the third class as of the third annual meeting of the Corporation's stockholders following such closing, such that at each annual meeting of stockholders after such closing, nominees will stand for election to succeed those directors whose terms are to expire as of such meeting. Any director serving as such pursuant to this paragraph (b) of Article V may be removed only for cause and only by the vote of the holders of 66 2/3% of the shares of the Corporation's stock entitled to vote for the election of directors.

(b) The Board of Directors shall have the power and authority:

- (i) to adopt, amend or repeal By-Laws of the Corporation, subject only to such limitations, if any, as may be from time to time imposed by other provisions of this Certificate, by law, or by the By-Laws; and
- (ii) to the full extent permitted or not prohibited by law, and without the consent of or other action by the stockholders, to authorize or create mortgage, pledges or other liens or encumbrances upon any or all of the assets, real, personal or mixed, and franchises of the Corporation, including after-acquired property, and to exercise all of the powers of the Corporation in connection therewith.

ARTICLE VI
LIMITATION OF LIABILITY

No director of the Corporation shall be personally liable to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability; PROVIDED, HOWEVER, that to the extent required from time to time by applicable law, this Article VI shall not eliminate or limit the liability of a director, to the extent such liability is provided by applicable law, (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of Title 8 of the Delaware Code, or (iv) for any transactions from which the director derived an improper personal benefit. No amendment to or repeal of this Article VI shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to the effective date of such amendment or repeal.

ARTICLE VII
INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as amended from time to time, indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom.

Indemnification may include payment by the Corporation of expenses in defending an action or proceeding in advance of the final disposition of such action or proceeding upon receipt of an undertaking by the person indemnified to repay such payment if it is ultimately determined that such person is not entitled to indemnification under this Article VII, which undertaking may be accepted without reference to the financial ability of such person to make such repayment.

The Corporation shall not indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person unless the initiation thereof was approved by the Board of Directors.

The indemnification rights provided in this Article VII (i) shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, agreement or vote of stockholders or disinterested directors or otherwise, and (ii) shall inure to the benefit of the heirs, executors and administrators of such persons. The Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article VII.

ARTICLE VIII
COMPROMISES AND ARRANGEMENTS

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any Class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of ss.391 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of ss.279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such a manner as the said court directs. If a majority of the number representing three-fourths (3/4ths) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the

compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all creditors or class of creditors, and/or stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

ARTICLE IX
CERTAIN TRANSACTIONS

The Board of Directors, when considering a tender offer or merger or acquisition proposal, may take into account factors in addition to potential economic benefits to stockholders, including without limitation (i) comparison of the proposed consideration to be received by stockholders in relation to the then current market price of the Corporation's capital stock, the estimated current value of the Corporation in a freely negotiated transaction, and the estimated future value of the Corporation as an independent entity, (ii) the impact of such a transaction on the employees, suppliers, and customers of the Corporation and its effect on the communities in which the Corporation operates, and (iii) the impact of such a transaction on the unique corporate culture and atmosphere of the Corporation.

ARTICLE X
STOCKHOLDER ACTION

Any action required or permitted to be taken by the stockholders of the Corporation may be taken only at a duly called annual or special meeting of the stockholders, and not by written consent in lieu of such a meeting, and special meetings of stockholders may be called only by the Chairman of the Board of Directors, the President, or a majority of the Board of Directors.

ARTICLE XI
AMENDMENTS

The affirmative vote of the holders of at least 66 2/3% of the outstanding voting stock of the Corporation (in addition to any separate class vote that may in the future be required pursuant to the terms of any outstanding Preferred Stock) shall be required to amend or repeal the provisions of Articles IV (to the extent it relates to the authority of the Board of Directors to issue shares of Preferred Stock in one or more series, the terms of which may be determined by the Board of Directors), V, VII, IX, X, or XI of this Fourth Amended and Restated Certificate of Incorporation or to reduce the numbers of authorized shares of Common Stock or Preferred Stock.

IN WITNESS WHEREOF, the undersigned has caused this Fourth Amended and Restated Certificate of Incorporation to be duly executed on its behalf as of _____, 2000.

SONUS NETWORKS, INC.

By: _____
Hassan Ahmed
President

SONUS NETWORKS, INC.

AMENDED AND RESTATED BY-LAWS

ARTICLE I. - GENERAL.

1.1. OFFICES. The registered office of Sonus Networks, Inc. (the "Company") shall be in the City of Wilmington, County of New Castle, State of Delaware. The Company may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Company may require.

1.2. SEAL. The seal, if any, of the Company shall be in the form of a circle and shall have inscribed thereon the name of the Company, the year of its organization and the words "Corporate Seal, Delaware."

1.3. FISCAL YEAR. The fiscal year of the Company shall be the period from January 1 through December 31.

ARTICLE II. - STOCKHOLDERS.

2.1. PLACE OF MEETINGS. Each meeting of the stockholders shall be held upon notice as hereinafter provided, at such place as the Board of Directors shall have determined and as shall be stated in such notice.

2.2. ANNUAL MEETING. The annual meeting of the stockholders shall be held each year on such date and at such time as the Board of Directors may determine. At each annual meeting the stockholders entitled to vote shall elect such members of the Board of Directors as are standing for election, by plurality vote by ballot, and they may transact such other corporate business as may properly be brought before the meeting. At the annual meeting any business may be transacted, irrespective of whether the notice calling such meeting shall have contained a reference thereto, except where notice is required by law, the Company's Certificate of Incorporation, or these by-laws.

2.3. QUORUM. At all meetings of the stockholders the holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the transaction of business except as otherwise provided by law, the Company's Certificate of Incorporation, or these by-laws. Whether or not there is such a quorum at any meeting, the chairman of the meeting or the stockholders entitled to vote thereat, present in person or by proxy, by a majority vote, may adjourn the meeting from time to time without notice other than announcement at the meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting, at which the requisite amount of voting stock shall be represented, any business may be transacted that might have been transacted if the meeting had been held as originally called. The stockholders present in person or by

proxy at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

2.4. RIGHT TO VOTE; PROXIES. Subject to the provisions of the Company's Certificate of Incorporation, each holder of a share or shares of capital stock of the Company having the right to vote at any meeting shall be entitled to one vote for each such share of stock held by him. Any stockholder entitled to vote at any meeting of stockholders may vote either in person or by proxy, but no proxy that is dated more than three years prior to the meeting at which it is offered shall confer the right to vote thereat unless the proxy provides that it shall be effective for a longer period. A proxy may be granted by a writing executed by the stockholder or his authorized agent or by transmission or authorization of transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, subject to the conditions set forth in Section 212 of the Delaware General Corporation Law, as it may be amended from time to time (the "DGCL").

2.5. VOTING. At all meetings of stockholders, except as otherwise expressly provided for by statute, the Company's Certificate of Incorporation, as it may be amended from time to time, or these by-laws, (i) in all matters other than the election of directors, the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on such matter shall be the act of the stockholders and (ii) directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

2.6. NOTICE OF ANNUAL MEETINGS. Written notice of the annual meeting of the stockholders shall be mailed to each stockholder entitled to vote thereat at such address as appears on the stock books of the Company at least ten (10) days (and not more than sixty (60) days) prior to the meeting. The Board of Directors may postpone any annual meeting of the stockholders at its discretion, even after notice thereof has been mailed. It shall be the duty of every stockholder to furnish to the Secretary of the Company or to the transfer agent, if any, of the class of stock owned by him and his post-office address, and to notify the Secretary of any change therein. Notice need not be given to any stockholder who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

2.7. STOCKHOLDERS' LIST. A complete list of the stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder, and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary and filed either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held, at least ten days before such meeting, and shall at all times during the usual hours for business, and during the whole time of said election, be open to the examination of any stockholder for a purpose germane to the meeting.

2.8. SPECIAL MEETINGS. Special meetings of the stockholders for any purpose or purposes, unless otherwise provided by statute, may be called only by the Chairman of the Board of Directors, the President, or a majority of the Board of Directors. Any such person or persons may postpone any special meeting of the stockholders at its or their discretion, even after notice thereof has been mailed.

2.9. NOTICE OF SPECIAL MEETINGS. Written notice of a special meeting of stockholders, stating the time and place and object thereof shall be mailed, postage prepaid, not less than ten (10) nor more than sixty (60) days before such meeting, to each stockholder entitled to vote thereat, at such address as appears on the books of the Company. No business may be transacted at such meeting except that referred to in said notice, or in a supplemental notice given also in compliance with the provisions hereof, or such other business as may be germane or supplementary to that stated in said notice or notices. Notice need not be given to any stockholder who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

2.10. INSPECTORS.

1. One or more inspectors may be appointed by the Board of Directors before or at any meeting of stockholders, or, if no such appointment shall have been made, the presiding officer may make such appointment at the meeting. At the meeting for which the inspector or inspectors are appointed, he or they shall open and close the polls, receive and take charge of the proxies and ballots, and decide all questions touching on the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes. If any inspector previously appointed shall fail to attend or refuse or be unable to serve, the presiding officer shall appoint an inspector in his place.

2. At any time at which the Company has a class of voting stock that is (i) listed on a national securities exchange, (ii) authorized for quotation on an inter-dealer quotation system of a registered national securities association, or (iii) held of record by more than 2,000 stockholders, the provisions of Section 231 of the DGCL with respect to inspectors of election and voting procedures shall apply, in lieu of the provisions of paragraph 1 of this ss. 2.10.

2.11. STOCKHOLDERS' CONSENT IN LIEU OF MEETING. Unless otherwise provided in the Company's Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Company, or any action that may be taken at any annual or special meeting of such stockholders, may be taken only at such a meeting, and not by written consent of stockholders.

2.12. PROCEDURES. For nominations for the Board of Directors or for other business to be properly brought by a stockholder before a meeting of stockholders, the stockholder must first have given timely written notice thereof to the Secretary of the Company. To be timely, a notice of nominations or other business to be brought before an annual meeting of stockholders must be delivered to the Secretary not less than 120 nor more than 150 days prior to the first anniversary of the date of the Company's proxy statement delivered to stockholders in connection with the preceding year's annual meeting, or if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary, or if no proxy statement was delivered to stockholders by the Company in connection with the preceding year's annual meeting, such notice must be delivered not earlier than 90 days prior to such annual meeting and not later than the later of (i) 60 days prior to the annual meeting or (ii) 10 days following the date on which public announcement of the date of such annual meeting is first made by the Company. With respect to special meetings of stockholders, such notice must be delivered to the Secretary not more than 90 days prior to such meeting and not later than the later of (i) 60 days prior to such meeting or (ii) 10 days following the date on which public announcement of the date of such meeting is first made by the Company. Such notice must contain the name and address of the stockholder delivering the notice and a

statement with respect to the amount of the Company's stock beneficially and/or legally owned by such stockholder, the nature of any such beneficial ownership of such stock, the beneficial ownership of any such stock legally held by such stockholder but beneficially owned by one or more others, and the length of time for which all such stock has been beneficially and/or legally owned by such stockholder, and information about each nominee for election as a director substantially equivalent to that which would be required in a proxy statement pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Securities and Exchange Commission thereunder, and/or a description of the proposed business to be brought before the meeting, as the case may be.

ARTICLE III. - DIRECTORS.

3.1. NUMBER OF DIRECTORS.

(a) Except as otherwise provided by law, the Company's Certificate of Incorporation, or these by-laws, the property and business of the Company shall be managed by or under the direction of a board of directors. Directors need not be stockholders, residents of Delaware, or citizens of the United States. The use of the phrase "whole board" herein refers to the total number of directors which the Company would have if there were no vacancies.

(b) The number of directors constituting the full Board of Directors shall be five (or such other number as the Board of Directors from time to time may determine). The Board of Directors shall be divided into three classes of directors, such classes to be as nearly equal in number of directors as possible, having staggered three-year terms of office, the term of office of the directors of the first such class to expire as of the first annual meeting of the Company's stockholders following the date on which these Amended and Restated By-laws become effective, those of the second class to expire as of the second annual meeting of the Company's stockholders following such effective date, and those of the third class as of the third annual meeting of the Company's stockholders following such effective date, such that at each annual meeting of stockholders after such effective date, nominees will stand for election to succeed those directors whose terms are to expire as of such meeting. Members of the Board of Directors shall hold office until the annual meeting of stockholders at which their respective successors are elected and qualified or until their earlier death, incapacity, resignation, or removal. Except as the DGCL or the Company's Certificate of Incorporation may otherwise require, in the interim between annual meetings of stockholders or special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filling of any vacancy in that connection, any vacancies in the Board of Directors, including unfilled vacancies resulting from the removal of directors for cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

(c) If the office of any director becomes vacant by reason of death, resignation, disqualification, removal, failure to elect, or otherwise, the remaining directors, although more or less than a quorum, by a majority vote of such remaining directors may elect a successor or successors who shall hold office for the unexpired term.

3.2. RESIGNATION. Any director of the Company may resign at any time by giving written notice to the Chairman of the Board, the President, or the Secretary of the Company. Such resignation shall take effect at the time specified therein, at the time of receipt if no time is specified therein and at the time of acceptance if the effectiveness of such resignation is conditioned upon its acceptance. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.3. REMOVAL. Except as may otherwise be provided by the DGCL or the Company's Certificate of Incorporation, any director or the entire Board of Directors may be removed only for cause and only by the vote of the holders of 66 2/3% of the shares of the Company's stock entitled to vote for the election of directors.

3.4. PLACE OF MEETINGS AND BOOKS. The Board of Directors may hold their meetings and keep the books of the Company outside the State of Delaware, at such places as they may from time to time determine.

3.5. GENERAL POWERS. In addition to the powers and authority expressly conferred upon them by these by-laws, the board may exercise all such powers of the Company and do all such lawful acts and things as are not by statute or by the Company's Certificate of Incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

3.6. OTHER COMMITTEES. The Board of Directors may designate one or more committees, by resolution or resolutions passed by a majority of the whole board; such committee or committees shall consist of one or more directors of the Company, and to the extent provided in the resolution or resolutions designating them, shall have and may exercise specific powers of the Board of Directors in the management of the business and affairs of the Company to the extent permitted by statute and shall have power to authorize the seal of the Company to be affixed to all papers that may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

3.7. POWERS DENIED TO COMMITTEES. Committees of the Board of Directors shall not, in any event, have any power or authority to amend the Company's Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares adopted by the Board of Directors as provided in Section 151(a) of the DGCL, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Company or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Company or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease, or exchange of all or substantially all of the Company's property and assets, recommend to the stockholders a dissolution of the Company or a revocation of a dissolution, or to amend the by-laws of the Company. Further, no committee of the Board of Directors shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the DGCL, unless the resolution or resolutions designating such committee expressly so provides.

3.8. SUBSTITUTE COMMITTEE MEMBER. In the absence or on the disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of such absent or disqualified member. Any committee shall keep regular minutes of its proceedings and report the same to the board as may be required by the board.

3.9. COMPENSATION OF DIRECTORS. The Board of Directors shall have the power to fix the compensation of directors and members of committees of the Board. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director and may receive stock options grants and issuances of restricted stock under the Company's equity incentive plan(s). No such

payment shall preclude any director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.10. REGULAR MEETINGS. No notice shall be required for regular meetings of the Board of Directors for which the time and place have been fixed. Written, oral, or any other mode of notice of the time and place shall be given for special meetings in sufficient time for the convenient assembly of the directors thereat. Notice need not be given to any director who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

3.11. SPECIAL MEETINGS. Special meetings of the board may be called by the Chairman of the Board, if any, or the President, on two (2) days notice to each director, or such shorter period of time before the meeting as will nonetheless be sufficient for the convenient assembly of the directors so notified; special meetings shall be called by the Secretary in like manner and on like notice, on the written request of two or more directors.

3.12. QUORUM. At all meetings of the Board of Directors, a majority of the whole board shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically permitted or provided by statute, or by the Company's Certificate of Incorporation, or by these by-laws. If at any meeting of the board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at said meeting that shall be so adjourned.

3.13. TELEPHONIC PARTICIPATION IN MEETINGS. Members of the Board of Directors or any committee designated by such board may participate in a meeting of the board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

3.14. ACTION BY CONSENT. Unless otherwise restricted by the Company's Certificate of Incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if written consent thereto is signed by all members of the board or of such committee as the case may be and such written consent is filed with the minutes of proceedings of the board or committee.

ARTICLE IV. - OFFICERS.

4.1. SELECTION; STATUTORY OFFICERS. The officers of the Company shall be chosen by the Board of Directors. There shall be a President, a Secretary, and a Treasurer, and there may be a Chairman of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, as the Board of Directors may elect. Any number of offices may be held by the

same person, except that the offices of President and Secretary shall not be held by the same person simultaneously.

4.2. TIME OF ELECTION. The officers above named shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders. None of said officers need be a director.

4.3. ADDITIONAL OFFICERS. The board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

4.4. TERMS OF OFFICE. Each officer of the Company shall hold office until his successor is chosen and qualified, or until his earlier resignation or removal. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors.

4.5. COMPENSATION OF OFFICERS. The Board of Directors shall have power to fix the compensation of all officers of the Company. It may authorize any officer, upon whom the power of appointing subordinate officers may have been conferred, to fix the compensation of such subordinate officers.

4.6. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and directors, and shall have such other duties as may be assigned to him from time to time by the Board of Directors.

4.7. PRESIDENT. Unless the Board of Directors otherwise determines, the President shall be the chief executive officer and head of the Company. Unless there is a Chairman of the Board, the President shall preside at all meetings of directors and stockholders. Under the supervision of the Board of Directors, the President shall have the general control and management of its business and affairs, subject, however, to the right of the Board of Directors to confer any specific power, except such as may be by statute exclusively conferred on the President, upon any other officer or officers of the Company. The President shall perform and do all acts and things incident to the position of President and such other duties as may be assigned to him from time to time by the Board of Directors.

4.8. VICE-PRESIDENTS. The Vice-Presidents shall perform such duties on behalf of the Company as may be respectively assigned to them from time to time by the Board of Directors or by the President. The Board of Directors may designate one of the Vice-Presidents as the Executive Vice-President, and in the absence or inability of the President to act, such Executive Vice-President shall have and possess all of the powers and discharge all of the duties of the President, subject to the control of the Board of Directors.

4.9. TREASURER. The Treasurer shall have the care and custody of all the funds and securities of the Company that may come into his hands as Treasurer, and the power and authority to endorse checks, drafts and other instruments for the payment of money for deposit or collection when necessary or proper and to deposit the same to the credit of the Company in such bank or banks or depository as the Board of Directors, or the officers or agents to whom the Board of Directors may delegate such authority, may designate, and he may endorse all commercial documents requiring endorsements for or on behalf of the Company. He may sign all receipts and vouchers for the payments made to the Company. He shall render an account of his transactions to the Board of Directors as often as the board or the committee shall require the same. He shall enter regularly in the books to be kept by him for that purpose full and adequate account of all moneys received and paid by him on account of the Company. He shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors. He shall

when requested, pursuant to vote of the Board of Directors, give a bond to the Company conditioned for the faithful performance of his duties, the expense of which bond shall be borne by the Company.

4.10. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the stockholders; he shall attend to the giving and serving of all notices of the Company. Except as otherwise ordered by the Board of Directors, he shall attest the seal of the Company upon all contracts and instruments executed under such seal and shall affix the seal of the Company thereto and to all certificates of shares of capital stock of the Company. He shall have charge of the stock certificate book, transfer book and stock ledger, and such other books and papers as the Board of Directors may direct. He shall, in general, perform all the duties of Secretary, subject to the control of the Board of Directors.

4.11. ASSISTANT SECRETARY. The Board of Directors or any two of the officers of the Company acting jointly may appoint or remove one or more Assistant Secretaries of the Company. Any Assistant Secretary upon his appointment shall perform such duties of the Secretary, and also any and all such other duties as the Board of Directors or the President or the Executive Vice-President or the Treasurer or the Secretary may designate.

4.12. ASSISTANT TREASURER. The Board of Directors or any two of the officers of the Company acting jointly may appoint or remove one or more Assistant Treasurers of the Company. Any Assistant Treasurer upon his appointment shall perform such of the duties of the Treasurer, and also any and all such other duties as the Board of Directors or the President or the Executive Vice-President or the Treasurer or the Secretary may designate.

4.13. SUBORDINATE OFFICERS. The Board of Directors may select such subordinate officers as it may deem desirable. Each such officer shall hold office for such period, have such authority, and perform such duties as the Board of Directors may prescribe. The Board of Directors may, from time to time, authorize any officer to appoint and remove subordinate officers and to prescribe the powers and duties thereof.

ARTICLE V. - STOCK.

5.1. STOCK. Each stockholder shall be entitled to a certificate or certificates of stock of the Company in such form as the Board of Directors may from time to time prescribe. The certificates of stock of the Company shall be numbered and shall be entered in the books of the Company as they are issued. They shall certify the holder's name and number and class of shares and shall be signed by both of (i) either the President or a Vice-President, and (ii) any one of the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and shall be sealed with the corporate seal of the Company. If such certificate is countersigned (1) by a transfer agent other than the Company or its employee, or, (2) by a registrar other than the Company or its employee, the signature of the officers of the Company and the corporate seal may be facsimiles. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the Company, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Company, such certificate or certificates may nevertheless be adopted by the Company and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature shall have been used thereon had not ceased to be such officer or officers of the Company.

5.2. FRACTIONAL SHARE INTERESTS. The Company may, but shall not be required to, issue fractions of a share. If the Company does not issue fractions of a share, it shall (i) arrange for the disposition of fractional interests by those entitled thereto, (ii) pay in cash the fair value of fractions of a

share as of the time when those entitled to receive such fractions are determined, or (iii) issue scrip or warrants in registered or bearer form that shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the Company in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the Company and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions that the Board of Directors may impose.

5.3. TRANSFERS OF STOCK. Subject to any transfer restrictions then in force, the shares of stock of the Company shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives and upon such transfer the old certificates shall be surrendered to the Company by the delivery thereof to the person in charge of the stock and transfer books and ledgers or to such other person as the directors may designate by whom they shall be canceled and new certificates shall thereupon be issued. The Company shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof save as expressly provided by the laws of Delaware.

5.4. RECORD DATE. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, that shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no such record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5.5. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint one or more transfer agents or transfer clerks and one or more registrars and may require all certificates of stock to bear the signature or signatures of any of them.

5.6. DIVIDENDS.

1. POWER TO DECLARE. Dividends upon the capital stock of the Company, subject to the provisions of the Company's Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Company's Certificate of Incorporation and the laws of Delaware.

2. RESERVES. Before payment of any dividend, there may be set aside out of any funds of the Company available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Company, or for such other purpose as the directors shall think conducive to the interest of the Company, and the directors may modify or abolish any such reserve in the manner in which it was created.

5.7. LOST, STOLEN, OR DESTROYED CERTIFICATES. No certificates for shares of stock of the Company shall be issued in place of any certificate alleged to have been lost, stolen, or destroyed, except upon production of such evidence of the loss, theft, or destruction and upon indemnification of the Company and its agents to such extent and in such manner as the Board of Directors may from time to time prescribe.

5.8. INSPECTION OF BOOKS. The stockholders of the Company, by a majority vote at any meeting of stockholders duly called, or in case the stockholders shall fail to act, the Board of Directors shall have power from time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Company (other than the stock ledger) or any of them, shall be open to inspection of stockholders; and no stockholder shall have any right to inspect any account or book or document of the Company except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

ARTICLE VI. - MISCELLANEOUS MANAGEMENT PROVISIONS.

6.1. CHECKS, DRAFTS, AND NOTES. All checks, drafts, or orders for the payment of money, and all notes and acceptances of the Company shall be signed by such officer or officers, or such agent or agents, as the Board of Directors may designate.

6.2. NOTICES.

1. Notices to directors may, and notices to stockholders shall, be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the Company. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram, telecopy or orally, by telephone or in person.

2. Whenever any notice is required to be given under the provisions of any applicable statute or of the Company's Certificate of Incorporation or of these by-laws, a written waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein or the meeting or action to which such notice relates, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at

the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

6.3. CONFLICT OF INTEREST. No contract or transaction between the Company and one or more of its directors or officers, or between the Company and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board of or committee thereof that authorized the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee and the board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders of the Company entitled to vote thereon, and the contract or transaction as specifically approved in good faith by vote of such stockholders; or (iii) the contract or transaction is fair as to the Company as of the time it is authorized, approved, or ratified, by the Board of Directors, a committee or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

6.4. VOTING OF SECURITIES OWNED BY THE COMPANY. Subject always to the specific directions of the Board of Directors, (i) any shares or other securities issued by any other corporation and owned or controlled by the Company may be voted in person at any meeting of security holders of such other corporation by the President of the Company if he is present at such meeting, or in his absence by the Treasurer of the Company if he is present at such meeting, and (ii) whenever, in the judgment of the President, it is desirable for the Company to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by the Company, such proxy or consent shall be executed in the name of the Company by the President, without the necessity of any authorization by the Board of Directors, affixation of corporate seal or countersignature or attestation by another officer, provided that if the President is unable to execute such proxy or consent by reason of sickness, absence from the United States or other similar cause, the Treasurer may execute such proxy or consent. Any person or persons designated in the manner above stated as the proxy or proxies of the Company shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by the Company the same as such shares or other securities might be voted by the Company.

ARTICLE VII. - INDEMNIFICATION.

7.1. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of being or having been a director or officer of the Company or serving or having served at the request of the Company as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such proceeding is alleged action or failure to act in an official capacity as a director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than permitted prior thereto) (as used in this Article 7, the "Delaware Law"), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a director, trustee, officer, employee, or agent and shall inure to the benefit of the Indemnitee's heirs, executors, and administrators; provided, however, that, except as provided in ss.7.2 hereof with respect to Proceedings to enforce rights to indemnification, the Company shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board of Directors of the Company. The right to indemnification conferred in this Article 7 shall be a contract right and shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); provided, however, that, if the Delaware Law so requires, an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Company of an undertaking (an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Article 7 or otherwise.

7.2. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under ss.7.1 hereof is not paid in full by the Company within sixty days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and (ii) in any suit by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Company shall be entitled to recover such expenses upon a Final Adjudication that, the Indemnitee has not met the applicable standard of conduct set forth in the Delaware Law. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware Law, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by

the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, under this Article 7 or otherwise shall be on the Company.

7.3. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the Advancement of Expenses conferred in this Article 7 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, the Company's Certificate or Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

7.4. INSURANCE. The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under this Article 7 or under the Delaware Law.

7.5. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE COMPANY. The Company may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the Advancement of Expenses, to any employee or agent of the Company to the fullest extent of the provisions of this Article 7 with respect to the indemnification and Advancement of Expenses of directors and officers of the Company.

ARTICLE VIII. - AMENDMENTS.

8.1. AMENDMENTS. Subject always to any limitations imposed by the Company's Certificate of Incorporation, these By-Laws may be altered, amended, or repealed, or new By-Laws may be adopted, only by (i) the affirmative vote of the holders of at least a majority of the outstanding voting stock of the Company, provided, that the affirmative vote of the holders of at least 66 2/3% of the outstanding voting stock of the Company shall be required for any such alteration, amendment, repeal, or adoption that would affect or be inconsistent with the provisions of Sections 2.11, 2.12, and this Section 8.1 (in each case, in addition to any separate class vote that may be required pursuant to the terms of any then outstanding preferred stock of the Company), or (ii) by resolution of the Board of Directors duly adopted by not less than a majority of the directors then constituting the full Board of Directors.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNF GIFT MIN ACT - Custodian under Uniform Gifts to Minors Act _____
(cust) (Minor) (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.

_____ Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____

Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated, _____

(NOTICE: The signature to this Agreement must correspond with the name as written upon the face of this Certificate in every particular, without alternation or enlargement or any change whatever).

Signature(s) Guaranteed:

THIS SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATION AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

May 19, 2000

Sonus Networks, Inc.
5 Carlisle Road
Westford, MA 01886

Re: REGISTRATION STATEMENT ON FORM S-1 UNDER THE SECURITIES ACT OF 1933,
AS AMENDED (FILE NO. 333-32206)

Ladies and Gentlemen:

We have acted as counsel to Sonus Networks, Inc., a Delaware corporation (the "COMPANY"), in connection with the registration under the Securities Act of 1933, as amended (the "ACT"), of 5,750,000 shares (collectively, the "SHARES") of the Company's Common Stock, \$0.001 par value per share, to be offered by the Company pursuant to a Registration Statement on Form S-1 (Reg. No. 333-32206), initially filed by the Company with the Securities and Exchange Commission (the "COMMISSION") on March 10, 2000 (the "REGISTRATION STATEMENT"), and as amended by Amendment No. 1, filed with the Commission on May 5, 2000, and by Amendment No. 2, filed with the Commission on May 19, 2000.

As such counsel, we have reviewed the corporate proceedings taken by the Company with respect to the authorization of the issuance of the Shares. We have also examined and relied upon originals or copies, certified or otherwise authenticated to our satisfaction, of such corporate records, documents, agreements or other instruments of the Company. As to all matters of fact (including factual conclusions and characterizations and descriptions of purpose, intention or other state of mind) we have entirely relied upon certificates of officers of the Company, and have assumed, without independent inquiry, the accuracy of those certificates. As to our opinion below regarding the due authorization of the Shares, we have assumed the due adoption of resolutions of the Board of Directors of the Company presented to us in draft form and represented to us by the officers of the Company as having been adopted at a meeting of the Board of Directors.

We have assumed the genuineness of all signatures, the conformity to the originals of all documents reviewed by us as copies, the authenticity and completeness of all original documents reviewed by us in original or copy form and the legal competence of each individual executing a document. We have also assumed that the registration requirements of the Act and all applicable requirements of state laws regulating the sale of securities will have been duly satisfied. We have also assumed that the Company will receive the specified purchase price for the Shares.

This opinion is limited solely to the Delaware General Corporation Law, as applied by courts located in Delaware, the applicable provisions of the Delaware Constitution and the reported judicial decisions interpreting those laws.

Subject to the foregoing, it is our opinion that the Shares have been duly authorized and when issued and paid for in accordance with the terms of the underwriting agreement described in the Registration Statement, will be validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

/s/ Bingham Dana LLP

BINGHAM DANA LLP

AMENDED AND RESTATED
SONUS NETWORKS, INC.
1997 STOCK INCENTIVE PLAN

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AMENDED AND RESTATED

SONUS NETWORKS, INC.

1997 STOCK INCENTIVE PLAN

1. PURPOSE

This Plan is intended to encourage ownership of Stock by employees, consultants and directors of the Company and its Affiliates and to provide additional incentives for them to promote the success of the Company's business through the grant of Awards of or pertaining to shares of the Company's Stock. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code but not all Awards granted hereunder are required to be Incentive Options.

2. TERM OF THE PLAN

Unless the Plan shall have been earlier terminated by the Board, Awards may be granted hereunder at any time in the period commencing on the approval of the Plan by the Board and ending immediately prior to the tenth anniversary of the earlier of the adoption of the Plan by the Board or approval of the Plan by the Company's shareholders. Awards granted pursuant to the Plan within such period shall not expire solely by reason of the termination of the Plan. Awards of Incentive Options granted prior to shareholder approval of the Plan are hereby expressly conditioned upon such approval, and shall be void from their inception in the event the shareholders of the Company shall fail to approve the Plan within twelve (12) months of the Board's approval of the Plan.

3. STOCK SUBJECT TO THE PLAN

Subject to adjustment in accordance with the provisions of Section 12 of the Plan, the aggregate number of shares of Stock that may be issued or transferred pursuant to Options, Restricted Stock Awards or Stock Grants under the Plan will not exceed 27,000,000 shares, which aggregate number of shares, automatically and without further action, will increase, effective January 1, 2001, and each January 1 thereafter during the term of the Plan, by an additional number of shares of Stock equal to the lesser of (i) five percent (5%) of the total number of shares of Stock issued and outstanding as of the close of business on the immediately preceding December 31 and (ii) such number as the Board may determine. Notwithstanding the foregoing, and subject to adjustment in accordance with the provisions of Section 12 of the Plan, no more than an aggregate of 27,000,000 shares of Stock may be issued pursuant to the exercise of Incentive Stock Options granted under the Plan. The shares of Stock to be delivered under the Plan will be made available, at the discretion of the Committee, from authorized but unissued shares of Stock and/or from previously issued shares of Stock reacquired by the Company. If shares covered by any Option cease to be issuable for any reason, and/or shares covered by Restricted Stock Awards are forfeited, such number of shares will no longer be charged against the limitation provided in this Section 3 and may again be made subject to Awards.

4. ADMINISTRATION

The Plan shall be administered by the Committee; PROVIDED, HOWEVER, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of this Plan pertaining to the Committee's exercise of its authorities hereunder; and PROVIDED, FURTHER, HOWEVER that the Committee may delegate to an executive officer or officers the authority to grant Options to employees who are not officers and consultants in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make or to select the manner of making all needful determinations with respect to each Award to be granted by the Company in addition to any other determination allowed the Committee under the Plan, including: (a) the employee, consultant or director to receive the Award; (b) whether the Award will be of an Option, Restricted Stock or a Stock Grant (and if any Option and to be granted to an employee, whether the Option will be an Incentive Option or Nonstatutory Option); (c) the time of granting the Award; (d) the number of shares subject to the Award; (e) the Option Price of any Option or purchase price in respect of any Award of Restricted Stock; (f) the Option period of any Option; (g) the Option exercise date or dates of any Option; and (h) the effect of termination of employment or other association with the Company and its Affiliates on the subsequent exercisability of the Option or the recipient's retention of any Award of Restricted Stock. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, consultants and directors, their present and potential contributions to the success of the Company and its subsidiaries, and such other factors as the Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Award Agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations made in good faith on matters referred to in this Plan shall be final, binding and conclusive on all persons having or claiming any interest under this Plan or an Award made pursuant hereto.

5. ELIGIBILITY: MAXIMUM GRANT PER INDIVIDUAL

Pursuant and subject to the terms of this Plan, the Committee may grant from time to time and at any time prior to the termination of the Plan, one or more Awards, either alone or in combination with any other Awards, to any employee, consultant or director of one or more of the Company or an Affiliate. In no event shall the number of shares with respect to which Awards may be granted hereunder to any one individual in any one calendar year exceed 25% of the number set forth in the second sentence of Section 3, as the same may be adjusted from time to time in accordance with Section 12.

6. OPTIONS

PROVISION FOR GRANT. Awards may be granted under the Plan in the form of Options.

ADDITIONAL TERMS AND CONDITIONS. Any Options shall have the following terms and conditions and such other terms and conditions, not inconsistent with the terms of the Plan, as the Committee may prescribe.

(a) DATE OF GRANT. The granting of an Option shall take place at the time specified in the Option Agreement. Only if expressly so provided in the applicable Award Agreement shall the Grant Date be the date on which the Award Agreement shall have been duly executed and delivered by the Company and the Optionee.

(b) OPTION PRICE. The Option Price under each Incentive Option shall be not less than 100% of the Fair Market Value of Stock on the Grant Date, or not less than 110% of the Fair Market Value of Stock on the Grant Date if the Optionee is a Ten Percent Owner. The Option Price under each Nonstatutory Option shall not be so limited solely by reason of this Section 6.

(c) OPTION PERIOD. No Incentive Option may be exercised on or after the tenth anniversary of the Grant Date, or on or after the fifth anniversary of the Grant Date, if the Optionee is a Ten Percent Owner. The Option period under each Nonstatutory Option shall not be so limited solely by reason of this Section 6.2(c).

(d) EXERCISABILITY. An Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. In the case of an Option not otherwise immediately exercisable in full, the Committee may Accelerate the exercisability of such Option in whole or in part at any time, provided the Acceleration of the exercisability of any Incentive Option would not cause the Option to fail to comply with the provisions of Section 422 of the Code or the Optionee consents to such Acceleration.

(e) TERMINATION OF ASSOCIATION WITH THE COMPANY. Unless the Committee shall provide otherwise in the grant of a particular Option under the Plan, if the Optionee's employment or other association with the Company and its Affiliates is terminated, whether voluntarily or otherwise and including on an entity ceasing to be an Affiliate of the Company, any Option shall cease to be exercisable in any respect not later than ninety (90) days following such termination and, for the period it remains exercisable following termination, shall be exercisable only to the extent exercisable at the date of termination. Military or sick leave or other bona fide leave shall not be deemed a termination of employment or other association, PROVIDED that it does not exceed the longer of 90 days or the period during which the absent recipient's reemployment rights, if any, are guaranteed by statute or by contract.

(f) TRANSFERABILITY OF OPTIONS. Except as otherwise provided in this Section, Options shall not be transferable, other than by will or the laws of descent and distribution, and may be exercised during the life of the Optionee only by the Optionee. The Committee may, upon the grant of an Award of a Nonstatutory Option or by amendment to the agreement evidencing such an Award, provide that such Award may be transferred by the recipient to an Immediate Family Member or to a charitable organization describe in Code Section 501(c)(3); PROVIDED, HOWEVER, that any such transfer is without payment of any consideration whatsoever and that no transfer of an Option shall be valid unless first approved by the Committee, acting in its sole discretion.

(g) EXERCISE OF OPTION. An Option may be exercised by the Optionee giving written notice, in the manner provided in Section 17, specifying the number of shares with respect to which the Option is then being exercised. The notice shall be accompanied by payment in the form of cash or check payable to the order of the Company in an amount equal to the option price of the shares to be purchased or, subject to such conditions, if any, as the Committee may deem necessary to avoid adverse accounting effects to the Company, by delivery of that number of shares of Stock having a fair market value equal to the option price of the shares to be purchased. Receipt by the Company of such notice and payment shall constitute the exercise of the Option. Within 30 days thereafter but subject to the remaining provisions of the Plan, the Company shall deliver or cause to be delivered to the Optionee or his agent a certificate or certificates for the number of shares then being purchased. Such shares shall be fully paid and nonassessable. Nothing herein shall be construed to preclude the Company from participating in a so-called "cashless exercise", provided the Optionee or other person exercising the Option and each other party involved in any such exercise shall comply with such procedures, and enter into such agreements, of indemnity or otherwise, as the Company shall specify.

6.3. LIMIT ON INCENTIVE OPTION CHARACTERIZATION. An Incentive Option shall be considered to be an Incentive Option only to the extent that the number of shares of Stock for which the Option first becomes exercisable in a calendar year do not have an aggregate Fair Market Value (as of the date of the grant of the Option) in excess of the "current limit". The current limit for any Optionee for any calendar year shall be \$100,000 MINUS the aggregate Fair Market Value at the date of grant of the number of shares of Stock available for purchase for the first time in the same year under each other Incentive Option previously granted to the Optionee under the Plan, and under each other incentive stock option previously granted to the Optionee under any other incentive stock option plan of the Company and its Affiliates, after December 31, 1986. Any shares of Stock which would cause the foregoing limit to be violated shall be deemed to have been granted under a separate Nonstatutory Option, otherwise identical in its terms to those of the Incentive Option.

7. RESTRICTED STOCK

7.1 PROVISION FOR GRANT. Shares of Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan at such price, if any, as the Committee may determine. The Committee shall condition the grant of Restricted Stock upon the completion of additional service, attainment of specified performance goals or such other factors as the Committee may determine.

7.2 AWARDS AND CERTIFICATES. The prospective recipient of a Restricted Stock Award shall not have any rights with respect to such Award, unless and until such recipient has executed an agreement evidencing the Award, has delivered a fully executed copy thereof to the Company, and has otherwise complied with the applicable terms and conditions of such Award.

7.3 ADDITIONAL TERMS AND CONDITIONS. Grants of Restricted Stock may be made under the following additional terms and conditions and such other terms and conditions, not inconsistent with the terms of the Plan, as the Committee may prescribe:

(a) PURCHASE PRICE. Shares of Restricted Stock shall be issued under the Plan for such consideration, in cash, other property or services, as is determined by the Committee.

(b) ACCEPTANCE OF AWARDS. Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the Award date, by executing a Restricted Stock Award agreement and paying whatever price (if any) is required pursuant to the terms of the Award.

(c) ISSUANCE OF CERTIFICATES. Each Participant receiving a Restricted Stock Award, subject to subsection (d) below, shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and, if applicable, shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award substantially in the following form:

The transferability of this certificate and the shares represented by this certificate are subject to the terms and conditions of the Sonus Networks, Inc. 1997 Stock Incentive Plan and an Award Agreement entered into by the registered owner and Sonus Networks, Inc. Copies of such Plan and Agreement are on file in the offices of Sonus Networks, Inc. at 5 Carlisle Road, Westford, Massachusetts 01886.

(d) ESCROW OF SHARES. The Committee may require that the stock certificates evidencing shares of Restricted Stock be held in custody by a designated escrow agent until the restrictions thereon shall have lapsed, and that the Participant deliver a stock power, endorsed in blank, relating to the Stock covered by such Award.

(e) RESTRICTIONS AND RESTRICTION PERIOD. During the Restriction Period applicable to shares of Restricted Stock, such shares shall be subject to limitations on transferability and a Risk of Forfeiture arising on the basis of such conditions, related to the performance of service, Company or Affiliate performance or otherwise, as the Committee may determine and cause to be set out in the applicable Award Agreement. Any such Risk of Forfeiture may be waived, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(f) TRANSFERABILITY. Notwithstanding subsection (e) above, the Committee may permit gratuitous transfers to or for the benefit of Immediate Family Members or charitable organizations described in Code Section 501(c)(3) on the same basis as allowed in Section 6.2(f) with respect to Nonstatutory Options and provided the transferred Award shall remain subject to any applicable restriction on transfer and Risk of Forfeiture. The Committee may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance and/or such other factors or criteria as the Committee may determine.

(g) RIGHTS PENDING LAPSE OF RESTRICTIONS OR FORFEITURE OF AWARD. Except as provided in this subsection (g) and subsections (e) and (f) above, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any cash dividends. The Committee, as determined at the time of Award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested in additional Restricted Stock to the extent shares are available under Section 3.

(h) EFFECT OF TERMINATION OF EMPLOYMENT OR ASSOCIATION. Unless otherwise determined by the Committee at grant and subject to the applicable provisions of the Award agreement and this Section 7, upon termination of a Participant's employment or other association with the Company and its Affiliates for any reason during the Restriction Period including on an entity ceasing to be an Affiliate of the Company, all shares still subject to the Risk of Forfeiture shall be forfeited or otherwise subject to return to or repurchase by the Company on the terms specified in the Award Agreement; PROVIDED, HOWEVER, that military or sick leave or other bona fide leave shall not be deemed a termination of employment or other association, if it does not exceed the longer of 90 days or the period during which the absent optionee's reemployment rights, if any, are guaranteed by statute or by contract.

(i) LAPSE OF RESTRICTIONS. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, the certificates for such shares shall be delivered to the Participant promptly if not theretofore so delivered.

8. STOCK GRANTS

In recognition of significant contributions to the success of the Company or its Affiliates, in lieu of compensation otherwise already due and in such other limited circumstances as the Committee deems appropriate, shares of Stock may be issued either alone or in addition to other Awards granted under the Plan at such price, if any, as the Committee may determine. Stock Grant Awards shall be made without forfeiture conditions of any kind and otherwise pursuant to such terms and conditions as the Committee may determine.

9. RESTRICTIONS ON ISSUE OF SHARES

9.1. VIOLATION OF LAW. Notwithstanding any other provision of the Plan, if, at any time, in the reasonable opinion of the Company, the issuance of shares of Stock covered by an Award may constitute a violation of law, then the Company may delay such issuance and the delivery of a certificate for such shares until (i) approval shall have been obtained from such governmental agencies, other than the Securities and Exchange Commission, as may be required under any applicable law, rule, or regulation; and (ii) in the case where such issuance would constitute a violation of a law administered by or a regulation of the Securities and Exchange Commission, one of the following conditions shall have been satisfied:

(a) the shares are at the time of the issue of such shares effectively registered under the Act; or

(b) the Company shall have received an opinion, in form and substance satisfactory to the Company, from the Company's legal counsel to the effect that the sale, transfer, assignment, pledge, encumbrance or other disposition of such shares or such beneficial interest, as the case may be, does not require registration under the Act or any applicable State securities laws.

The Company shall make all reasonable efforts to bring about the occurrence of said events.

10. PURCHASE FOR INVESTMENT; SUBSEQUENT REGISTRATION

10.1. INVESTMENT REPRESENTATION. Unless the shares to be issued pursuant to Awards granted under the Plan have been effectively registered under the Act, the Company shall be under no obligation to issue any shares covered by any Award unless the recipient of such shares shall give a written representation to the Company which is satisfactory in form and substance to its counsel and upon which the Company may reasonably rely, that he or she is acquiring the shares for his or her own account for the purpose of investment and not with a view to, or for sale in connection with, the distribution of any such shares.

10.2. REGISTRATION. If the Company shall deem it necessary or desirable to register under the Act or other applicable statutes any shares issued or to be issued pursuant to Awards granted under the Plan, or to qualify any such shares for exemption from the Act or other applicable statutes, then the Company shall take such action at its own expense. The Company may require from each recipient of an Award, or each holder of shares of Stock acquired pursuant to the Plan, such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for such purpose and may require reasonable indemnity to the Company and its officers and directors from such holder against all losses, claims, damage and liabilities arising from such use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In addition, the Company may require of any such person that he or she agree that, without the prior written consent of the Company or such managing underwriter, he or she will not sell, make any short sale of, loan, grant any option for the purchase of, pledge or otherwise encumber, or otherwise dispose of, any shares of Stock during the 180 day period commencing on the effective date of the registration statement relating to such underwritten public offering of securities.

10.3. PLACEMENT OF LEGENDS; STOP ORDERS; ETC. Each share of Stock to be issued pursuant to Awards granted under the Plan may bear a reference to the investment representation made in accordance with Section 10.1 in addition to any other applicable restriction under the Plan and the terms of the Award and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to said Stock. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

11. WITHHOLDING; NOTICE OF DISPOSITION OF STOCK
PRIOR TO EXPIRATION OF SPECIFIED HOLDING PERIOD

11.1. TAX WITHHOLDING. Whenever shares are issued or to be issued pursuant to Awards granted under the Plan, the Company shall have the right to require the recipient to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Company an otherwise available tax deduction or otherwise) prior to the delivery of any certificate or certificates for such shares. The obligations of the Company under the Plan

shall be conditional on such payment and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the recipient of an Award.

11.2. NOTIFICATION OF DISPOSITION. Each person exercising any Incentive Option granted under the Plan shall be deemed to have covenanted with the Company to report to the Company any disposition of such shares prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code and, if and to the extent that the realization of income in such a disposition imposes upon the Company federal, state, local or other withholding tax requirements, or any such withholding is required to secure for the Company an otherwise available tax deduction, to remit to the Company an amount in cash sufficient to satisfy those requirements.

12. ADJUSTMENTS FOR CORPORATE TRANSACTIONS

12.1. ADJUSTMENT FOR CORPORATE ACTIONS. All of the share numbers set forth in the Plan reflect the capital structure of the Company as of December 31, 1999. Subject to Section 12.2, if subsequent to such date the outstanding shares of Common Stock (or any other securities covered by the Plan by reason of the prior application of this Section) are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other distribution with respect to such shares of Common Stock, or other securities, an appropriate and proportionate adjustment will be made in (i) the maximum numbers and kinds of shares provided in Section 3, (ii) the numbers and kinds of shares or other securities subject to the then outstanding Options and Restricted Stock Awards, (iii) the exercise price for each share or other unit of any other securities subject to then outstanding Options (without change in the aggregate purchase price as to which such Options remain exercisable), and (iv) the repurchase price of each share of Restricted Stock then subject to a Risk of Forfeiture in the form of a Company repurchase right.

12.2. TREATMENT IN ACQUISITIONS. Subject to any provisions of then outstanding Awards granting greater rights to the holders thereof, in the event of an Acquisition (a) any then Restricted Stock shall Accelerate to the extent that the Company's rights to reacquire such shares of Restricted Stock on occurrence of the applicable Risk of Forfeiture with respect to those shares are not assigned to the acquiring entity and (b) any then outstanding Options shall Accelerate to the extent not assumed by the acquiring entity or replaced by comparable options to purchase shares of the capital stock of the successor or acquiring entity or parent thereof, and to the extent not assumed or replaced on the Acquisition shall then (or after a reasonable period following the Acquisition, as determined by the Committee) terminate to the extent not exercised. As to any one or more outstanding Options and shares of Restricted Stock which are not otherwise Accelerated by reason of such Acquisition, the Committee may also, either in advance of an Acquisition or at the time thereof and upon such terms as it may deem appropriate, provide for the Acceleration of such outstanding Options and Restricted Stock in the event that the employment of the respective grantees of such Options or Restricted Stock Awards should subsequently terminate following such Acquisition. Each

outstanding Option that is assumed in connection with an Acquisition, or is otherwise to continue in effect subsequent to such Acquisition, will be appropriately adjusted, immediately after such Acquisition, as to the number and class of securities and the price at which it may be exercised in accordance with Section 12.1.

12.3. DISSOLUTION OR LIQUIDATION. Upon dissolution or liquidation of the Company, each outstanding Option shall terminate, but the Optionee (if at the time in the employ of or otherwise associated with the Company or any of its Affiliates) shall have the right, immediately prior to such dissolution or liquidation, to exercise the Option to the extent exercisable on the date of such dissolution or liquidation.

12.4. RELATED MATTERS. Any adjustment in Awards made pursuant to this Section 12 shall be determined and made, if at all, by the Committee and shall include any correlative modification of terms, including of Option exercise prices, Risks of Forfeiture and applicable repurchase prices for Restricted Stock, which the Committee may deem necessary or appropriate so as to ensure the rights of the Participants in their respective Awards are not substantially diminished nor enlarged as a result of the adjustment and corporate action other than as expressly contemplated in this Section 12. No fraction of a share shall be purchasable or deliverable upon exercise, but in the event any adjustment hereunder of the number of shares covered by an Award shall cause such number to include a fraction of a share, such number of shares shall be adjusted to the nearest smaller whole number of shares.

13. RESERVATION OF STOCK

The Company shall at all times during the term of the Plan and any outstanding Options granted hereunder reserve or otherwise keep available such number of shares of Stock as will be sufficient to satisfy the requirements of the Plan (if then in effect) and such Options and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

14. LIMITATION OF RIGHTS IN STOCK; NO SPECIAL EMPLOYMENT OR OTHER RIGHTS

An Optionee shall not be deemed for any purpose to be a stockholder of the Company with respect to any of the shares of Stock covered by an Option, except to the extent that the Option shall have been exercised with respect thereto and, in addition, a certificate shall have been issued therefor and delivered to the Optionee or his agent. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the Certificate of Incorporation and the By-laws of the Company. Nothing contained in the Plan or in any Award Agreement shall confer upon any recipient of an Award any right with respect to the continuation of his or her employment or other association with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting or other agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting or other agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other association with the Company and its Affiliates.

15. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of the Plan by the Board nor the submission of the Plan to the shareholders of the Company shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of stock options and restricted stock other than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

16. TERMINATION AND AMENDMENT OF THE PLAN

The original Plan was amended and restated in its entirety, as of November 18, 1998. The Plan has been amended and restated in its entirety as of March 28, 2000, as set forth herein.

The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable. No termination or amendment of the Plan may, without the consent of any recipient of an Award granted hereunder, adversely affect the rights of such recipient under such Award.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of the recipient of such Award without his or her consent.

17. NOTICES AND OTHER COMMUNICATIONS

Any notice, demand, request or other communication hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by first class registered, certified or overnight mail, postage prepaid, or telecopied with a confirmation copy by regular, certified or overnight mail, addressed or telecopied, as the case may be, (i) if to the recipient of an Award, at his or her residence address last filed with the Company and (ii) if to the Company, at 5 Carlisle Road, Westford, Massachusetts 01886 Attention: President, Telecopier: (978) 392-9118, or to such other address or telecopier number, as the case may be, as the addressee may have designated by notice to the addressor. All such notices, requests, demands and other communications shall be deemed to have been received: (i) in the case of personal delivery, on the date of such delivery; (ii) in the case of mailing, when received by the addressee; and (iii) in the case of facsimile transmission, when confirmed by facsimile machine report.

18. GOVERNING LAW

The Plan and all Award Agreements and actions taken thereunder shall be governed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof.

19. DEFINITIONS

As used in this Plan the following terms shall have the respective meanings set out below, unless the context clearly requires otherwise:

19.1. ACCELERATE, ACCELERATED, and ACCELERATION, when used with respect to an Option, means that as of the relevant time of reference such Option will become exercisable with

respect to some or all of the shares of Stock for which it was not then otherwise exercisable by its terms and, when used with respect to Restricted Stock, means that the Risk of Forfeiture otherwise applicable to such Stock shall expire with respect to some or all of the shares of Restricted Stock.

19.2. ACQUISITION means a merger or consolidation of the Company with and into another person or the sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more persons (other than any wholly-owned subsidiary of the Company) in a single transaction or series of related transactions, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquiror's outstanding securities, or the securities of any parent thereof, are held by a person or persons who held the voting securities of the Company immediately prior to such transaction.

19.3. ACT means the Securities Act of 1933, as amended.

19.4. AFFILIATE means a parent or subsidiary corporation of the Company, as defined in Sections 424(e) and (f), respectively, of the Code.

19.5. AWARD means the grant or sale pursuant to the Plan of Restricted Stock, Stock Grants or Options.

19.6. AWARD AGREEMENT means an agreement between the Company and the recipient of an Award, setting forth the terms and conditions of an Option or of a grant or sale of Restricted Stock.

19.7. BENEFICIAL OWNERSHIP means beneficial ownership determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the Exchange Act.

19.8. BOARD means the Company's Board of Directors.

19.9. CODE means the Internal Revenue Code of 1986, as amended from time to time, or any statute successor thereto, and any regulations issued from time to time thereunder.

19.10. COMMITTEE means a committee appointed by the Board, responsible for the administration of the Plan, as provided in Section 4 of the Plan. For any period during which no such committee is in existence all authority and responsibility assigned the Committee under the Plan shall be exercised, if at all, by the Board.

19.11. COMPANY means Sonus Networks, Inc., a corporation organized under the laws of the State of Delaware.

19.12. EXCHANGE ACT means the Securities Exchange Act of 1934, as amended and in effect from time to time.

19.13. FAIR MARKET VALUE means the value of a share of Common Stock as of the relevant time of reference, as determined as follows. If the Common Stock is then publicly traded, Fair Market Value will be (i) the last sale price of a share of Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last sale price of the

Common Stock reported in the NASDAQ National Market System, if the Common Stock is not then traded on a national securities exchange; or (iii) the average of the closing bid and asked prices for the Common Stock quoted by an established quotation service for over-the-counter securities, if the Common Stock is not then traded on a national securities exchange or reported in the NASDAQ National Market System. If the Common Stock is not then publicly traded, Fair Market Value will be the fair value of a share of the Common Stock as determined by the Board or the Committee, taking into consideration such factors as it deems appropriate, which may include recent sale and offer prices of Common Stock in arms'-length private transactions.

19.14. GRANT DATE means the date as of which an Option is granted, as determined under Section 6.

19.15. IMMEDIATE FAMILY MEMBER means (i) an individual's parents, siblings, spouse, children, stepchildren, grandchildren, cousins, or the spouse of any such person; (ii) any trust established for the benefit of the individual and/or a person described in (i) above; or (iii) any limited liability company or limited partnership, the members or limited partners of which are the individual and/or a person described in (i) above.

19.16. INCENTIVE OPTION means an Option which by its terms is to be treated as an "incentive stock option" within the meaning of Section 422 of the Code.

19.17. NONSTATUTORY OPTION means any Option that is not an Incentive Option.

19.18. OPTION means an option to purchase shares of Stock granted under the Plan.

19.19. OPTION PRICE means the price to be paid by an Optionee for a share of Stock upon exercise of an Option.

19.20. OPTIONEE means a person eligible to receive an Option, as provided in Section 6, to whom an Option shall have been granted under the Plan.

19.21. PARTICIPANT means any holder of an outstanding Award under the Plan.

19.22. PLAN means this 1997 Stock Incentive Plan of the Company, as amended from time to time.

19.23. RESTRICTED STOCK means an Award pursuant to Section 7 below of shares of Stock subject to restrictions or other forfeiture conditions.

19.24. RESTRICTION PERIOD means the period established by the Committee and set forth in the applicable Restricted Stock Award Agreement during which the Risk of Forfeiture applicable to shares of Restricted Stock remains in effect.

19.25. RISK OF FORFEITURE means a limitation on the right of the Participant to retain an Award of Restricted Stock, including a right for the Company to reacquire the Shares at less than their then Fair Market Value, arising because of the occurrence or non-occurrence of specified events or conditions.

19.26. STOCK means Common Stock, par value \$0.001 per share, of the Company.

19.27. STOCK GRANT means an Award pursuant to Section 8 below of shares of Stock not subject to restrictions or other forfeiture conditions.

19.28. TEN PERCENT OWNER means a person who owns, or is deemed within the meaning of Section 422(b)(6) of the Code to own, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any Affiliate). Whether a person is a Ten Percent Owner shall be determined with respect to each Option based on the facts existing immediately prior to the Grant Date of such Option.

* * *

The following does not form part of this Plan but is included solely for informational purposes:

Date of Board Approval:	November 18, 1997
Date of Shareholder Approval:	November 18, 1997
Date of First Amendment and Restatement:	November 18, 1998
Date of Second Amendment and Restatement:	March 28, 2000

SONUS NETWORKS, INC.
2000 EMPLOYEE STOCK PURCHASE PLAN

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SONUS NETWORKS, INC.

2000 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the 2000 Employee Stock Purchase Plan of Sonus Networks, Inc.

1. PURPOSE

The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. DEFINITIONS

2.1. BOARD means the Board of Directors of the Company.

2.2. CODE means the Internal Revenue Code of 1986, as amended.

2.3. COMMON STOCK means the Common Stock, par value \$0.001 per share, of the Company.

2.4. COMPANY means Sonus Networks, Inc., a Delaware corporation.

2.5. COMPENSATION means all regular straight time compensation including commissions but shall not include payments for overtime, shift premium, incentive compensation, incentive payments, bonuses and other irregular or infrequent compensation or benefits.

2.6. CONTINUOUS STATUS AS AN EMPLOYEE means the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Administrator, provided that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; or (iv) in the case of transfers between locations of the Company or between the Company and its Designated Subsidiaries.

2.7. CONTRIBUTIONS means all amounts credited to the account of a participant pursuant to the Plan.

2.8. CORPORATE TRANSACTION means a merger or consolidation of the Company with and into another person or the sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more persons (other than any wholly-owned subsidiary of the Company) in a single transaction or series of related transactions, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquiror's outstanding securities, or the securities of any parent thereof, are held by a person or persons who held the voting securities of the Company immediately prior to such transaction.

2.9. DESIGNATED SUBSIDIARIES means the Subsidiaries which have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

2.10. EMPLOYEE means any person, including an Officer, who is customarily employed for at least twenty (20) hours per week and more than five (5) months in a calendar year by the Company or one of its Designated Subsidiaries.

2.11. EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.

2.12. OFFERING DATE means the first business day of each Offering Period of the Plan.

2.13. OFFERING PERIOD means a period of twenty-four (24) months commencing on February 1 and August 1 of each year, except for the first Offering Period as set forth in Section 4.1.

2.14. OFFICER means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

2.15. PLAN means this Employee Stock Purchase Plan.

2.16. PURCHASE DATE means the last day of each Purchase Period of the Plan.

2.17. PURCHASE PERIOD means a period of six (6) months within an Offering Period, except for the Purchase Periods in the first Offering Period as set forth in Section 4.2.

2.18. PURCHASE PRICE means with respect to a Purchase Period an amount equal to 85% of the Fair Market Value (as defined in Section 7.2 below) of a Share of Common Stock on the Offering Date or on the Purchase Date, whichever is lower; provided, however, that in the event (i) of any increase in the number of Shares available for issuance under the Plan as a result of a stockholder-approved amendment to the Plan, and (ii) all or a portion of such additional Shares are to be issued with respect to one or more Offering Periods that are underway at the time of such increase ("Additional Shares"), and (iii) the Fair Market Value of a Share of Common Stock on the date of such increase (the "Approval Date Fair Market Value") is higher than the Fair Market Value on the Offering Date for any such Offering Period, then in such instance the Purchase Price with respect to Additional Shares shall be 85% of the Approval Date Fair Market Value or the Fair Market Value of a Share of Common Stock on the Purchase Date, whichever is lower.

2.19. SHARE means a share of Common Stock, as adjusted in accordance with Section 19 of the Plan.

2.20. SUBSIDIARY means a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

3. ELIGIBILITY

3.1. Any person who is an Employee as of the Offering Date of a given Offering Period shall be eligible to participate in such Offering Period under the Plan, subject to the requirements of Section 5.1 and the limitations imposed by Section 423(b) of the Code; provided however that eligible Employees may not participate in more than one Offering Period at a time.

3.2. Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the

Company or of any subsidiary of the Company, or (ii) if such option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) of the Fair Market Value (as defined in Section 7.2 below) of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. OFFERING PERIODS AND PURCHASE PERIODS

4.1. OFFERING PERIODS. The Plan shall be generally implemented by a series of Offering Periods of twenty-four (24) months' duration, with new Offering Periods (other than the first Offering Period) commencing on or about February 1 and August 1 of each year (or at such other time or times as may be determined by the Board of Directors). The first Offering Period shall commence on the beginning of the effective date of the Registration Statement on Form S-1 for the initial public offering of the Company's Common Stock (the "IPO Date") and continue until July 31, 2002. The Plan shall continue until terminated in accordance with Section 20 hereof. The Board of Directors of the Company shall have the power to change the duration and/or the frequency of Offering Periods with respect to future offerings without stockholder approval if such change is announced to Employees at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected.

4.2. PURCHASE PERIODS. Each Offering Period shall generally consist of four (4) consecutive purchase periods of six (6) months' duration. The last day of each Purchase Period shall be the "Purchase Date" for such Purchase Period. A Purchase Period commencing on February 1 shall end on the next July 31. A Purchase Period commencing on August 1 shall end on the next January 31. The first Purchase Period of the first Offering Period shall commence on the IPO Date and shall end on January 31, 2001 with subsequent Purchase Periods ending on July 31, 2001, January 31, 2002 and July 31, 2002. The Board of Directors of the Company shall have the power to change the duration and/or frequency of Purchase Periods with respect to future purchases without stockholder approval if such change is announced to Employees at least five (5) days prior to the scheduled beginning of the first Purchase Period to be affected.

5. PARTICIPATION

5.1. An eligible Employee may become a participant in the Plan by completing a subscription agreement on the form provided by the Company and filing it with the Company's payroll office prior to the applicable Offering Date, unless a later time for filing the subscription agreement is set by the Board for all eligible Employees with respect to a given Offering Period. The subscription agreement shall set forth the percentage of the participant's Compensation (subject to Section 6.1 below) to be paid as Contributions pursuant to the Plan.

5.2. Payroll deductions shall commence on the first payroll following the Offering Date and shall end on the last payroll paid on or prior to the last Purchase Period of the Offering Period to which the subscription agreement is applicable, unless sooner terminated by the participant as provided in Section 10.

6. METHOD OF PAYMENT OF CONTRIBUTIONS

6.1. A participant shall elect to have payroll deductions made on each payday during the Offering Period in an amount not less than one percent (1%) and not more than twenty percent (20%) (or such other percentage as the Board may establish from time to time before an Offering Date) of such participant's Compensation on each payday during the Offering Period. All payroll deductions made by a participant shall be credited to his or her account under the Plan. A participant may not make any additional payments into such account.

6.2. A participant may discontinue his or her participation in the Plan as provided in Section 10. In addition, if Board of Directors of the Company has so announced to Employees at least five (5) days prior to the scheduled beginning of the next Offering Period to be affected, a participant may, on one occasion only during each Purchase Period, change the rate of his or her Contributions with respect to the Purchase Period by completing and filing with the Company a new subscription agreement authorizing a change in the payroll deduction rate. Any such change in rate shall be effective as of the beginning of the next calendar month following the date of filing of the new subscription agreement, if the agreement is filed at least ten (10) business days prior to such date and, if not, as of the beginning of the next succeeding calendar month.

6.3. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3.2 herein, a participant's payroll deductions may be decreased during any Purchase Period scheduled to end during the current calendar year to 0%. Payroll deductions shall re-commence automatically at the rate provided in such participant's subscription agreement at the beginning of the first Purchase Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

7. GRANT OF OPTION

7.1. On the Offering Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on each Purchase Date a number of Shares of the Company's Common Stock determined by dividing such Employee's Contributions accumulated prior to such Purchase Date and retained in the participant's account as of the Purchase Date by the applicable Purchase Price; provided however that the maximum number of Shares an Employee may purchase during each Purchase Period shall be 2,500 Shares (subject to any adjustment pursuant to Section 19 below), and provided further that such purchase shall be subject to the limitations set forth in Sections 3.2 and 13.

7.2. The fair market value of the Company's Common Stock on a given date (the "Fair Market Value") shall be determined by the Board in its discretion

based on the closing sales price of the Common Stock for such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported by the National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market or, if such price is not reported, the mean of the bid and asked prices per share of the Common Stock as reported by Nasdaq or, in the event the Common Stock is listed on a stock exchange, the Fair Market value per share shall be the closing sales price on such exchange on such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported in The Wall Street Journal. For purposes of the Offering Date under the first Offering Period under the Plan, the Fair Market Value of a share of the Common Stock of the Company shall be the Price to Public as set forth in the final prospectus filed with the Securities and Exchange Commission pursuant to Rule 424 under the Securities Act of 1933, as amended.

8. EXERCISE OF OPTION

Unless a participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of Shares will be exercised automatically on each Purchase Date of an Offering Period, and the maximum number of full Shares subject to the option will be purchased at the applicable Purchase Price with the accumulated Contributions in his or her account. No fractional Shares shall be issued. The Shares purchased upon exercise of an option hereunder shall be deemed to be transferred to the participant on the Purchase Date. During his or her lifetime, a participant's option to purchase Shares hereunder is exercisable only by him or her.

9. DELIVERY

As promptly as practicable after each Purchase Date of each Offering Period, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the Shares purchased upon exercise of his or her option. Any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full Share shall be retained in the participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 below. Any other amounts left over in a participant's account after a Purchase Date shall be returned to the participant.

10. VOLUNTARY WITHDRAWAL; TERMINATION OF EMPLOYMENT

10.1. A participant may withdraw all but not less than all of the Contributions credited to his or her account under the Plan at any time prior to each Purchase Date by giving written notice to the Company. All of the participant's Contributions credited to his or her account will be paid to him or her promptly after receipt of his or her notice of withdrawal and his or her option for the current period will be automatically terminated, and no further Contributions for the purchase of Shares will be made during the Offering Period.

10.2. Upon termination of the participant's Continuous Status as an Employee prior to the Purchase Date of an Offering Period for any reason, including retirement or death, the Contributions credited to his or her account will be returned to him or her or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and his or her option will be automatically terminated.

10.3. In the event an Employee fails to remain in Continuous Status as an Employee of the Company for at least twenty (20) hours per week during the Offering Period in which the employee is a participant, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to his or her account will be returned to him or her and his or her option terminated.

10.4. A participant's withdrawal from an offering will not have any effect upon his or her eligibility to participate in a succeeding offering or in any similar plan which may hereafter be adopted by the Company.

11. AUTOMATIC WITHDRAWAL

If the Fair Market Value of the Shares on any Purchase Date of an Offering Period is less than the Fair Market Value of the Shares on the Offering Date for such Offering Period, then every participant shall automatically (i) be withdrawn from such Offering Period at the close of such Purchase Date and after the acquisition of Shares for such Purchase Period, and (ii) be enrolled in the Offering Period commencing on the first business day subsequent to such Purchase Period. Accordingly, participants shall automatically be withdrawn as of January 31, 2001 from the Offering Period beginning on the IPO Date and re-enrolled in the Offering Period beginning on February 1, 2001 if the Fair Market Value of the Shares on the IPO Date is greater than the Fair Market Value of the Shares on January 31, 2001, unless a participant notifies the Administrator prior to January 31, 2001 that he or she does not wish to be withdrawn and re-enrolled.

12. INTEREST

No interest shall accrue on the Contributions of a participant in the Plan.

13. STOCK

13.1. Subject to adjustment as provided in Section 19, the maximum number of Shares which shall be made available for sale under the Plan shall be 1,200,000 Shares plus an automatic annual increase on January 1, 2001 and each January 1 thereafter equal to the lesser of (i) two percent (2%) of the Shares outstanding on the last day of the immediately preceding fiscal year, and (ii) such number as the Board may determine. Notwithstanding the foregoing, and subject to adjustment in accordance with Section 19 no more than an aggregate of 25,000,000 Shares may be issued pursuant to this Plan. If the Board determines that, on a given Purchase Date, the number of shares with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available

for sale under the Plan on the Offering Date of the applicable Offering Period, or (ii) the number of shares available for sale under the Plan on such Purchase Date, the Board may in its sole discretion provide (x) that the Company shall make a pro rata allocation of the Shares of Common Stock available for purchase on such Offering Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Purchase Date, and continue all Offering Periods then in effect, or (y) that the Company shall make a pro rata allocation of the shares available for purchase on such Offering Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Purchase Date, and terminate any or all Offering Periods then in effect pursuant to Section 20 below. The Company may make pro rata allocation of the Shares available on the Offering Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Offering Date.

13.2. The participant shall have no interest or voting right in Shares covered by his or her option until such option has been exercised.

13.3. Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse, as directed by the participant.

14. ADMINISTRATION

The Board, or a committee named by the Board, shall supervise and administer the Plan and shall have full power to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of the Plan and not inconsistent with the Plan, to construe and interpret the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Board's determinations made in good faith on matters referred to in this Plan shall be final, binding and conclusive on all persons having or claiming any interest under this Plan or an Award made pursuant hereto.

15. DESIGNATION OF BENEFICIARY

15.1. A participant may file a written designation of a beneficiary who is to receive any Shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of a Purchase Period but prior to delivery to him or her of such Shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to the Purchase Date of an Offering Period.

15.2. Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the

absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. TRANSFERABILITY

Neither Contributions credited to a participant's account nor any rights with regard to the exercise of an option or to receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 15) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 10.

17. USE OF FUNDS

All Contributions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such Contributions.

18. REPORTS

Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of Contributions, the per Share Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

19. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION; CORPORATE TRANSACTIONS

19.1. ADJUSTMENT. Subject to any required action by the stockholders of the Company, the number of shares covered by each option under the Plan which has not yet been exercised and the number of Shares which have been authorized for issuance under the Plan but have not yet been placed under option (collectively, the "Reserves"), as well as the maximum number of shares of Common Stock which may be purchased by a participant in a Purchase Period, the number of shares of Common Stock set forth in Section 13.1 above, and the price per Share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock (including any such change in the number of Shares of Common Stock effected in connection with a change in domicile of the

Company), or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company; provided however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive.

19.2. CORPORATE TRANSACTIONS. In the event of a dissolution or liquidation of the Company, any Purchase Period and Offering Period then in progress will terminate immediately prior to the consummation of such action, unless otherwise provided by the Board. In the event of a Corporate Transaction, each option outstanding under the Plan shall be assumed or an equivalent option shall be substituted by the successor corporation or a parent or Subsidiary of such successor corporation. In the event that the successor corporation refuses to assume or substitute for outstanding options, each Purchase Period and Offering Period then in progress shall be shortened and a new Purchase Date shall be set (the "New Purchase Date"), as of which date any Purchase Period and Offering Period then in progress will terminate. The New Purchase Date shall be on or before the date of consummation of the transaction and the Board shall notify each participant in writing, at least ten (10) days prior to the New Purchase Date, that the Purchase Date for his or her option has been changed to the New Purchase Date and that his or her option will be exercised automatically on the New Purchase Date, unless prior to such date he or she has withdrawn from the Offering Period as provided in Section 10. For purposes of this Section 19, an option granted under the Plan shall be deemed to be assumed, without limitation, if, at the time of issuance of the stock or other consideration upon a Corporate Transaction, each holder of an option under the Plan would be entitled to receive upon exercise of the option the same number and kind of shares of stock or the same amount of property, cash or securities as such holder would have been entitled to receive upon the occurrence of the transaction if the holder had been, immediately prior to the transaction, the holder of the number of Shares of Common Stock covered by the option at such time (after giving effect to any adjustments in the number of Shares covered by the option as provided for in this Section 19); provided however that if the consideration received in the transaction is not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor corporation, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per Share consideration received by holders of Common Stock in the transaction.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per Share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of Shares of its outstanding Common Stock, and in the event of the Company's being consolidated with or merged into any other corporation.

20. AMENDMENT OR TERMINATION

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19, no such termination of the Plan may affect options previously granted, provided that the Plan or an Offering Period may be terminated by the Board on a Purchase Date or by the Board's setting a new Purchase Date with respect to an Offering Period and Purchase Period then in progress if the Board determines that termination of the Plan and/or the Offering Period is in the best interests of the Company and the stockholders or if continuation of the Plan and/or the Offering Period would cause the Company to incur adverse accounting charges as a result of the Plan. Except as provided in Section 19 and in this Section 20, no amendment to the Plan shall make any change in any option previously granted which adversely affects the rights of any participant.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been adversely affected, the Board (or its committee) shall be entitled to change the Offering Periods and Purchase Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

21. NOTICES

All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. CONDITIONS UPON ISSUANCE OF SHARES

Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such Shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, applicable state securities laws and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such

exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. TERM OF PLAN; EFFECTIVE DATE

The Plan shall become effective upon the IPO Date. It shall continue in effect for a term of twenty (20) years unless sooner terminated under Section 20.

SONUS NETWORKS, INC.
2000 EMPLOYEE STOCK PURCHASE PLAN
SUBSCRIPTION AGREEMENT

New Election ____

Change of Election ____

1. I, _____, hereby elect to participate in the Sonus Networks, Inc. 2000 Employee Stock Purchase Plan (the "Plan") for the Offering Period _____, _____ to _____, _____, and subscribe to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan.

2. I elect to have Contributions in the amount of _____% of my Compensation, as those terms are defined in the Plan, applied to this purchase. I understand that this amount must not be less than 1% and not more than 20% of my Compensation during the Offering Period. (Please note that no fractional percentages are permitted).

3. I hereby authorize payroll deductions from each paycheck during the Offering Period at the rate stated in Item 2 of this Subscription Agreement. I understand that all payroll deductions made by me shall be credited to my account under the Plan and that I may not make any additional payments into such account. I understand that all payments made by me shall be accumulated, without interest or earnings, for the purchase of shares of Common Stock at the applicable purchase price determined in accordance with the Plan. I further understand that, except as otherwise set forth in the Plan, shares will be purchased for me automatically on the Purchase Date of each Offering Period unless I otherwise withdraw from the Plan by giving written notice to the Company for such purpose.

4. I understand that I may discontinue at any time prior to the Purchase Date my participation in the Plan as provided in Section 10 of the Plan. I acknowledge that, unless I discontinue my participation in the Plan as provided in Section 10 of the Plan, my election will continue to be effective for each successive Purchase Period.

5. I have received a copy of the complete Sonus Networks, Inc. 2000 Employee Stock Purchase Plan. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

6. Shares purchased for me under the Plan should be issued in the name(s) of (name of employee or employee and spouse only):

7. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due to me under the Plan:

NAME: (Please print)

(First)

(Middle)

(Last)

(Relationship)

(Address)

8. I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Offering Date (the first day of the Offering Period during which I purchased such shares) or within 1 year after the Purchase Date, I will be treated for federal income tax purposes as having received ordinary compensation income at the time of such disposition in an amount equal to the excess of the fair market value of the shares on the Purchase Date over the price which I paid for the shares, regardless of whether I disposed of the shares at a price less than their fair market value at the Purchase Date. The remainder of the gain or loss, if any, recognized on such disposition will be treated as capital gain or loss.

I hereby agree to notify the Company in writing within 30 days after the date of any such disposition, and I will make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to the sale or early disposition of Common Stock by me.

9. If I dispose of such shares at any time after expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received compensation income only to the extent of an amount equal to the lesser of (1) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares under the option, or (2) 15% of the fair market value of the shares on the Offering Date. The remainder of the gain or loss, if any, recognized on such disposition will be treated as capital gain or loss.

I understand that this tax summary is only a summary and is subject to change. I further understand that I should consult a tax advisor concerning certain tax implications of the purchase and sale of stock under the Plan.

10. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

SIGNATURE:

SOCIAL SECURITY #:

DATE:

SAMPLE

SONUS NETWORKS, INC.

2000 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

I, _____, hereby elect to withdraw my participation in the Sonus Networks, Inc. 2000 Employee Stock Purchase Plan (the "Plan") for the Offering Period that began on _____, _____. This withdrawal covers all Contributions credited to my account and is effective on the date designated below.

I understand that all Contributions credited to my account will be paid to me within ten (10) business days of receipt by the Company of this Notice of Withdrawal and that my option for the current period will automatically terminate, and that no further Contributions for the purchase of shares can be made by me during the Offering Period.

The undersigned further understands and agrees that he or she shall be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Dated:

Signature of Employee

Social Security Number

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report dated March 10, 2000 (and to all references to our Firm) included in or made a part of this Registration Statement.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Boston, Massachusetts
May 19, 2000