FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

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FILER

SONUS CORP

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SIC: **8090** Misc health & allied services, nec

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-QSB/A
(Amendment No. 1)

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarterly Period Ended January 31, 2000

Commission File Number 1-13851

SONUS CORP.
(Exact name of small business issuer as specified in its charter)

Yukon Territory, Canada	Not Applicable
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

111 S.W. Fifth Avenue, Suite 1620, Portland, Oregon 97204
(Address of principal executive offices)

Issuer's telephone number, including area code: 503-225-9152

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,106,026 Common Shares, without par or nominal value, outstanding as of March 1, 2000

Transitional Small Business Disclosure Format. Yes . No X .

EXPLANATORY NOTE

Sonus Corp. (the "Company") is filing this Amendment No. 1 on Form 10-QSB/A as an amendment to its Quarterly Report on Form 10-QSB for the fiscal quarter ended January 31, 2000 (the "Form 10-QSB"). The purpose of this Amendment is to amend and restate in their entirety Items 1 and 2 of Part I of the Form 10-QSB to reflect the restatement of the interim financial information for the three and six month periods ended January 31, 1999 and January 31, 2000. The remaining portions of the Form 10-QSB have not been amended but have been included in this Amendment for the convenience of the reader.

FORWARD-LOOKING STATEMENTS

Statements in this report, to the extent they are not based on historical events, constitute forward-looking statements. Forward-looking statements include, without limitation, statements containing the words "believes," "anticipates," "intends," "expects," and words of similar import. Investors are cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from those described herein. Factors that may result in such variance, in addition to those accompanying the forward-looking statements, include economic trends in the Company's market areas, the ability of the Company to manage its growth and integrate new acquisitions into its network of hearing care centers, development of new or improved medical or surgical treatments for hearing loss or of technological advances in hearing instruments, changes in the application or interpretation of applicable government laws and regulations, the ability of the Company to complete additional acquisitions of hearing care centers on terms favorable to the Company, the degree of consolidation in the hearing care industry, the Company's success in attracting and retaining qualified audiologists and staff to operate its hearing care centers, the ability of the Company to attract audiology centers as franchise licensees under The Sonus Network, product and professional liability claims brought against the Company that exceed its insurance coverage, and the availability of and costs associated with potential sources of financing. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

ITEM 1. FINANCIAL STATEMENTS.

SONUS CORP.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	January 31, 2000 (Unaudited) (As Restated (See Note 4))	July 31, 1999
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,651	$ 498
Accounts receivable, net of allowance for doubtful accounts of $1,080 and $907, respectively	4,820	3,666
Other receivables	683	346
Inventory	458	499
Prepaid expenses	500	340
Total current assets	12,112	5,349
Property and equipment, net	7,958	6,208
Other assets	28	60
Goodwill and covenants not to compete, net	19,791	19,768
	$ 39,889	$ 31,385
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Note payable-related party	$ --	$ 500
Accounts payable	3,798	3,727
Accrued payroll	1,555	1,223
Other accrued liabilities	1,889	1,317
Convertible notes payable	--	931
Capital lease obligations, current portion	278	129
Long-term debt, current portion	2,445	2,150
Total current liabilities	9,965	9,977
Capital lease obligations, less current portion	429	96
Long-term debt, less current portion	1,950	2,497
Total liabilities	12,344	12,570
Shareholders' equity:		
Series A convertible preferred stock, no par value per share, 2,666,666 shares authorized, issued, and outstanding (liquidation preference of $19,890)	15,701	15,701
Series B convertible preferred stock, no par value per share, 2,500,000 shares authorized, issued, and outstanding (liquidation preference of $10,267)	9,860	--
Common stock, no par value per share, unlimited number of shares authorized, 6,106,026 and 6,109,026 shares, respectively, issued and outstanding	14,951	14,976
Notes receivable from shareholders	(93)	(93)
Accumulated deficit	(12,739)	(11,595)
Accumulated other comprehensive loss	(135)	(174)
Total shareholders' equity	27,545	18,815
	$ 39,889	$ 31,385

</TABLE>

The balance sheet at July 31, 1999 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See accompanying notes to consolidated financial statements.

SONUS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended January 31		Six months ended January 31	
	2000	1999	2000	1999
	(As Restated (See Note 4))	(As Restated (See Note 4))	(As Restated (See Note 4))	(As Restated (See Note 4))
<S>	<C>	<C>	<C>	<C>
Revenues:				
Product	$ 9,081	$ 7,297	$ 17,932	$ 13,943
Service	742	974	1,589	1,894
Other	564	215	968	350
Net revenues	10,387	8,486	20,489	16,187
Costs and expenses:				
Cost of products sold	3,009	2,885	6,057	5,486
Clinical expenses	4,845	4,051	9,780	8,415
General and administrative expenses	2,336	1,757	4,296	3,688
Depreciation and amortization	727	528	1,455	1,017
Total costs and expenses	10,917	9,221	21,588	18,606
Loss from operations	(530)	(735)	(1,099)	(2,419)
Other income (expense):				
Interest income	120	66	161	170
Interest expense	(111)	(68)	(208)	(136)
Other, net	--	(8)	2	(7)
Net loss	$ (521)	$ (745)	$ (1,144)	$ (2,392)
Loss per share of common stock:				
Basic and diluted	$ (0.09)	$ (0.12)	$ (0.19)	$ (0.39)
Average shares outstanding:				
Basic and diluted	6,083	6,096	6,085	6,070

</TABLE>

See accompanying notes to consolidated financial statements

SONUS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended January 31,		Six months ended January 31,	
	2000	1999	2000	1999
	(As Restated (See Note 4))	(As Restated (See Note 4))	(As Restated (See Note 4))	(As Restated (See Note 4))
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (521)	$ (745)	$ (1,144)	(2,392)
Adjustments to reconcile net loss to net cash used in operating activities:				
Provision for bad debt expense	86	81	184	149
Depreciation and amortization	727	528	1,455	1,017
Changes in operating assets and liabilities:				
Accounts receivable	(670)	(1,033)	(1,278)	(946)
Other receivables	(169)	(210)	(335)	(200)
Inventory	61	298	49	246
Prepaid expenses	(67)	(195)	(159)	(307)
Accounts payable and accrued liabilities	(78)	535	897	915
Net cash used in operating activities	(631)	(741)	(331)	(1,518)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sale of short-term investments	--	1,945	--	3,815
Purchase of property and equipment	(885)	(1,120)	(2,112)	(2,035)
Additional costs related to acquisitions	--	90	--	(26)
Deferred acquisition costs and other, net	38	(12)	34	(102)
Net cash paid on business acquisitions	(156)	(273)	(246)	(1,223)
Net cash provided by (used in) investing activities	(1,003)	630	(2,324)	429
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net repayments of long term debt and capital lease obligations	(1,133)	(272)	(1,553)	(483)
Deferred financing costs, net	--	(16)	--	(15)
Repayments of bank loans and short-term notes payable	(500)	(123)	(500)	(296)
Issuance of preferred stock, net of costs	(40)	--	9,860	--
Issuance of common stock, net of costs	--	--	--	248
Repurchase of common stock	(15)	(11)	(25)	(11)
Net cash provided by (used in) financing activities	(1,688)	(422)	7,782	(557)
Net increase (decrease) in cash and cash equivalents	(3,322)	(533)	5,127	(1,646)
Effect on cash and cash equivalents of changes in foreign translation rate	10	84	26	53
Cash and cash equivalents, beginning of period	8,963	1,576	498	2,720
Cash and cash equivalents, end of period	$ 5,651	1,127	$ 5,651	$ 1,127
Supplemental disclosure of investing and financing activities:				
Interest paid during the period	$ 77	$ 68	$ 149	$ 136
Supplemental disclosure of non-cash financing activities:				
Issuance and assumption of long-term debt in acquisitions	$ 280	$ 750	$ 280	$ 2,640
Acquisition of clinical equipment and computer hardware with capital lease obligations	--	--	$ 566	--

</TABLE>

See accompanying notes to consolidated financial statements

SONUS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Interim Financial Statements

The interim financial statements should be read in conjunction with the Company's Annual Report on Form 10-KSB for the fiscal year ended July 31, 1999. All adjustments, consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented have been made. The results of operations for an interim period are not necessarily indicative of the results of operations for a full year. Certain amounts in the financial statements for the three and six-month periods ended January 31, 1999, have been reclassified in order to conform to the presentation for the three and six-month periods ended January 31, 2000.

2. Acquisitions

During the three months ended January 31, 2000, the Company acquired three hearing care centers in two separate transactions. The aggregate purchase price for the acquisitions consisted of cash payments of $156,000, promissory notes issued by the Company of $280,000 payable over three years, and assumed liabilities of $5,000 . As a result of the acquisitions, the Company recorded $50,000 in property and equipment, $6,000 in inventory, $353,000 in goodwill, which included costs related to acquisitions, and $30,000 for a covenant not to compete.

3. Comprehensive Loss

<TABLE>
<CAPTION>

	Three months ended January 31,		Six months ended January 31,	
	2000	1999	2000	1999
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Net loss	$ (521)	$ (745)	$ (1,144)	$ (2,392)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(20)	84	(39)	53
Comprehensive loss	$ (541)	$ (661)	$ (1,183)	$ (2,339)

</TABLE>

4. Restatement

In January 2001, after communication with the staff of the Securities and Exchange Commission, the Company determined that it was necessary to restate the interim financial information included in its Form 10-QSB filings for the fiscal year ended July 31, 2000. The restatement was required to reflect certain adjustments pertaining to product revenue, cost of products sold, clinical expenses, and general and administrative expenses recorded at July 31, 2000 and 1999 by the Company which should have been recorded in the Company's interim financial information. The following tables set forth the effect of the restatement on the Company's interim financial information for the three and six-month periods ended January 31, 2000 and 1999:

<TABLE>
<CAPTION>

	Three months ended January 31, 2000		Six months ended January 31, 2000	
	As Restated	As Previously Reported	As Restated	As Previously Reported
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Net revenues	$10,387	$10,494	$20,489	$20,636
Net loss	$ (521)	$ (445)	$(1,144)	$(1,030)
Net loss per share of common stock:				
Basic and diluted	$ (0.09)	$ (0.07)	(0.19)	$ (0.17)

</TABLE>

<TABLE>
<CAPTION>

	Three months ended January 31, 1999		Six months ended January 31, 1999	
	As Restated	As Previously Reported	As Restated	As Previously Reported
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Net revenues	$8,486	$8,486	$16,187	$16,187
Net loss	$(745)	$(699)	$(2,392)	$(2,173)
Net loss per share of common stock:				
Basic and diluted	$(0.12)	$(0.11)	(0.39)	$ (0.36)

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

Three Months Ended January 31, 2000 Compared to Three Months Ended January 31, 1999

Revenues. Total revenues for the three months ended January 31, 2000, were $10,387,000, representing a 22% increase over revenues of $8,486,000 for the comparable period in fiscal 1999. The increase was due to the net addition of 12 hearing care centers that were not owned by the Company at January 31, 1999, as same-store sales remained constant in the second fiscal quarter. Product revenues were $9,081,000 for the three months ended January 31, 2000, up 24% from $7,297,000 for the same period in fiscal 1999. Audiological service revenues decreased 24% to $742,000 for the three months ended January 31, 2000, from $974,000 for the comparable period in fiscal 1999. Audiological service revenues represented 7% and 11% of total revenues for the three month periods ended January 31, 2000 and 1999, respectively. The decrease in audiological service revenues was a result of the Company's continued focus on more profitable hearing instrument sales. Other revenues increased 162% to $564,000 for the three months ended January 31, 2000, from $215,000 for the three months ended January 31, 1999. The increase was primarily due to increased revenues from The Sonus Network, the Company's franchise licensing program, and from the Company's Hear PO Corp. subsidiary. Hear PO Corp. obtains contracts to provide hearing care benefits to managed care group and corporate health care organizations through its approximately 1,100 affiliated audiologists, sells Hear PO brand private label hearing instruments, and operates as a buying group for its affiliated audiologists.

Product Gross Profit. Product gross profit for the three months ended January 31, 2000, was $6,072,000 or 67% of product revenues, compared to $4,412,000 or 60% of product revenues for the comparable period in fiscal 1999. The increase in product gross profit percentage was due to increased buying power with hearing instrument manufacturers, less dependence on sales discounts, increased utilization of the Company's private-label hearing instruments, and better price management.

Clinical Expenses. As a percentage of revenues, clinical expenses decreased to 47% for the three months ended January 31, 2000, compared to 48% for the three months ended January 31, 1999. The decrease was due to the Company's continuing efforts to cut costs, streamline its operations, and eliminate inefficient and duplicative processes. Clinical expenses for the three months ended January 31, 2000, were $4,845,000, representing an increase of 20% over clinical expenses of $4,051,000 for the comparable period in fiscal 1999. The increase in clinical expenses was due to clinical expenses associated with the additional centers that were operated by the Company during the three months ended January 31, 2000. Clinical expenses include all personnel, marketing, occupancy, and other operating expenses at the clinic level.

General and Administrative Expenses. As a percentage of revenues, general and administrative expenses increased to 22% for the three-month period ended January 31, 2000, versus 21% for the same period in the prior fiscal year. General and administrative expenses increased 33% from $1,757,000 for the three months ended January 31, 1999, to $2,336,000 for the three months ended January 31, 2000. The increase in general and administrative expenses was due to increased personnel costs and other corporate expenses related to the operation of a larger organization.

Depreciation and Amortization Expense. As a percentage of revenues, depreciation and amortization expense increased to 7% for the three-month period ended January 31, 2000, compared to 6% for the three months ended January 31, 1999. Depreciation and amortization expense for the three months ended January 31, 2000, was $727,000, an increase of 38% over the depreciation and amortization expense of $528,000 for the same period in the prior fiscal year. The increase resulted from the depreciation of fixed assets and amortization of goodwill and covenants not to compete associated with the 20 additional centers acquired by the Company during the twelve-month period ended January 31, 2000.

Interest Income and Expense. Interest income for the three months ended January 31, 2000, increased to $120,000 from $66,000 for the same period in the prior fiscal year. The increase was due to higher balances of cash and short-term investments held by the Company. Interest expense for the three months ended January 31, 2000, was $111,000 compared to $68,000 for the three months ended January 31, 1999, reflecting higher balances of long-term debt incurred in connection with acquisitions.

Net Loss. The Company's net loss for the three months ended January 31, 2000, decreased 30% from $745,000 for the three months ended January 31, 1999, to $521,000 for the three months ended January 31, 2000. The Company had income from operations before depreciation and amortization for the three months ended January 31, 2000, of $197,000 compared to a loss from operations before depreciation and amortization of $207,000 for the three months ended January 31, 1999.

Six Months Ended January 31, 2000 Compared to Six Months Ended January 31, 1999

Revenues. Total revenues for the six months ended January 31, 2000, were $20,489,000, representing a 27% increase over revenues of $16,187,000 for the comparable period in fiscal 1999. The increase was due to the net addition of 12 hearing care centers that were not owned by the Company at January 31, 1999, as well as an increase of 4% in same-store revenue. Product revenues were $17,932,000 for the six months ended January 31, 2000, up 29% from $13,943,000 for the same period in fiscal 1999. Audiological service revenues decreased 16% to $1,589,000 for the six months ended January 31, 2000, from $1,894,000 for the comparable period in fiscal 1999. Audiological service revenues represented 8% and 12% of total revenues for the six month periods ended January 31, 2000 and 1999, respectively. The Company continued its focus on more profitable hearing instrument sales resulting in a decrease in audiological service revenues. Other revenues increased 177% to $968,000 for the six months ended January 31, 2000, from $350,000 for the six months ended January 31, 1999. The increase was primarily due to increased revenues from The Sonus Network and Hear PO Corp.

Product Gross Profit. Product gross profit for the six months ended January 31, 2000, was $11,875,000 or 66% of product revenues, compared to $8,457,000 or 61% of product revenues for

the comparable period in fiscal 1999. The increase in product gross profit percentage was due to increased buying power with hearing instrument manufacturers, less dependence on sales discounts, increased utilization of the Company's private-label hearing instruments, better price management, and a tiered pricing strategy based on levels of technology that was introduced in November 1999.

Clinical Expenses. As a percentage of revenues, clinical expenses decreased to 48% for the six months ended January 31, 2000, compared to 52% for the six months ended January 31, 1999. The decrease was due to the Company's continuing efforts to cut costs, streamline its operations, eliminate inefficient and duplicative processes, and increase same-store sales. Clinical expenses for the six months ended January 31, 2000, were $9,780,000, representing an increase of 16% over clinical expenses of $8,415,000 for the comparable period in fiscal 1999. The increase in clinical expenses was due to clinical expenses associated with the additional centers that were operated by the Company during the six months ended January 31, 2000.

General and Administrative Expenses. As a percentage of revenues, general and administrative expenses decreased to 21% for the six-month period ended January 31, 2000, compared to 23% for the six months ended January 31, 1999. General and administrative expenses increased 16% from $3,688,000 for the six months ended January 31, 1999, to $4,296,000 for the six months ended January 31, 2000, due to higher personnel expenses and other corporate expenses related to the operation of a larger organization.

Depreciation and Amortization Expense. As a percentage of revenues, depreciation and amortization expense increased to 7% for the six-month period ended January 31, 2000, compared to 6% for the six months ended January 31, 1999. Depreciation and amortization expense for the six months ended January 31, 2000, was $1,455,000, an increase of 43% over the depreciation and amortization expense of $1,017,000 for the same period in the prior fiscal year. The increase resulted from the depreciation of fixed assets and amortization of goodwill and covenants not to compete associated with the 20 additional centers acquired by the Company during the twelve-month period ended January 31, 2000.

Interest Income and Expense. Interest income for the six months ended January 31, 2000, decreased slightly to $161,000 from $170,000 for the same period in the prior fiscal year. Interest expense for the six months ended January 31, 2000, was $208,000 compared to $136,000 for the six months ended January 31, 1999, an increase of 53%, reflecting higher balances of long-term debt incurred in connection with acquisitions.

Net Loss. The Company's net loss for the six months ended January 31, 2000, decreased 52% from $2,392,000 for the six months ended January 31, 1999, to $1,144,000 for the six months ended January 31, 2000. The Company had income from operations before depreciation and amortization for the six months ended January 31, 2000, of $356,000 compared to a loss from operations before depreciation and amortization of $1,402,000 for the six months ended January 31, 1999.

LIQUIDITY AND CASH RESERVES

For the three months ended January 31, 2000, net cash used in operating activities was $631,000 compared to $741,000 for the three months ended January 31, 1999. Net cash used in operations for the three months ended January 31, 2000, was attributable to the net loss of $521,000, increases in accounts receivable, other receivables, and prepaid expenses of $670,000, $169,000, and $67,000, respectively, and a decrease in accounts payable and accrued liabilities of $78,000, offset by non-cash depreciation and amortization and provision for bad debt expense of $727,000 and $86,000, respectively, and a decrease in inventory of $61,000. Net cash used in operations for the three months ended January 31, 1999, was attributable to the net loss of $745,000, increases in accounts receivable, other receivables, and prepaid expenses of $1,033,000, $210,000, and $195,000, respectively, offset by non-cash depreciation and amortization and provision for bad debt expense of $528,000 and $81,000, respectively, an increase in accounts payable and accrued liabilities of $535,000, and a decrease in inventory of $298,000. Net cash used in investing activities in the three months ended January 31, 2000, was $1,003,000, consisting primarily of the purchase of property and equipment of $885,000 and net cash paid on business acquisitions of $156,000. In the three months ended January 31, 1999, investing activities provided net cash of $630,000, primarily from the sale of short-term investments of $1,945,000, offset by the purchase of property and equipment of $1,120,000 and net cash paid on business acquisitions of $273,000. Net cash used in financing activities was $1,688,000 in the three months ended January 31, 2000, compared to $422,000 in the three months ended January 31, 1999. The change was primarily due to increases in repayments of long-term debt and capital lease obligations and short-term notes payable during the three months ended January 31, 2000 of $861,000 and $377,000, respectively, compared to the three months ended January 31, 1999.

The Company believes that its cash and short-term investments, along with cash generated from operations, will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Thereafter, the Company anticipates that additional funding will be needed to fund the Company's strategy of acquiring additional hearing care centers. These funding requirements may result in the Company incurring long-term and short-term indebtedness and in the public or private issuance, from time to time, of additional equity or debt securities. Any such issuance of equity may be dilutive to current shareholders and debt financing may impose significant restrictive covenants on the Company. There can be no assurance that any such financing will be available to the Company or will be available on terms acceptable to the Company.

YEAR 2000

The Company undertook a review of the potential effects of the Year

2000 problem regarding date recognition on its business on a system by system basis. With respect to its information technology ("IT") systems, the Company surveyed all of its software, servers, personal computers, and network hardware to determine compliance with Year 2000 standards. The Company also reviewed its non-IT systems (primarily voice communications) for Year 2000 compliance. All IT and non-IT systems that were found to be non-compliant with Year 2000 standards were replaced at a cost of less than $100,000. The Company does not expect to incur any additional costs related to the Year 2000 problem.

To date, the Company has not experienced any significant Year 2000 problems with its

IT and non-IT systems, nor has it detected any significant Year 2000 problems affecting its vendors or customers. The Company will continue to monitor the effect of the Year 2000 problem on its internal systems and on its significant suppliers. Although the Company believes that its efforts to address the Year 2000 problem have been adequate, unexpected problems may arise that could have a negative impact on the Company's operations.

PART II
OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The annual and special general meeting of the Company's shareholders was held on December 15, 1999 (the "Annual Meeting"). At the Annual Meeting, the number of directors of the Company was fixed at eight (until such time as the directors of the Company determine by resolution to appoint one or more additional directors in accordance with the Company's Articles) by the following vote: 9,635,577 for; 9,740 against or withheld; 1,560 abstentions and broker non-votes.

The following directors were elected at the Annual Meeting to serve until the next annual general meeting:

<TABLE>
<CAPTION>

	For	Withheld	Abstentions and Broker Non-votes
<S>	<C>	<C>	<C>
Joel Ackerman	9,634,822	12,055	0
Haywood D. Cochrane, Jr.	9,634,822	12,055	0
Brandon M. Dawson	9,634,822	12,055	0
William DeJong	9,634,822	12,055	0
Gregory J. Frazer	9,634,822	12,055	0
Hugh T. Hornibrook	9,634,822	12,055	0
Scott E. Klein	9,634,822	12,055	0
David J. Wenstrup	9,634,822	12,055	0

</TABLE>

At the Annual Meeting, KPMG LLP was approved as independent auditors of the Company and the board of directors was authorized to fix the auditors' remuneration by the following vote: 9,639,797 for; 700 against or withheld; and 6,380 abstentions and broker non-votes. In addition, a resolution approving the amendment of the Company's Articles amending and restating the terms of the Company's Series A Convertible Preferred Shares was approved by the following vote: 7,353,074 for; 23,935 against or withheld; and 2,269,868 abstentions and broker non-votes.

ITEM 5. OTHER INFORMATION.

On January 1, 2000, Leslie H. Cross was appointed to the board of directors of the

Company, filling the vacancy created by the resignation of William DeJong. Mr. Cross is President and Chief Executive Officer of dj Orthopedics, LLC, a manufacturer and distributor of orthopedic and sports-related products.

On February 11, 2000, Paul C. Campbell was appointed Senior Vice President and Chief Financial Officer of the Company. Prior to joining the Company, Mr. Campbell was Chief Financial Officer for Famous Dave's of America, Inc., an operator and franchisor of full-service and counter-style restaurants. From 1995 to 1999, Mr. Campbell served as Senior Vice President and Chief Financial Officer of Cucina! Cucina!, a restaurant chain.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index.

(b) Reports on Form 8-K. No reports on Form 8-K were filed by the Company during the fiscal quarter ended January 31, 2000.

SIGNATURES

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 thereunto duly authorized.

SONUS CORP.

By: /s/ Paul C. Campbell

Paul C. Campbell
Senior Vice President and Chief Financial Officer
(Authorized Signatory and Principal Financial Officer)

By: /s/ Douglas A Pease

Douglas A Pease
Controller
(Chief Accounting Officer)

DATED: February 2, 2001

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10	Employment Agreement between Sonus Corp. and Paul C. Campbell dated February 11, 2000.
27	Financial Data Schedule.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into this 11th day of February, 2000, between SONUS CORP., a Yukon Territory, Canada, corporation ("Corporation"), and PAUL C. CAMPBELL ("Executive").

RECITALS

A. Corporation is hiring Executive as Senior Vice President and Chief Financial Officer.

B. Corporation and Executive are entering into this Agreement to confirm the terms of Executive's employment with Corporation and Executive's compensation and benefits package.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms have the meanings set forth in this Section 1:

"AFFILIATE" - Any person, firm, corporation, association, organization, or unincorporated trade or business that, now or hereinafter, directly or indirectly, controls, is controlled by, or is under common control with Corporation.

"BOARD" - The board of directors of Corporation.

"CAUSE" - Cause for termination of employment means:

(i) A material act of fraud or dishonesty by Executive within the course of performing his duties for Corporation or its Affiliates;

(ii) Gross negligence or intentional misconduct by Executive in performing material duties for Corporation or its Affiliates, or unjustifiable neglect by Executive of the performance of material duties for Corporation or its Affiliates;

(iii) Commission of an act (or failure to take an action) intentionally against the interest of Corporation or its Affiliates that causes Corporation or an Affiliate material injury; or

(iv) An act of serious moral turpitude that causes Corporation or an Affiliate material injury.

Notwithstanding the foregoing, Executive will not be deemed to have been terminated for Cause unless and until there has been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding Executive if at the time he is member of the Board), at a meeting of the Board called and held for that purpose, finding that, in the good faith opinion of the Board, Executive was guilty of conduct constituting Cause as defined in this Agreement and specifying the particulars thereof in detail. Executive must have been given reasonable notice of such meeting and Executive, together with his counsel, must have been given an opportunity to be heard before the Board at the meeting. This provision will not be deemed to restrict the authority, discretion, or power of the Board, by any action taken in compliance with Corporation's articles of incorporation and bylaws, to remove Executive as an officer or director of Corporation, with or without Cause. Rather, the foregoing provisions merely define, for purposes of Executive's contractual rights and remedies under this Agreement, the circumstances in which termination of Executive's employment will constitute termination for Cause.

"CHANGE IN CONTROL" - A change in control of Corporation means:

(i) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50 percent or more of the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph (i), the following acquisitions will not constitute a Change of Control: (A) any acquisition directly from Corporation, (B) any acquisition by Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation, (D) any acquisition by Warburg, Pincus Ventures, L.P. ("WPV") or by any Person that, now or hereinafter, directly or indirectly controls, is controlled by, is under common control with, or is otherwise an affiliate of, WPV, or (E) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B), and (C) of paragraph (iii) below; or

(ii) individuals who, as of the date of this Agreement, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date of this Agreement whose election, or nomination for election by Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of Corporation (a "Business Combination") in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50 percent of, respectively, the then

outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (B) no Person (excluding any employee benefit plan (or related trust) of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 50 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

"CODE" - The Internal Revenue Code of 1986, as amended.

"COMPENSATION PLAN" - Any compensation plan such as a plan providing for incentive or deferred compensation, stock options or other stock or stock-related grants or awards, or any employee benefit plan such as a thrift, investment, savings, pension, profit sharing, medical, disability, accident, life insurance, cafeteria, or relocation plan or any other plan, policy, or program of Corporation providing similar types of benefits to employees of Corporation.

"COMPETITIVE ENTITY" - A Person, firm, or entity primarily engaged (in the United States or Canada) in the national or regional retail provision or franchising of audiology services and/or dispensing of hearing aids or in any managed-care for hearing health benefits.

"DISABILITY" OR "DISABLED" - Inability to perform duties with Corporation on a full-time basis by reason of "Total Disability" within the meaning of Corporation's Group Long Term Disability Insurance Plan or any successor plan or program maintained by Corporation. In the event Corporation no longer maintains a similar plan or program, Disability or Disabled means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

"EFFECTIVE DATE" - February 11, 2000.

"EXCESS PARACHUTE PAYMENT" - Has the meaning given in Section 280G(b) of the Code.

"EXCHANGE ACT" - The Securities Exchange Act of 1934, as amended.

"EXCISE TAX" - A tax imposed by Section 4999(a) of the Code, or any successor provision, with respect to an Excess Parachute Payment.

"GOOD REASON" - For all purposes of this Agreement, termination by Executive of his employment with Corporation for "Good Reason" during the Term means termination based on any of the following:

(a) A change in Executive's status or position or positions with Corporation that represents a material demotion from Executive's status or position or positions as of the date of this Agreement or a material change in Executive's duties or responsibilities that is inconsistent with such status or position or positions;

(b) A reduction by Corporation in Executive's Base Salary (as in effect on the date of this Agreement or as increased at any time during the Term of this Agreement); or

(c) The failure of Corporation to continue Executive's participation (on terms comparable to those for other key executives of Corporation) in any Plans and vacation programs or arrangements in which other key executives of Corporation are participants (unless such failure to continue is caused by an action or status of Executive).

"OTHER AGREEMENT" - A plan, arrangement, or agreement pursuant to which an Other Payment is made.

"OTHER PAYMENT" - Any payment or benefit payable to Executive in connection with a Change in Control of Corporation pursuant to any plan, arrangement, or agreement (other than this Agreement) with Corporation, any person whose actions result in a change in control of Corporation, or any person affiliated with Corporation or such person.

"OUTSIDE TAX COUNSEL" - Outside tax counsel selected by Corporation and reasonably acceptable to Executive.

"PARACHUTE PAYMENT" - A payment or benefit payable to Executive in connection with a Change in Control of Corporation that is treated as a parachute payment within the meaning of Code Section 280G(b)(2).

"PERSON" - Any individual, corporation, partnership, limited liability company, group, association, or other "person," as such term is used in Section 13(d)(3) or Section 14(d) of the Exchange Act, other than Corporation or any employee benefit plan or plans sponsored by Corporation.

"SEVERANCE PAYMENTS" - The severance payments described in Section 5.4 of this Agreement.

"TERM" - The period commencing on the Effective Date and ending on May 31, 2002.

"TERMINATION BENEFITS" - The payments and benefits described in Section 5 of this Agreement.

"TERMINATION DATE" - The date Executive's employment with Corporation is terminated for any reason by Corporation or by Executive.

"TOTAL PAYMENTS" - All payments or benefits payable to Executive in connection with a Change in Control of Corporation, including Severance Payments and Other Payments.

"VOTING SECURITIES" - Corporation's issued and outstanding securities ordinarily having the right to vote at elections of Corporation's Board.

2. EMPLOYMENT.

Corporation hereby agrees to employ Executive, and Executive hereby accepts employment with Corporation during the Term on the terms and conditions set forth in this Agreement. Notwithstanding any other provision of this Agreement, Executive is an employee at will of Corporation and Corporation reserves the right to terminate Executive's employment at any time for any reason or for no reason. The provisions of this Agreement dealing with termination without Cause or for Good Reason are intended to provide contractual benefits and do not limit Corporation's power to treat Executive as an employee at will.

3. EXECUTIVE DUTIES.

3.1 Position and Duties. Executive agrees to render services to Corporation as Senior Vice President and Chief Financial Officer of Corporation and as an executive officer of such of Corporation's Affiliates as the parties to this Agreement mutually agree, including Affiliates that may be formed or acquired subsequent to the Effective Date. As Chief Financial Officer of Corporation, Executive will have responsibility for all financial aspects of Corporation's business and will have such executive and managerial duties as Corporation's Chairman and Chief Executive Officer or President and Chief Operating Officer prescribes from time to time. Executive will report directly to Corporation's President and Chief Operating Officer.

3.2 Exclusive Employment. Executive agrees that during the Term:

(a) Executive will devote substantially all his regular business time solely and exclusively to the business of Corporation, whether such business is operated directly by Corporation or through one or more Affiliates of Corporation;

(b) Executive will diligently carry out his responsibilities under this Agreement;

(c) Executive will not, directly or indirectly, without the prior approval of the Board, provide services on behalf of any Competitive Entity or on behalf of any subsidiary or affiliate of any such Competitive Entity, as an employee, consultant, independent contractor, agent, sole proprietor, partner, member, joint venturer, corporate officer, or director;

(d) Executive will not acquire by reason of purchase the ownership of more than 1 percent of the outstanding equity interest in any Competitive Entity; and

(e) Except as expressly set forth above, Executive may engage in personal business and investment activities.

3.3 Corporation Reserved Rights. Corporation reserves, on its own behalf and on behalf of its shareholders, the right to elect, from time to time, any person to its Board, to appoint any person as an officer of Corporation, and to remove any officer or director, including Executive, in any manner and upon the basis or bases presently or subsequently provided for by its articles of incorporation and bylaws. Nothing in this Agreement will be deemed to constitute any restriction on the authority, discretion, or power of the Board, but rather will only give Executive contractual rights and remedies.

3.4 Proprietary Information. Executive acknowledges in the course of Executive's employment with Corporation, Executive will learn trade secrets and confidential information of Corporation, which if known to competitors could damage the business of Corporation. Such confidential information includes, but is not limited to, some or all of the following categories of non-public information ("Proprietary Information"):

(a) Financial information including, but not limited to information relating to assets, revenues, expenses, prices, pricing structures, volume of purchases or sales or other financial data of Corporation, or to particular products, services, geographic areas, or time periods;

(b) Supply and service information including, but not limited to information relating to suppliers' names and addresses, terms of supply and service contracts or of particular transactions, and related information about potential suppliers to the extent that such information is not generally known to the public, and to the extent that the combination of suppliers or use of a particular supplier, though generally known or available, yields advantages to Corporation the details of which are not generally known;

(c) Marketing information including, but not limited to information relating to details of ongoing or proposed marketing programs or agreements by or on behalf of Corporation, sales forecasts, advertising formats and methods or results of marketing efforts or information about impending transactions;

(d) Personnel information including, but not limited to information relating to personal or medical histories, compensation or other terms of employment, actual or proposed promotions, hirings, resignations, disciplinary actions, terminations or reasons therefore, training methods, performance, or other information concerning Executives of Corporation; and

(e) The names and addresses, and all background information regarding affiliated audiologists and managed care organizations having relationships with Corporation and the terms and conditions of agreements with such parties.

Executive agrees to keep all Proprietary Information confidential. Except as may be necessary in the performance of Executive's duties on behalf of Corporation, Executive will make no use of and will not communicate or divulge to any party whatsoever any Proprietary Information. Executive will not at any time after Executive's employment with Corporation terminates use any Proprietary Information for Executive's own benefit or on behalf of any person, firm, partnership, association, corporation, or other party whatsoever. This covenant

shall not apply to any information that by means other than Executive's deliberate or inadvertent disclosure becomes well known to the public or to disclosure compelled by judicial or administrative proceedings after Executive notifies and affords Corporation the opportunity to seek confidential treatment of compelled disclosures.

4. COMPENSATION AND BENEFITS.

4.1 Base Salary. As compensation for the performance of Executive's services during the Term, inclusive of services as an officer and director of Corporation's Affiliates, Corporation will pay to Executive in accordance with its normal payroll practices (i) $1,000 until Executive begins his duties on a full-time basis in Portland, Oregon (the "Start Date"), which shall not be later than March 20, 2000, and (ii) from and after the Start Date an annual salary (the "Base Salary") of $166,000 per year, subject to such increases (but not decreases) as are determined from time to time by the Board, or a compensation committee designated by the Board.

4.2 Incentive Bonuses.

4.2.1 Initial Bonus. Upon execution of this Agreement, Corporation agrees to pay Executive a first year bonus (the "Initial Bonus") for services to be performed in Corporation's fiscal year ending July 31, 2000, in an amount equal to $10,312.50, payable in two installments (without interest) on the first day of May 2000 and August 2000. Notwithstanding any provision of Section 5, a prorated portion of the Initial Bonus will be payable even if

Executive dies, becomes disabled, or is terminated without Cause or for Good Reason within such fiscal year. Executive will be eligible to receive an additional bonus amount (the "Additional Initial Bonus") of up to $10,312.50 for services to be performed in Corporation's fiscal year ending July 31, 2000. The amount of the Additional Initial Bonus will be determined by Corporation's Chairman and Chief Executive Officer in his sole discretion based on his evaluation of Executive's performance. The Additional Initial Bonus will be payable no later than August 31, 2000.

4.2.2 Annual Bonus. During the Term of this Agreement, beginning with Corporation's fiscal year beginning August 1, 2000, Executive will be entitled to participate in such bonus and profit-sharing plans as Corporation may provide for its senior executive employees generally.

4.3 Stock Options

4.3.1 Option Awards. Corporation will grant Executive nonqualified stock option awards for 200,000 shares of Corporation's common stock (the "Option") under Corporation's Stock Award Plan (the "Plan").

The Option will have the following additional features:

o The option purchase price per share will be the Fair Market Value (as defined in the Plan) on the Effective Date or $4.00, whichever is greater;

o The Option will have a term of 10 years, commencing on the Effective Date;

o The Option will be exercisable as follows:

o The Option will be immediately exercisable as to 50,000 shares; and

o The Option will become exercisable as to an additional 50,000 shares on the first, second and third anniversaries of the Effective Date.

o The Option will become immediately and fully exercisable in the event that, at any time following a Change in Control of Corporation, Executive is terminated without Cause or one of the events described in the definition of Good Reason in Section 1 of this Agreement occurs (provided, however, that for this purpose, an acquisition of more than 50 percent of the Voting Securities by WPV, or any person that directly or indirectly controls, is controlled by, is under common control with, or is otherwise affiliated with WPV, will constitute a Change in Control);

o The Option will be governed by an Award Agreement (as defined in the Plan) as approved by the Board; and

o Vested Options will remain exercisable for 90 days after termination of employment or, in the case of termination due to death or Disability, for one year.

4.4 Other Benefits. During the term of this Agreement, Executive will be entitled to participate in all Compensation Plans (including Compensation Plans adopted following the Effective Date) covering Corporation's key executive and managerial employees (as described in Corporation's employee manual, as amended from time to time), including, without limitation, Compensation Plans providing medical, disability, and life insurance benefits, and vacation pay.

4.5 Temporary Living and Moving Expenses. Corporation will reimburse Executive up to $1,500 per month for temporary living expenses through June 2000 or until Executive has relocated his primary residence to Portland, Oregon, whichever first occurs. In addition, Corporation will reimburse up to $40,000 in moving expenses for Executive and his family, including amounts actually paid for travel costs associated with selecting a new home, closing costs and real estate commissions related to sale of Executive's prior residence and purchasing a new residence in Portland, and moving and transfer costs.

4.6 Expenses. Executive is authorized to incur on behalf of Corporation, and Corporation will directly pay or will fully reimburse Executive for all customary and reasonable out-of-pocket expenses incurred for promoting, pursuing, or otherwise furthering the business of Corporation or its affiliates.

5. TERMINATION OF AGREEMENT.

5.1 Death. If Executive dies during the Term, Corporation will pay to Executive's representative his Base Salary through the date of death. All benefits, including death benefits, to which Executive is then entitled under Compensation Plans in which Executive is a participant will be payable as provided in those Compensation Plans. This Agreement will terminate as of the date of death and Corporation will have no further obligations to Executive under this Agreement.

5.2 Disability. In the event Executive becomes Disabled during the Term, Executive will remain an employee of Corporation and be entitled to receive his Base Salary until Executive becomes eligible to receive benefits under Corporation's Group Long Term Disability Insurance Policy (the "Disability Benefits Date"). All benefits, including disability benefits, to which Executive is then entitled under Compensation Plans in which Executive is a participant will be payable as provided in those Compensation Plans. The Agreement will terminate as of the Disability Benefits Date and Corporation will have no further obligations to Executive under this Agreement.

5.3 Termination for Cause or Voluntary Termination Without Good Reason. During the Term of this Agreement, pending the determination by the Board whether or not Cause exists for termination of Executive's employment pursuant to the definition of Cause in Section 1, the Board may suspend Executive or relieve Executive of his duties as an officer, but may not terminate Executive's employment. Upon such determination that Cause exists, Corporation may terminate Executive's employment. If during the Term Corporation terminates Executive's employment for Cause or Executive voluntarily terminates employment other than for Good Reason, Corporation will pay Executive his Base Salary through the effective date of such termination. Executive will not be entitled to any Annual Bonus, or any prorated portion of any Annual Bonus, for the fiscal year in which the Termination Date occurs. This Agreement will terminate as of the Termination Date, and Corporation will have no further obligations to Executive under this Agreement. All accrued benefits to which Executive is then entitled under Compensation Plans in which he is a participant will be payable as provided in those Compensation Plans.

5.4 Termination Without Cause or With Good Reason. If Executive's employment with Corporation is terminated (other than for Disability or upon Executive's death) during the Term by Corporation without Cause or by Executive with Good Reason, Corporation will pay Executive the following amounts ("Severance Payments"):

(a) Executive's Base Salary through the Termination Date; and

(b) An amount of severance pay equal to Executive's Base Salary.

5.5 No Mitigation. Executive will not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise. However, except in the case of a termination of Executive without Cause or with Good Reason following a Change in Control of Corporation, the amount of any payment or related benefit provided for in this Section 5 will be reduced by any compensation earned or related benefit received by

Executive as a result of either employment by another employer or self-employment after the Termination Date. Executive agrees to provide Corporation with any information reasonably necessary to determine the amount of such reduction.

5.6 Noncompetition Following Termination. Executive acknowledges that the agreements and covenants contained in this Section 5.6 are essential to protect the value of Corporation's business and assets and that, by his employment with Corporation and its subsidiaries, Executive will obtain such knowledge, contacts, know-how, training and experience, and that such knowledge, contacts, know-how, training and experience could be used to the substantial advantage of a Competitive Entity and to Corporation's substantial detriment. Therefore Executive agrees that:

(a) In the event Executive's employment is terminated (whether by Corporation or by Executive) for any reason, Executive will not, for a period of one year from the Termination Date, participate (as an owner, employee, officer, partner, member, shareholder, director, consultant, or otherwise) in any Competitive Entity. The benefits payable under this Agreement, including without limitation Corporation's obligation to pay Severance Benefits pursuant to Section 5.4 of this Agreement are in consideration of Executive's performance of the covenants in this Section 5.6.

(b) Executive acknowledges that this Agreement is being entered into in connection with the initial employment of Executive with Corporation. Executive further acknowledges that he is receiving consideration under this Agreement in addition to such consideration as to which he would be entitled in the absence of this Agreement, and he acknowledges that his agreement to the provisions of this Section 5.6 is a necessary condition for Corporation to enter into this Agreement and pay the consideration provided for in this Agreement.

(c) Executive acknowledges that Corporation's remedy at law for a breach by him of the provisions of this Section 5.6 will be inadequate. Accordingly, in the event of the breach or threatened breach by Executive of any provision of this Section 5.6, Corporation will be entitled to injunctive relief in addition to any other remedy it may have. If any of the provisions of, or covenants contained in, this Section 5.6 are hereafter construed to be invalid or unenforceable in any jurisdiction, the same will not affect the remainder of the provisions or the enforceability thereof in any other jurisdiction, which will be given full effect, without regard to the invalidity or unenforceability in such other jurisdiction. If any of the provisions of, or covenants contained in, this Section 5.6 are held to be unenforceable in any jurisdiction because of the duration or geographical scope of such provision or covenant, Executive and Corporation agree that the court making such determination will have the power to reduce the duration or geographical scope of such provision or covenant and that, in its reduced form, such provision or covenant will be enforceable; provided, however, that the determination of such court will not affect the enforceability of this Section 5.6 in any other jurisdiction.

6. EFFECT OF CHANGE IN CONTROL.

The Severance Payments payable under Section 5.4 of this Agreement are not conditioned upon a Change in Control of Corporation but are payable upon any termination described in that Section, whether or not a Change in Control has occurred. Thus, it is the parties' mutual intention that the Severance Payments are not to be treated as Total Payments.

7. SUCCESSORS; BINDING EFFECT.

7.1 Corporation. This Agreement will inure to the benefit of, and be binding upon, any corporate or other successor or assignee of Corporation that acquires, directly or indirectly, by merger, consolidation or purchase, or otherwise, all or substantially all the business or assets of Corporation. Corporation will require any such successor, by an agreement in form and substance reasonably satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as Corporation would be required to perform if no such succession had taken place.

7.2 Executive. This Agreement will inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to Executive hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, will be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there is no such designee, to Executive's estate.

8. WAIVER AND MODIFICATION.

Any waiver, alteration, or modification of any of the terms of this Agreement will be valid only if made in writing and signed by the parties to this Agreement. No waiver by either of the parties of its rights under this Agreement will be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless the waiver specifically states that it is to be construed as a continuing waiver.

9. GOVERNING LAW; SEVERABILITY.

The validity, interpretation, construction, and performance of this Agreement will be governed by and construed in accordance with the laws of the state of Oregon. Any provision of this Agreement that is prohibited or unenforceable will be ineffective only to the extent of that prohibition or unenforceability without invalidating the remaining provisions of this

Agreement.

10. NOTICES.

For the purposes of this Agreement, notices and all communications provided for in this Agreement must be in writing and will be deemed to have been given upon the earlier of (i) personal delivery or (ii) three business days after being mailed by United States registered mail, return receipt requested, with postage prepaid, addressed to the respective party at the address set forth below (or to such other address as either party may have furnished to the other in writing in

accordance with this Section 10, except that notices of change of address will be effective only upon receipt):

To Corporation:	Sonus Corp. 111 S.W. Fifth Avenue Suite 1620 Portland, Oregon 97204 Attn: General Counsel
To Executive:	Paul C. Campbell 19101 N.E. 51st Street Redmond, Washington 98053

11. HEADINGS.

Headings herein are for convenience only, are not a part of this Agreement, and are not to be used in construing this Agreement.

12. ARBITRATION.

Any dispute or claim that arises out of or that relates to this Agreement or to the interpretation, breach, or enforcement of this Agreement, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of the American Arbitration Association and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

13. ATTORNEYS' FEES.

In the event of any suit or action or arbitration proceeding to enforce or interpret any provision of this Agreement (or which is based on this Agreement), the prevailing party will be entitled to recover, in addition to other costs, reasonable attorneys' fees in connection with such suit, action, arbitration, and in any appeal. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party will be decided by the arbitrator or arbitrators (with respect to attorneys' fees incurred prior to and during the arbitration proceedings) and by the court or courts, including any appellate courts, in which the matter is tried, heard, or decided, including the court which hears any exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such confirmation proceedings).

14. EFFECT OF TERMINATION OF AGREEMENT.

If this Agreement is terminated, all rights and benefits that have become vested hereunder prior to termination will remain in full force and effect, and the termination of the Agreement will not be construed as relieving any party from the performance of any accrued obligation incurred to the other under this Agreement.

15. ENTIRE AGREEMENT.

This Agreement constitutes and embodies the entire understanding and agreement of the parties hereto relating to the matters addressed in this Agreement. Except as otherwise provided in this Agreement, there are no other agreements or understandings, written or oral, in effect between the parties relating to the matters addressed herein.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date.

CORPORATION: SONUS CORP.

By /s/ Scott E. Klein

Scott E. Klein
President and Chief Operating Officer

EXECUTIVE: /s/ Paul C. Campbell

Paul C. Campbell

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This schedule contains summary financial information extracted from the financial statements for Sonus Corp. and is qualified in its entirety by reference to such financial statements.
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