Second Quarter 2015 Results

July 29, 2015

Cautionary Note Regarding Forward-Looking Statements

- The information in this presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to a number of risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements in the sections “Q315 and FY15 Guidance”, “Cost Reduction Program On Track”, “Q315 Outlook: GAAP to Non-GAAP Reconciliation”, and “FY15 Outlook: GAAP to Non-GAAP Reconciliation” of this presentation, statements regarding our future results of operations and financial position, industry developments, business strategy, plans and objectives of management for future operations and plans for future cost reductions are forward-looking statements. Without limiting the foregoing, the words “anticipates”, “believes”, “could”, “estimates”, “expects”, “expectations”, “intends”, “may”, “plans”, “seeks”, “projects” and other similar language, whether in the negative or affirmative, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.
- Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, the timing of customer purchasing decisions and our recognition of revenues; economic conditions; adjustments identified in the course of the Company’s quarter-end accounting review; our ability to recruit and retain key personnel; difficulties supporting our strategic focus on channel sales; difficulties retaining and expanding our customer base; difficulties leveraging market opportunities; the impact of cost reduction and restructuring activities; our ability to realize benefits from the Network Equipment Technologies, Inc. (NET) and Performance Technologies, Incorporated (PT) acquisitions and the Treq Labs, Inc. (Treq) asset acquisition; the effects of disruption from the PT and Treq transactions, making it more difficult to maintain relationships with employees, customers, business partners or government entities; the success implementing the integration strategies of NET, PT and Treq assets; litigation; actions taken by significant stockholders; difficulties providing solutions that meet the needs of customers; market acceptance of our products and services; rapid technological and market change; our ability to protect our intellectual property rights; our ability to maintain partner, reseller, distribution and vendor support and supply relationships; higher risks in international operations and markets; the impact of increased competition; currency fluctuations; the impact of the reverse split of our common stock and changes in the market price of our common stock; and/or failure or circumvention of our controls and procedures. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We therefore caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in these forward-looking statements are discussed in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, Part I, Item 3 “Quantitative and Qualitative Disclosures About Market Risk,” and Part II, Item 1A “Risk Factors” in the Company’s most recent Quarterly Report on Form 10-Q. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Ray Dolan

President and Chief Executive Officer

Q2 Highlights

Diversified Customer Base & Expanded Global Presence

- Two New Tier 1 wins in CALA and APAC
- Additional key wins in CALA and EMEA

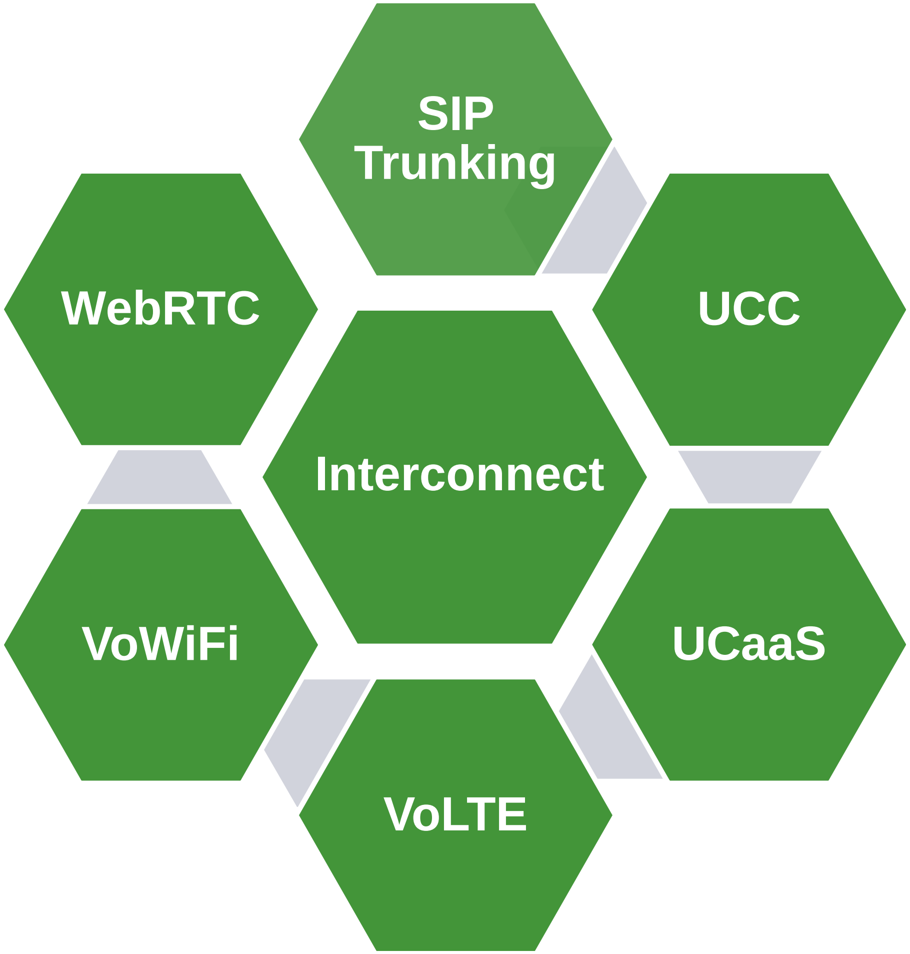
Strong Gross Margins

- Non-GAAP gross margins 65.9%, 69.0% excluding E&O charge

Cost Reduction Program on Track

- Established cost structure to return to profitability in 2H15
- Cash of $113.5M as of the end of Q215

Applications Driving Growth



Mark Greenquist

Chief Financial Officer

Q215 Results Met or Exceeded Guidance

	Q215 Results	Q215 Guidance [5]
Total Revenue	$54.7M	$53M to $55M
Product Revenue	$27.0M	Not provided
Services Revenue	$27.7M	Not provided
Gross Margin [1, 2]	65.9%	64% to 65%
Opex [1, 3]	$40.9M	$42M to $43M
Loss per Share [1, 4]	$0.10	$0.14 to $0.18
Basic Shares	49.5M	49.5M
Cash and Investments	$113.5M	At least $100M

1) Non-GAAP financial measures.
2) Gross margin of 65.9% includes $1.6M expense for excess and obsolete inventory; excluding this would result in gross margin of 69%.
3) Opex includes a $1.4M expense related to an inaccuracy regarding the historical foreign exchange translation of depreciation expense on certain foreign fixed assets. This resulted in a historical understatement of expense in prior fiscal years totaling $1.4 million on a cumulative basis.
4) Loss per share excluding notes 2 and 3 would have been $0.04.
5) Guidance as provided on 4/22/15.

Q315 and FY15 Guidance

	Q315 Guidance	FY15 Guidance
Total Company Revenue	Approx. $65M	$245M to $250M
Gross Margin[1]	67.5% to 68.5%	Not provided
Opex[1]	$40M to $41M	Not provided
Earnings (Loss) per Share[1]	$0.05 to $0.08	$(0.10) to $0.00
Diluted Shares	50.5M	50.0M

1) Non-GAAP financial measures; please see reconciliation in presentation appendix.

Cost Reduction Program On Track

Objective: To reduce our breakeven point to our current annualized revenue outlook, while maintaining investments in key products and strategic technology initiatives

	Original Outlook[1]	Current View
Total Size of Savings	$20M annualized ($15M realized in 2015 with majority in place by end of Q2)	On track
Headcount	Reducing by 150	Achieved
Cash Cost	$5.0M ($4.5M in Q2 and $0.5M in Q3)	$2.9M ($2.5M in Q2 and $0.4M in Q3)
Positive Cash Flow	Return to positive cash flow in 2H15	Tracking ahead of plan; cash flow positive in Q215

1) Outlook as provided on 4/22/15.

Q&A

Discussion of Non-GAAP Financial Measures

- Sonus management uses a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of the business, making operating decisions, planning and forecasting future periods, and determining payments under compensation programs. Our annual financial plan is prepared both on a GAAP and non-GAAP basis, and the non-GAAP annual financial plan is approved by our board of directors. Continuous budgeting and forecasting for revenue and expenses are conducted on a non-GAAP basis (in addition to GAAP) and actual results on a non-GAAP basis are assessed against the annual financial plan. We consider the use of non-GAAP financial measures helpful in assessing the core performance of our continuing operations and liquidity, and when planning and forecasting future periods. By continuing operations we mean the ongoing results of the business excluding certain expenses and credits, including, but not limited to: stock-based compensation, amortization of intangible assets, depreciation expense related to an abandoned facility, acquisition-related expense and restructuring. We consider the use of non-GAAP earnings (loss) per share helpful in assessing the performance of the continuing operations of our business. While our management uses non-GAAP financial measures as a tool to enhance their understanding of certain aspects of our financial performance, our management does not consider these measures to be a substitute for, or superior to, GAAP measures. In addition, our presentations of these measures may not be comparable to similarly titled measures used by other companies. These non-GAAP financial measures should not be considered alternatives for, or in isolation from, the financial information prepared and presented in accordance with GAAP.
- Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to Sonus' financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.
- Stock-based compensation is different from other forms of compensation, as it is a non-cash expense. For example, a cash salary generally has a fixed and unvarying cash cost. In contrast, the expense associated with an equity-based award is generally unrelated to the amount of cash ultimately received by the employee, and the cost to us is based on a stock-based compensation valuation methodology and underlying assumptions that may vary over time. We believe that excluding non-cash stock-based compensation expense from our operating results facilitates the comparison of our financial statements to compare our financial results to our historical operating results and to other companies in our industry.

Discussion of Non-GAAP Financial Measures

- We exclude the amortization of acquired intangible assets from non-GAAP expense and income measures. These amortization amounts are inconsistent in frequency and amount and are significantly impacted by the timing and size of acquisitions. Although we exclude amortization of acquired intangible assets from our non-GAAP expenses, we believe that it is important for investors to understand that intangible assets contribute to revenue generation. We believe that excluding the non-cash amortization of intangible assets facilitates the comparison of our financial results to our historical operating results and to other companies in our industry as if the acquired intangible assets had been developed internally rather than acquired.
- During the second quarter of 2015, we reached an agreement with the landlord of one of our previously restructured facilities to vacate the facility without penalty or future payments. As a result, we were able to vacate the facility earlier than originally planned. In connection with this settlement, we recorded $0.3 million of incremental depreciation expense to account for the change in estimated life of the fixed assets related to this facility. We believe that excluding this incremental depreciation expense facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.
- We consider certain transition, integration and other acquisition-related costs to be unpredictable and dependent on a significant number of factors that may be outside of our control. We do not consider these acquisition-related costs to be related to the continuing operations of the acquired business or the Company. In addition, the size, complexity and/or volume of an acquisition, which often drives the magnitude of acquisition-related costs, may not be indicative of such future costs. We believe that excluding acquisition-related costs facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.
- We have recorded restructuring expense to streamline operations and reduce operating costs by closing and consolidating certain facilities and reducing our worldwide workforce. We recorded $2.9 million of restructuring expense in the second quarter of 2015 for severance in connection with our recently announced restructuring initiative. We review our restructuring accruals regularly and record adjustments to these estimates as required. We recorded such an adjustment to our results for the current quarter, the effect of which was a restructuring credit of $1.4 million in the three months ended June 26, 2015. We recorded restructuring credits aggregating $1.8 million in the six months ended June 26, 2015. We believe that excluding restructuring expense and credits facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.
- We believe that providing non-GAAP information to investors, in addition to the GAAP presentation, will allow investors to view the financial results in the way management views the operating results. We further believe that providing this information helps investors to better understand our financial performance and evaluate the efficacy of the methodology and information used by our management to evaluate and measure such performance.

Q215 Actuals: GAAP to Non-GAAP Reconciliation

(In thousands, except percentages and per share amounts)		Three months ended June 26, 2015
GAAP Total gross margin		62.9%
Stock-based compensation expense % of revenue		0.9%
Amortization of intangible assets % of revenue		2.1%
Non-GAAP Total gross margin		65.9%
GAAP operating expenses	$	49,463
Stock-based compensation expense		(6,329)
Amortization of intangible assets		(415)
Depreciation expense for abandoned facility		(324)
Acquisition-related expense		(24)
Restructuring		(1,487)
Non-GAAP operating expenses	$	40,884
GAAP net loss	$	(15,343)
Stock-based compensation expense		6,809
Amortization of intangible assets		1,591
Depreciation expense for abandoned facility		324
Acquisition-related expense		24
Restructuring		1,487
Non-GAAP net loss	$	(5,108)
Loss per share		
GAAP	$	(0.31)
Non-GAAP	$	(0.10)
Shares used to compute loss per share:		
GAAP shares used to compute loss per share		49,484
Non-GAAP shares used to compute loss per share		49,484

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Q215 Outlook: GAAP to Non-GAAP Reconciliation

Outlook - Q2 2015 **(in millions, except percentages and per share amounts)**	**Outlook (A)** Three months ended June 26, 2015 Range	
Gross margin		
GAAP outlook	61.0%	62.1%
Stock-based compensation expense % of revenue	0.9%	0.9%
Amortization of intangible assets % of revenue	2.1%	2.0%
Non-GAAP outlook	64.0%	65.0%
Operating expenses		
GAAP outlook	$ 52.6	$ 53.6
Stock-based compensation expense	(5.2)	(5.2)
Amortization of intangible assets	(0.4)	(0.4)
Restructuring	(5.0)	(5.0)
Non-GAAP outlook	$ 42.0	$ 43.0
Loss per share		
GAAP outlook	$ (0.43)	$ (0.39)
Stock-based compensation expense	0.12	0.12
Amortization of intangible assets	0.03	0.03
Restructuring	0.10	0.10
Non-GAAP outlook	$ (0.18)	$ (0.14)

(A) As provided by the Company on April 22, 2015

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Q315 Outlook: GAAP to Non-GAAP Reconciliation

Outlook - Q3 2015 (in millions except percentages and per share amounts)	Three months ending September 25, 2015			
	Range			
Gross margin				
GAAP outlook		63.9%		64.9%
Stock-based compensation expense		0.8%		0.8%
Amortization of intangible assets		2.8%		2.8%
Non-GAAP outlook		67.5%		68.5%
Operating expenses				
GAAP outlook	$	45.3	$	46.3
Stock-based compensation expense		(4.9)		(4.9)
Amortization of intangible assets		(0.4)		(0.4)
Non-GAAP outlook	$	40.0	$	41.0
Loss per share				
GAAP outlook	$	(0.10)	$	(0.07)
Stock-based compensation expense		0.11		0.11
Amortization of intangible assets		0.04		0.04
Non-GAAP outlook	$	0.05	$	0.08

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FY15 Outlook: GAAP to Non-GAAP Reconciliation

Outlook - FY 2015 **(in millions except percentages and per share amounts)**	**Year ending December 31, 2015**			
	Range			
Loss per share				
GAAP outlook	$	(0.73)	$	(0.63)
Stock-based compensation expense		0.45		0.45
Amortization of intangible assets		0.15		0.15
Depreciation expense for abandoned facility		0.01		0.01
Acquisition-related expense		*		*
Restructuring		0.02		0.02
Non-GAAP outlook	$	(0.10)	$	-

* Less than $0.01 impact on income (loss) per share