

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

January 22, 2003

Date of Report (Date of earliest event reported)

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

DELAWARE  
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000-30229  
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04-3387074  
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(State or Other Jurisdiction  
of Incorporation)

(Commission File Number)

(IRS Employer  
Identification No.)

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

(978) 692-8999

(Registrant's telephone number, including area code)

Item 5. OTHER EVENTS.

A copy of Sonus' press release, dated January 22, 2003, reporting its actual financial results for the fourth quarter and fiscal year ended December 31, 2002, is attached as Exhibit 99.1 hereto and incorporated by reference herein.

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

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibit

99.1 Press release dated January 22, 2003 reporting Sonus' actual financial results for the fourth quarter and fiscal year ended December 31, 2002.

SIGNATURE

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

Date: January 22, 2003

SONUS NETWORKS, INC.

By:

/s/ Stephen J. Nill

Stephen J. Nill

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

(Principal Financial and Accounting Officer)



## Business Editors

WESTFORD, Mass.--(BUSINESS WIRE)--Jan. 22, 2003--Sonus Networks, Inc. (Nasdaq: SONS), a leading provider of voice infrastructure solutions for the new public network, today reported its financial results for its fourth quarter and fiscal year ended December 31, 2002, in accordance with U.S. generally accepted accounting principles (GAAP).

Revenues for the fourth quarter of fiscal 2002 were \$12.7 million compared with \$38.9 million in the same period last year. Net loss for the fourth quarter of fiscal 2002 was \$12.8 million or \$0.07 per share compared with a net loss for the fourth quarter of fiscal 2001 of \$13.4 million or \$0.07 per share.

Revenues for fiscal year 2002 were \$62.6 million compared with \$173.2 million for fiscal year 2001. Net loss for fiscal year 2002 was \$68.5 million or \$0.36 per share compared with a net loss for fiscal year 2001 of \$645.4 million or \$3.74 per share.

"We made considerable progress in building our business fundamentals in Q4," said Hassan Ahmed, president and CEO, Sonus Networks. "We reported a sequential increase in revenues and a reduced net loss compared to the third quarter, and our cash balance increased as well. The gains made in the quarter are reflective of progress with our customers and our continued focus on Sonus' financial metrics."

During the quarter, Sonus announced that NTT Communications, one of the world's leading carriers, is using Sonus' packet voice infrastructure solutions to offload modem-generated Internet traffic from its circuit-switched network, and has also begun a field trial of enterprise VoIP services using the Sonus platform. Earlier this week, Sonus announced that NuVox, an integrated communications provider serving the Midwestern and Southeastern United States, selected Sonus to develop a VoIP network that will carry all of NuVox's long distance voice traffic, as well as offload Internet traffic from NuVox's circuit-switched local voice network.

One of Sonus' existing customers, Global Crossing, achieved a significant milestone during the quarter, highlighting the scalability and robustness of Sonus' voice infrastructure solutions. Global Crossing carried more than one billion minutes of voice traffic for carrier and enterprise customers on its Sonus-based VoIP network in the month of November alone.

Further expanding its presence in international markets, Sonus announced relationships with two new distribution partners in the quarter. Welltech Computer Corporation will provide the full range of Sonus packet voice products to the Taiwanese carrier market, and COMPTA will distribute and support the complete Sonus product line in Portugal.

In November, Sonus was again named the leading provider of carrier-class packet voice equipment, a position the company has held for nine consecutive quarters. Market analysis firms In-Stat/MDR, Infonetics Research and Synergy Research Group issued third quarter 2002 market share reports identifying Sonus as the industry leader in several key service provider packet telephony market segments.

"Looking ahead, our 2003 priorities are clear," continued Ahmed. "We are focused on building our customer base, expanding into new target markets, and continuing to deliver the product innovations that have set us apart in the market. Additionally, we will continue to manage our business with precision, driving toward profitability."

## About Sonus Networks

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

This release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sonus that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to Sonus' Quarterly Report on Form 10-Q, dated November 13, 2002 and filed with the SEC, which identifies important risk factors

that could cause actual results to differ from those contained in the forward-looking statements. These risk factors include, among others, the adverse effect of recent developments in the telecommunications industry, the weakened financial position of many service providers, Sonus' ability to grow its customer base, dependence on new product offerings, market acceptance of its products, rapid technological and market change and manufacturing and sourcing risks. The Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

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

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

	Dec. 31, 2002	Dec. 31, 2001
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$111,167	\$125,067
Accounts receivable, net	2,956	9,440
Inventories	10,776	18,865
Other current assets	3,806	2,952
Total current assets	128,705	156,324
Property and equipment, net	11,174	23,335
Goodwill and purchased intangible assets, net	1,174	4,536
Other assets, net	480	689
	\$141,533	\$184,884
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$37,521	\$36,301
Accrued restructuring expenses	3,143	8,596
Deferred revenue	29,235	13,349
Current portion of long-term obligations	1,606	1,055
Total current liabilities	71,505	59,301
Long-term obligations, less current portion	3,293	12,698
Convertible subordinated notes	10,000	10,000
Stockholders' equity:		
Common stock	207	205
Capital in excess of par value	858,126	860,883
Accumulated deficit	(797,868)	(729,398)
Deferred compensation	(3,469)	(28,721)
Treasury stock	(261)	(84)
Total stockholders' equity	56,735	102,885
	\$141,533	\$184,884

SONUS NETWORKS, INC.  
Condensed Consolidated Statements of Operations  
US GAAP and Adjusted Results  
(In thousands, except per share data)  
(unaudited)

	Three months ended December 31, 2002		
	US GAAP Results	Adjustments	Adjusted Results (A)
Revenues	\$12,660	\$ -	\$12,660
Cost of revenues	6,298	-	6,298
Gross profit	6,362	-	6,362
Operating			

expenses:			
Research and development	8,783	--	8,783
Sales and marketing	5,656	--	5,656
General and administrative	539	--	539
Stock-based compensation	3,841	(3,841)	--
Amort. of goodwill and purchased intangible assets	358	(358)	--
Write-off of goodwill and purchased intangible assets	175	(175)	--
Restructuring charges (benefit), net	16	(16)	--
Total operating expenses	19,368	(4,390)	14,978
Loss from operations	(13,006)	4,390	(8,616)
Interest expense	(238)	--	(238)
Interest income	424	--	424
Net loss	\$(12,820)	\$4,390	\$(8,430)
Basic and diluted net loss per share	\$(0.07)		
Shares used in computation	195,648		

Three months ended  
December 31, 2001

	US GAAP Results	Adjustments	Adjusted Results (A)
Revenues	\$38,863	\$--	\$38,863
Cost of revenues	17,398	--	17,398
Gross profit	21,465	--	21,465
Operating expenses:			
Research and development	15,642	--	15,642
Sales and marketing	10,504	--	10,504
General and administrative	3,796	--	3,796
Stock-based compensation	7,161	(7,161)	--
Amort. of goodwill and purchased intangible assets	480	(480)	--
Write-off of goodwill and purchased intangible assets	(1,984)	1,984	--
Restructuring			

charges (benefit), net	-	-	--
Total operating expenses	35,599	(5,657)	29,942
Loss from operations	(14,134)	5,657	(8,477)
Interest expense	(219)	--	(219)
Interest income	952	--	952
Net loss	\$(13,401)	\$5,657	\$(7,744)
Basic and diluted net loss per share	\$(0.07)		
Shares used in computation	181,260		

(A) These Adjusted Condensed Consolidated Statements of Operations are for informational purposes only and are not in accordance with US generally accepted accounting principles (GAAP). These statements exclude the impact of the amortization of stock-based compensation, amortization of goodwill and purchased intangible assets, the write-off of goodwill and purchased intangible assets and restructuring charges (benefits).

SONUS NETWORKS, INC.  
Condensed Consolidated Statements of Operations  
US GAAP and Adjusted Results  
(In thousands, except per share data)

Year ended  
December 31, 2002

	US GAAP Results	Adjustments	Adjusted Results (A)
Revenues	\$62,558	\$--	\$62,558
Cost of revenues:			
Write-off of inventory and purchase commitments	9,434	(9,434)	--
Other cost of revenues	30,868	--	30,868
Total cost of revenues	40,302	(9,434)	30,868
Gross profit	22,256	9,434	31,690
Operating expenses:			
Research and development	45,308	--	45,308
Sales and marketing	27,863	--	27,863
General and administrative	6,140	--	6,140
Stock-based compensation	19,496	(19,496)	--
Amort. of goodwill and purchased intangible assets	1,514	(1,514)	--
Write-off of goodwill and purchased intangible			

assets	1,848	(1,848)	--
Restructuring charges (benefit), net	(10,125)	10,125	--
In-process research and development	--	--	--
Total operating expenses	92,044	(12,733)	79,311
Loss from operations	(69,788)	22,167	(47,621)
Interest expense	(676)	--	(676)
Interest income	1,994	--	1,994
Net loss	\$(68,470)	\$22,167	\$(46,303)
Basic and diluted net loss per share	\$(0.36)		
Shares used in computation	189,889		

Year ended  
December 31, 2001

	US GAAP Results	Adjustments	Adjusted Results (A)
Revenues	\$173,199	\$--	\$173,199
Cost of revenues:			
Write-off of inventory and purchase commitments	--	--	--
Other cost of revenues	75,698	--	75,698
Total cost of revenues	75,698	--	75,698
Gross profit	97,501	--	97,501
Operating expenses:			
Research and development	65,004	--	65,004
Sales and marketing	42,267	--	42,267
General and administrative	13,068	--	13,068
Stock-based compensation	75,500	(75,500)	--
Amort. of goodwill and purchased intangible assets	107,759	(107,759)	--
Write-off of goodwill and purchased intangible assets	374,735	(374,735)	--
Restructuring charges (benefit), net	25,807	(25,807)	--
In-process research and development	43,800	(43,800)	--
Total operating expenses	747,940	(627,601)	120,339
Loss from operations	(650,439)	627,601	(22,838)



Interest expense	(567)	--	(567)
Interest income	5,574	--	5,574

Net loss	\$(645,432)	\$627,601	\$(17,831)
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Basic and diluted net loss per share \$(3.74)

Shares used in computation 172,382

(A) These Adjusted Condensed Consolidated Statements of Operations are for informational purposes only and are not in accordance with US generally accepted accounting principles (GAAP). These statements exclude the impact of the write-off of inventory and purchase commitments, amortization of stock-based compensation, amortization of goodwill and purchased intangible assets, the write-off of goodwill and purchased intangible assets, restructuring charges (benefit) and in-process research and development expenses.

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