

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

March 15, 2005

Date of Report (Date of earliest event reported)

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

DELAWARE

000-30229

04-3387074

(State or Other Jurisdiction of Incorporation) (Commission File Number) (IRS Employer Identification No.)

250 APOLLO DRIVE, CHELMSFORD, MASSACHUSETTS 01824
(Address of Principal Executive Offices) (Zip Code)

(978) 614-8100

(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

The information in this Current Report on Form 8-K and the exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 2.02. Results of Operations and Financial Condition.

On March 15, 2005, Sonus Networks, Inc. issued a press release reporting its financial results for the quarter and year ended December 31, 2004. A copy of the press release is attached as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

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

99.1 Press release of Sonus Networks, Inc. dated March 15, 2005 reporting financial results for the quarter and year ended December 31, 2004.

SIGNATURE

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

Date: March 15, 2005

SONUS NETWORKS, INC.

By:

/s/ Ellen Richstone

Ellen Richstone

Chief Financial Officer

Exhibit Index

- 99.1 Press release of Sonus Networks, Inc. dated March 15, 2005 reporting financial results for the quarter and year ended December 31, 2004.

Sonus Networks Reports 2004 Fourth Quarter and Annual Financial Results;
2004 Revenues Grow 83% Year Over Year, 2004 EPS of \$0.10

CHELMSFORD, Mass.--(BUSINESS WIRE)--March 15, 2005--Sonus Networks (Nasdaq:SONS), a leading supplier of service provider voice over IP (VoIP) infrastructure solutions, today reported its financial results for its fourth quarter and fiscal year ended December 31, 2004.

Revenues for the fourth quarter of fiscal 2004 were \$45.1 million compared with \$46.4 million in the same period last year, a decrease of 3%. Net income for the fourth quarter of fiscal 2004 was \$6.3 million or \$0.02 per diluted share, compared with net income for the fourth quarter of fiscal 2003 of \$6.9 million, or \$0.03 per diluted share.

Revenues for fiscal year 2004 were \$170.7 million compared with \$93.2 million for fiscal year 2003, an increase of 83%. Net income for fiscal year 2004 was \$24.5 million, or \$0.10 per diluted share, compared with a net loss for fiscal year 2003 of \$15.1 million, or \$0.07 per diluted share.

"Our 2004 financial results represent record performance by our team around the world. Revenue grew 83%, we were profitable on an annual basis, and we generated positive cash flow," said Hassan Ahmed, chairman and CEO, Sonus Networks. "As we continue to focus on growing the company, we are equally focused on improving our financial controls and infrastructure. We are pleased to have timely filed our Form 10-K for 2004 and to have completed the assessment of internal control over financial reporting under the new Sarbanes-Oxley 404 requirements."

Fourth Quarter 2004 Summary

Further broadening its customer base in the fourth quarter, Sonus announced that NetVision, Israel's largest Internet Service Provider, is deploying Sonus infrastructure to build a new network for global inter-connect. Additionally, Sonus announced that Interoute, owner and operator of one of Europe's most advanced telecommunications networks, is expanding its Sonus platform to meet growing demand for its successful Virtual Voice Network (VVN).

Collaborating with the National Communications System (NCS), an agency of the Department of Homeland Security, Sonus demonstrated critical emergency services features for the Government Emergency Telecommunications Service (GETS) at the Global MSF Interoperability (GMI) 2004 event. In support of the NCS participation at GMI 2004, Sonus developed a critical software application that enables priority routing of emergency calls via the use of the Session Initiation Protocol (SIP) Resource Priority Header (RPH).

During the quarter, Sonus continued to build its sales presence around the world. In October, Sonus expanded its direct sales operations in its Europe, Middle East and Africa (EMEA) region to support its increasing business focus in the region. Sonus also launched a new channel partnership with Marconi Corporation plc. In addition, Sonus continued to invest in sales by developing its presence in Asia Pacific, including a partnership agreement with Putian Capitel Group, a subsidiary of China Putian Corporation. Under the agreement, Putian Capitel will resell the full range of Sonus' VoIP infrastructure solutions, as well as provide support and consultation to customers in China. These investments reflect the momentum in the market as service providers globally look to deploy new VoIP services in both the core of the network and at the access edge.

In December, leading industry research firms issued quarterly reports showing that Sonus continued its leadership in the carrier-class packet voice equipment market. Dell'Oro Group, Infonetics Research, In-Stat/MDR and Synergy Research Group all named Sonus as the market share leader in several segments of the carrier voice over IP (VoIP) equipment market, according to quarterly market share reports for Q3 2004.

"2004 will be remembered as the year that VoIP became a mainstream technology, with many of the world's largest carriers announcing plans to deliver VoIP services. In 2005, we are confident in our ability to grow through innovation and our ability to deliver value to our customers. Sonus has taken a leading role in driving the adoption of VoIP technology and is well positioned to continue to lead the market," concluded Ahmed.

Sarbanes-Oxley Update

In connection with the company's 2004 year-end financial statements review, the company has tested its internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley

Act of 2002. Company management has concluded that it had material weaknesses in its internal controls as of December 31, 2004. The company's independent auditors have issued an audit report wherein they concur with management's assessment that the company's internal control over financial reporting was not effective as of December 31, 2004. The reports of management and of the company's independent auditors are included in the company's Annual Report on Form 10-K.

Conference Call and Webcast Information

Sonus Networks will host a conference call Tuesday, March 15, 2005, beginning at 8:00 a.m. Eastern time. To listen via telephone, the dial-in number is (800) 633-8680 or (212) 231-6032. Sonus will also host a live webcast of the conference call. To access the webcast, visit www.sonusnet.com, Corporate, Investor Relations. A telephone playback of the call will be available following the conference and can be accessed by calling (800) 633-8284 or (402) 977-9140. The reservation number for the replay is 21235464. The telephone playback will be available through Monday, March 28, 2005. The webcast will also be available on the Sonus Networks Investor Relations site through Wednesday, March 15, 2006. To access the replay of the webcast, visit www.sonusnet.com, Corporate, Investor Relations.

About Sonus Networks

Sonus Networks, Inc. is a leading provider of voice over IP (VoIP) infrastructure solutions for wireline and wireless service providers. With its Open Services Architecture (OSA), Sonus delivers end-to-end solutions addressing a full range of carrier applications, including trunking and tandem switching, residential and business access, network border switching and enhanced services. Sonus' voice infrastructure solutions, including media gateways, softswitches and network management systems, are deployed in service provider networks worldwide. Sonus, founded in 1997, is headquartered in Chelmsford, Massachusetts. Additional information on Sonus is available at <http://www.sonusnet.com>.

This release may contain forward-looking statements regarding future events that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to the "Risk Factors" section of Sonus' Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Risk factors include among others: the impact of material weaknesses in our disclosure controls and procedures and our internal control over financial reporting on our ability to report our financial results timely and accurately; the unpredictability of our quarterly financial results; risks associated with our international expansion and growth; consolidation in the telecommunications industry; risks associated with the investigation of the company by the SEC; and potential costs resulting from pending securities litigation against the company. Any forward-looking statements represent Sonus' views only as of today and should not be relied upon as representing Sonus' views as of any subsequent date. While Sonus may elect to update forward-looking statements at some point, Sonus specifically disclaims any obligation to do so.

Sonus is a registered trademark of Sonus Networks. Open Services Architecture, GSX9000, Insignus and Sonus Insight are trademarks of Sonus Networks. All other trademarks, service marks, registered trademarks, or registered service marks are the property of their respective owners.

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

	Three Months Ended Dec. 31, 2004	Three Months Ended Sept. 30, 2004	Three Months Ended Dec. 31, 2003
Revenues	\$ 45,083	\$ 46,762	\$ 46,384
Cost of revenues	13,757	10,469	17,295
Gross profit	31,326	36,293	29,089

Gross profit %	69.5%	77.6%	62.7%
Operating expenses:			
Research and development	9,348	8,975	7,945
Sales and marketing	8,935	10,539	6,990
General and administrative	7,385	6,638	6,338
Stock-based compensation	65	91	802
Amort. of goodwill and purchased intangible assets	601	601	602
	-----	-----	-----
Total operating expenses	26,334	26,844	22,677
	-----	-----	-----
Income from operations	4,992	9,449	6,412
	-----	-----	-----
Interest expense	(119)	(117)	(204)
Interest income	1,477	1,150	897
	-----	-----	-----
Income before provision for income taxes	6,350	10,482	7,105
	-----	-----	-----
Provision for income taxes	89	214	204
	-----	-----	-----
Net income	\$ 6,261	\$ 10,268	\$ 6,901
	=====	=====	=====
Net income per share:			
Basic	\$ 0.03	\$ 0.04	\$ 0.03
Diluted	\$ 0.02	\$ 0.04	\$ 0.03
Shares used in computation:			
Basic	247,134	246,198	242,983
Diluted	256,443	251,707	258,607

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

	Year Ended Dec. 31, 2004	Year Ended Dec. 31, 2003
	-----	-----
Revenues	\$170,738	\$ 93,210
Cost of revenues	50,567	37,909
	-----	-----
Gross profit	120,171	55,301
	-----	-----
Gross profit %	70.4%	59.3%
Operating expenses:		
Research and development	36,174	32,190
Sales and marketing	34,969	23,169
General and administrative	24,595	10,475
Stock-based compensation	671	3,418
Amort. of goodwill and purchased intangible assets	2,402	2,408
	-----	-----
Total operating expenses	98,811	71,660
	-----	-----
Income (loss) from operations	21,360	(16,359)
	-----	-----
Interest expense	(479)	(610)
Interest income	4,283	2,135
	-----	-----
Income (loss) before provision for income taxes	25,164	(14,834)
	-----	-----
Provision for income taxes	687	302
	-----	-----
Net income (loss)	\$ 24,477	\$(15,136)
	=====	=====
Net income (loss) per share:		
Basic	\$ 0.10	\$ (0.07)
Diluted	\$ 0.10	\$ (0.07)
Shares used in computation:		
Basic	245,830	220,696
Diluted	253,816	220,696

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

	Dec. 31, 2004	Dec. 31, 2003
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 292,076	\$ 305,392
Accounts receivable, net	32,486	23,754
Inventory, net	28,346	13,739
Other current assets	10,891	6,935
	363,799	349,820
Property and equipment, net	8,217	5,009
Purchased intangible assets, net	-	2,402
Long-term marketable securities	21,029	-
Other assets	783	1,193
	\$ 393,828	\$ 358,424
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 26,894	\$ 25,413
Accrued restructuring expenses	186	565
Current portion of deferred revenue	65,105	62,698
Current portion of long-term liabilities	30	182
	92,215	88,858
Long-term deferred revenue, less current portion	25,960	24,302
Long-term liabilities, less current portion	613	829
Convertible subordinated note	10,000	10,000
Stockholders' equity:		
Common stock	250	247
Capital in excess of par value	1,049,142	1,043,581
Accumulated deficit	(784,085)	(808,562)
Deferred compensation	-	(564)
Treasury stock	(267)	(267)
	265,040	234,435
	\$ 393,828	\$ 358,424
	=====	=====

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

	Three Months Ended Dec. 31, 2004	Three Months Ended Sept. 30, 2004	Three Months Ended Dec. 31, 2003
Cash flows from operating activities:			
Net income	\$ 6,261	\$ 10,268	\$ 6,901
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	1,617	1,276	2,065
Tax benefit from stock options exercised	67	-	-
Stock-based compensation	65	91	802
Amortization of purchased intangible assets	601	601	602
Changes in current assets and liabilities			
Accounts receivable	2,916	(3,492)	(15,418)
Inventory	(780)	(7,365)	2,683
Other current assets	1,970	1,698	552
Accounts payable	(2,445)	2,473	339
Accrued expenses	38	(3,950)	4,370
Deferred revenue	3,076	(5,017)	1,837

Net cash provided by (used in)			
operating activities	13,386	(3,417)	4,733
	-----	-----	-----
Cash flows from investing activities:			
Purchase of property and equipment	(2,696)	(2,015)	(141)
Purchases of marketable securities, net	(8,118)	(5,649)	(125,802)
Other assets	(20)	102	(894)
	-----	-----	-----
Net cash used in			
investing activities	(10,834)	(7,562)	(126,837)
	-----	-----	-----
Cash flows from financing activities:			
Net proceeds from sale of common stock			
to public	-	-	63
Sales of common stock in connection			
with employee stock purchase plan	-	925	-
Proceeds from exercise of stock options	2,565	704	2,792
Payments of long-term liabilities	(31)	(40)	(2,095)
	-----	-----	-----
Net cash provided by			
financing activities	2,534	1,589	760
	-----	-----	-----
Net increase (decrease) in cash and			
cash equivalents	5,086	(9,390)	(121,344)
	-----	-----	-----
Cash and cash equivalents, beginning of			
period	116,845	126,235	255,059
	-----	-----	-----
Cash and cash equivalents, end of			
period	\$121,931	\$116,845	\$ 133,715
	=====	=====	=====

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