Third Quarter 2015 Results

October 28, 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 section “Q415 and FY15 Guidance” of this presentation; and statements regarding our future results of operations and financial position, industry developments, business strategy, plans and objectives of management for future operations 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.

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Ray Dolan

President and Chief Executive Officer

Q315 Highlights

Deepening Customer Relationships

- Three 10% customers (~40% of revenue): AT&T, Inteliquent, CenturyLink

Strong Gross Margins

- Gross margins[1] of 70.0%, 250 BPs improvement YoY

Improved Operating Leverage and Cash Flow

- Returned to profitability: $0.11 per share[1] vs. guidance of $0.05 to $0.08
- $126.9M of cash and investments as of the end of Q315
- Improved cash flows driven by earnings improvement and DSO reduction

1) Non-GAAP financial measure

Mark Greenquist

Chief Financial Officer

Q315 Results

	Q315 Results	Q315 Guidance[2]
Total Revenue	$67.9M	Approx. $65M
Product Revenue	$42.2M	Not provided
Services Revenue	$25.6M	Not provided
Gross Margin[1]	70.0%	67.5% to 68.5%
Opex[1]	$41.4M	$40M to $41M
Earnings per Share[1]	$0.11	$0.05 to $0.08
Diluted Shares	49.7M	50.5M
Cash and Investments	$126.9M	At Least $110M

1) Non-GAAP financial measures
2) Guidance as provided on 07/29/15

Note: Numbers may not sum due to rounding

Q415 and FY15 Guidance

	Q415 Guidance	FY15 Guidance
Total Company Revenue	$73M to $75M	$246M to $248M
Gross Margin[1]	69.5% to 70.5%	67.5% to 68.0%
Opex[1]	$41M to $42M	$167M to $168M
Earnings (loss) per share[1]	$0.18 to $0.21	($0.05) to ($0.08)
Diluted Shares	50M	50M

**Detailed guidance for FY16 to be provided in connection with Q415 results.
Currently expect mid-single digit revenue growth for FY16.**

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

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, restructuring and other income arising from certain transactions. 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.

- 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.

Discussion of Non-GAAP Financial Measures (continued)

- 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 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 have recorded restructuring expense to streamline operations and reduce operating costs by closing and consolidating certain facilities and reducing our worldwide workforce. We review our restructuring accruals regularly and record adjustments (both expense and credits) to these estimates as required. 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.

- In October 2015, we sold the PT domain name and expect to recognize a gain, net of commission and fees, of $0.9 million. This amount will be included in Other income (expense), net in the fourth quarter of 2015. We believe that excluding the other income arising from this sale facilitates the comparison of our financial results to our historical 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.

Q315 Actuals: GAAP to Non-GAAP Reconciliation

(In thousands, except percentages and per share amounts)

	Three months ended September 25, 2015
GAAP Total gross margin	67.4%
Stock-based compensation expense % of revenue	0.7%
Amortization of intangible assets % of revenue	1.9%
Non-GAAP Total gross margin	70.0%
GAAP operating expenses	$ 47,074
Stock-based compensation expense	(4,814)
Amortization of intangible assets	(414)
Depreciation expense for abandoned facility	(322)
Restructuring	(158)
Non-GAAP operating expenses	$ 41,366
GAAP net loss	$ (1,896)
Stock-based compensation expense	5,273
Amortization of intangible assets	1,737
Depreciation expense for abandoned facility	322
Restructuring	158
Non-GAAP net income	$ 5,594
Diluted earnings per share/(loss) per share	
GAAP	$ (0.04)
Non-GAAP	$ 0.11
Shares used to compute diluted earnings per share/(loss) per share	
GAAP shares used to compute loss per share	49,625
Non-GAAP shares used to compute diluted earnings per share	49,696

Sonus

Q315 Outlook: GAAP to Non-GAAP Reconciliation

(in millions, except percentages and per share amounts)

	Outlook (A)	
	Three months ended September 25, 2015	
	Range	
Gross margin		
GAAP outlook	63.9%	64.9%
Stock-based compensation expense % of revenue	0.8%	0.8%
Amortization of intangible assets % of revenue	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

(A) As provided by the Company on July 29, 2015

Q415 Outlook: GAAP to Non-GAAP Reconciliation

(in millions except percentages and per share amounts)

	Three months ending December 31, 2015 Range	
Revenue	$ 73	$ 75
Gross margin		
GAAP outlook	66.7%	67.7%
Stock-based compensation expense	0.5%	0.5%
Amortization of intangible assets	2.3%	2.3%
Non-GAAP outlook	69.5%	70.5%
Operating expenses		
GAAP outlook	$ 46.2	$ 47.2
Stock-based compensation expense	(4.8)	(4.8)
Amortization of intangible assets	(0.4)	(0.4)
Non-GAAP outlook	$ 41.0	$ 42.0
Income (loss) per share		
GAAP outlook	$ 0.05	$ 0.08
Stock-based compensation expense	0.11	0.11
Amortization of intangible assets	0.04	0.04
Gain on sale of domain name	(0.02)	(0.02)
Non-GAAP outlook	$ 0.18	$ 0.21

FY15 Outlook: GAAP to Non-GAAP Reconciliation

(in millions except percentages and per share amounts)

	Year ending December 31, 2015	
	Range	
Revenue	$ 246	$ 248
Gross margin		
GAAP outlook	64.6%	65.1%
Stock-based compensation expense	0.7%	0.7%
Amortization of intangible assets	2.2%	2.2%
Non-GAAP outlook	67.5%	68.0%
Operating expenses		
GAAP outlook	$ 191.0	$ 192.0
Stock-based compensation expense	(20.3)	(20.3)
Amortization of intangible assets	(1.7)	(1.7)
Depreciation expense for abandoned facility	(0.6)	(0.6)
Acquisition-related expenses	(0.1)	(0.1)
Restructuring expense	(1.3)	(1.3)
Non-GAAP outlook	$ 167.0	$ 168.0
Loss per share		
GAAP outlook	$ (0.69)	$ (0.66)
Stock-based compensation expense	0.45	0.45
Amortization of intangible assets	0.14	0.14
Depreciation expense for abandoned facility	0.01	0.01
Acquisition-related expense	*	*
Restructuring expense	0.03	0.03
Gain on sale of domain name	(0.02)	(0.02)
Non-GAAP outlook	$ (0.08)	$ (0.05)

* Less than $0.01 impact on loss per share