Fourth Quarter and Full Year 2015 Results

February 16, 2016

Sonus

Cautionary Note Regarding Forward-Looking Statements

- 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 “Q116 and FY16 Guidance” and “Focus Areas in 2015 -> 2016”, and statements regarding our future results of operations and financial position, business strategy, strategic position, plans and objectives of management for future operations and plans for future product development and manufacturing, 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; 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 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; 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

Q415 Highlights

Revenue Comparable to Q414 Level

- Total Revenue $76.3M
- Product revenue of $47.8M

Record High Quarterly Gross Margins

- Gross margins[1] of 71.4%, 250 BPs improvement YoY

Highest Quarterly EPS in 5 Years

- $0.23 per share[1] vs. guidance[2] of $0.18 to $0.21 per share
- Cash and investments of $142.2M (an increase of $15.3M from Q315)

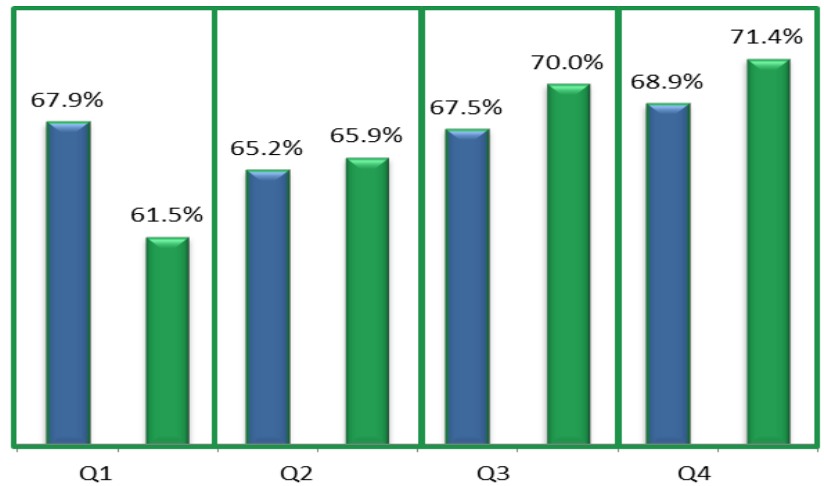
1) Non-GAAP financial measure
2) Guidance as provided on 10/28/2015

Q114 through Q415

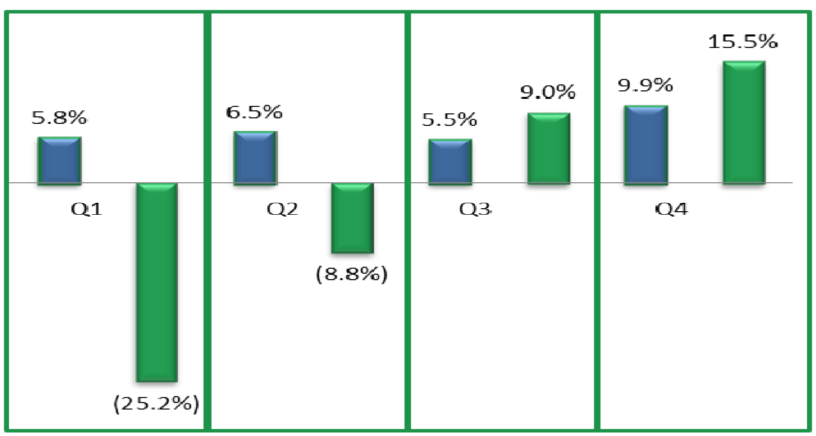
FY14 FY15

Revenue ($M)

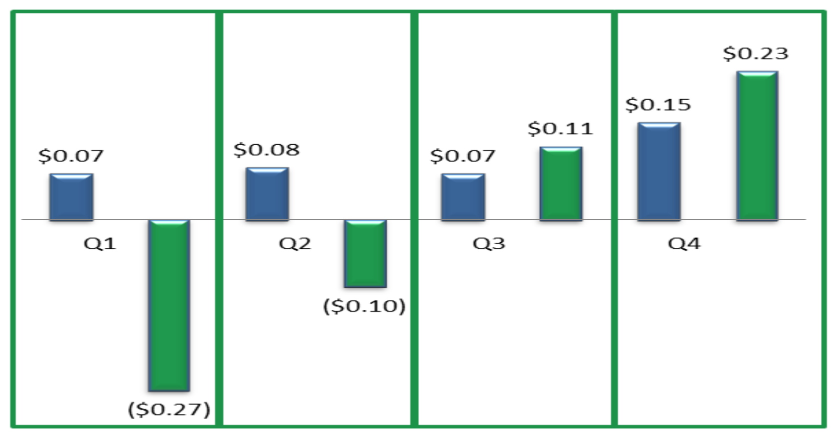
Gross Margins[1]



Operating Margins[1]



Earnings/(Loss) Per Share[1]



1) Non-GAAP financial measures.

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Mark Greenquist

Chief Financial Officer

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Q415 Results

	Q415 Results	Q415 Guidance[2]
Total Revenue	$76.3M	$73M to $75M
Gross Margin[1]	71.4%	69.5% to 70.5%
Opex[1]	$42.6M	$41M to $42M
Diluted Earnings per Share[1]	$0.23	$0.18 to $0.21
Diluted Shares	49.9M	50M
Cash and Investments	$142.2M	Equal or better than Q315 level ($126.9M)

1) Non-GAAP financial measures
2) Guidance as provided on 10/28/2015

FY15 Results

	FY15 Results	FY15 Guidance[2]
Total Revenue	$249M	$246M to $248M
Gross Margin[1]	67.8%	67.5% to 68%
Opex[1]	$168.4M	$167M to $168M
Loss per Share[1]	($0.02)	($0.08) to ($0.05)
Diluted Shares	49.6M	50M
Cash and Investments	$142.2M	Equal or better than Q315 level ($126.9M)

1) Non-GAAP financial measures
2) Guidance as provided on 10/28/2015

Q116 and FY16 Guidance

	Q116 Guidance	FY16 Guidance
Total Company Revenue	$58M to $59M	$255M to $265M
Gross Margin[1]	66.5%	Not provided
Opex[1]	$39.5M to $40.5M	Not provided
Earnings (loss) per share[1]	($0.03) to ($0.01)	$0.20 to $0.27
Diluted Shares	50M	50M

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

First Half 2016 revenue guidance of $118M to $120M

Ray Dolan

President and Chief Executive Officer

Focus Areas in 2015 → 2016

1. **Operating Leverage**
   - Revenue growth
   - Gross Margin expansion
   - Opex discipline
   - Accelerating OI and OCF
2. **Strategic Industry Leadership**
   - SIP enabled UC (including Video)
   - VoLTE
   - Virtualization and Cloud
   - Security

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: cost of product revenue related to the fair value write-up of acquired inventory, stock-based compensation, amortization of intangible assets, depreciation expense related to an abandoned facility, divestiture costs, acquisition-related expense, 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.

As part of the assessment of the assets acquired and liabilities assumed in connection with the PT acquisition, we were required to increase the aggregate fair value of acquired inventory by $1.8 million. The acquired inventory was recorded as cost of product revenue through June 27, 2014. We believe that excluding the incremental cost of product revenue resulting from the fair value write-up of this acquired inventory facilitates the comparison of our operating results to our historical results and to other companies in our industry.

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 (continued)

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 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.

In the second quarter of 2014, we sold the Multi-Protocol Server (MPS) business that we had acquired in connection with the acquisition of PT. We incurred transaction costs related to this divestiture in the second quarter of 2014. We do not consider these divestiture costs to be related to our continuing operations. We believe that excluding divestiture costs 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 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.

Discussion of Non-GAAP Financial Measures (continued)

In October 2015, we sold the PT domain name and recognized a gain, net of commission and fees, of $0.9 million. This amount is included as a component of Other income, net. 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.

In the first quarter of 2014, we recorded other income related to the settlement of a litigation matter in which we recovered a portion of our losses related to the impairment of certain prepaid royalties for software licenses that we had written off in fiscal 2012. This amount is included as a component of Other income, net. We believe that excluding the other income arising from this settlement facilitates the comparison of our 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.

FY15 Actuals: GAAP to Non-GAAP Reconciliation

(In thousands, except percentages and per share amounts)	Three months ended December 31, 2015	Year ended December 31, 2015
GAAP total gross margin	68.5%	64.9%
Stock-based compensation expense % of revenue	0.6%	0.7%
Amortization of intangible assets % of revenue	2.3%	2.2%
Non-GAAP total gross margin	71.4%	67.8%
GAAP operating expenses	$ 48,241	$ 192,874
Stock-based compensation expense	(4,349)	(19,858)
Amortization of intangible assets	(415)	(1,723)
Depreciation expense for abandoned facility	-	(646)
Acquisition-related expense	-	(131)
Restructuring	(842)	(2,148)
Non-GAAP operating expenses	$ 42,635	$ 168,368
GAAP net income (loss)	$ 4,703	$ (31,895)
Stock-based compensation expense	4,797	21,699
Amortization of intangible assets	2,132	7,107
Depreciation expense for abandoned facility	-	646
Acquisition-related expense	-	131
Restructuring	842	2,148
Gain on sale of domain name	(896)	(896)
Non-GAAP net income (loss)	$ 11,578	$ (1,060)
Diluted earnings per share/(loss) per share		
GAAP	$ 0.09	$ (0.64)
Non-GAAP	$ 0.23	$ (0.02)
Shares used to compute diluted earnings per share/(loss) per share		
GAAP shares used to compute diluted earnings per share/(loss) per share	49,906	49,560
Non-GAAP shares used to compute dilututed earnings per share/(loss) per share	49,906	49,560

Q415 Guidance: GAAP to Non-GAAP Reconciliation

(in millions, except percentages and per share amounts)	Guidance (A) Three months ending December 31, 2015 Range	
Gross margin		
GAAP outlook	66.7%	67.7%
Stock-based compensation expense % of revenue	0.5%	0.5%
Amortization of intangible assets % of revenue	2.3%	2.3%
Non-GAAP guidance	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 guidance	$ 41.0	$ 42.0
Income 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 guidance	$ 0.18	$ 0.21

(A) As provided by the Company on October 28, 2015

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FY15 Guidance: GAAP to Non-GAAP Reconciliation

(in millions, except percentages and per share amounts)	Guidance (A) Year ending December 31, 2015 Range			
Gross margin				
GAAP outlook		64.6%		65.1%
Stock-based compensation expense % of revenue		0.7%		0.7%
Amortization of intangible assets % of revenue		2.2%		2.2%
Non-GAAP guidance		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		(1.3)		(1.3)
Non-GAAP guidance	$	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 expenses		*		*
Restructuring		0.03		0.03
Gain on sale of domain name		(0.02)		(0.02)
Non-GAAP guidance	$	(0.08)	$	(0.05)

(A) As provided by the Company on October 28, 2015
* Less than $0.01 impact on loss per share

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Quarterly Actuals: GAAP to Non-GAAP Reconciliation

	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415
GAAP total gross margin	65.6%	62.6%	65.4%	67.4%	58.3%	62.9%	67.4%	68.5%
Stock-based compensation expense	0.5%	0.7%	0.7%	0.6%	0.9%	0.9%	0.7%	0.6%
Amortization of intangible assets	0.9%	0.9%	0.9%	0.9%	2.3%	2.1%	1.9%	2.3%
Fair value write-up of acquired inventory	0.9%	1.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-GAAP total gross margin	67.9%	65.2%	67.5%	68.9%	61.5%	65.9%	70.0%	71.4%
GAAP income (loss) from operations as a percentage of revenue (operating margin)	-8.2%	-6.4%	-6.4%	-2.5%	-37.6%	-27.5%	-2.0%	5.3%
Fair value write-up of acquired inventory	0.8%	1.1%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation expense	8.2%	9.2%	8.9%	6.1%	9.6%	12.5%	7.7%	6.3%
Amortization of intangible assets	1.5%	1.6%	1.6%	1.6%	3.3%	2.9%	2.6%	2.8%
Depreciation expense for abandoned facility	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.5%	0.0%
Divestiture costs	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisition-related expense	1.8%	0.0%	0.0%	0.3%	0.2%	0.0%	0.0%	0.0%
Restructuring	1.7%	0.5%	0.9%	4.4%	-0.7%	2.7%	0.2%	1.1%
Non-GAAP income (loss) from operations as a percentage of revenue (operating margin)	5.8%	6.5%	5.5%	9.9%	-25.2%	-8.8%	9.0%	15.5%

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Quarterly Actuals: GAAP to Non-GAAP Reconciliation

(in thousands, except per share amounts)	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415
GAAP net income (loss)	$ (3,953)	$ (5,497)	$ (5,213)	$ (2,192)	$ (19,359)	$ (15,343)	$ (1,896)	$ 4,703
Fair value write-up of acquired inventory	615	803	364	-	-	-	-	-
Stock-based compensation expense	5,774	6,938	6,501	4,701	4,820	6,809	5,273	4,797
Amortization of intangible assets	1,029	1,178	1,195	1,195	1,647	1,591	1,737	2,132
Depreciation expense for abandoned facility	-	-	-	-	-	324	322	-
Divestiture costs	-	405	30	-	-	-	-	-
Acquisition-related expense	1,306	-	-	252	107	24	-	-
Restructuring	1,169	391	673	3,392	(339)	1,487	158	842
Gain on sale of domain name	-	-	-	-	-	-	-	(896)
Litigation settlement - prepaid licenses	(2,250)	-	-	-	-	-	-	-
Non-GAAP net income (loss)	$ 3,690	$ 4,218	$ 3,550	$ 7,348	$ (13,124)	$ (5,108)	$ 5,594	$ 11,578
Diluted earnings per share or (loss) per share								
GAAP	$ (0.07)	$ (0.11)	$ (0.11)	$ (0.04)	$ (0.39)	$ (0.31)	$ (0.04)	$ 0.09
Non-GAAP	$ 0.07	$ 0.08	$ 0.07	$ 0.15	$ (0.27)	$ (0.10)	$ 0.11	$ 0.23
Shares used to compute diluted earnings per share or (loss) per share								
GAAP shares used to compute diluted earnings per share or (loss) per share	53,080	49,424	49,291	49,361	49,423	49,484	49,625	49,906
Non-GAAP shares used to compute diluted earnings per share or (loss) per share	53,804	50,031	50,260	50,067	49,423	49,484	49,696	49,906

FY16 Guidance: GAAP to Non-GAAP Reconciliation

(in millions, except percentages and per share amounts)	Guidance (A) Three months ending March 31, 2016 Range	
Gross margin		
GAAP outlook	63.0%	63.1%
Stock-based compensation expense % of revenue	0.7%	0.7%
Amortization of intangible assets % of revenue	2.8%	2.7%
Non-GAAP guidance	66.5%	66.5%
Operating expenses		
GAAP outlook	$ 44.1	$ 45.1
Stock-based compensation expense	(4.3)	(4.3)
Amortization of intangible assets	(0.3)	(0.3)
Non-GAAP guidance	$ 39.5	$ 40.5
Loss per share		
GAAP outlook	$ (0.16)	$ (0.14)
Stock-based compensation expense	0.09	0.09
Amortization of intangible assets	0.04	0.04
Non-GAAP guidance	$ (0.03)	$ (0.01)

	Guidance (A) Year ending December 31, 2016 Range	
Income (loss) per share		
GAAP outlook	$ (0.33)	$ (0.26)
Stock-based compensation expense	0.39	0.39
Amortization of intangible assets	0.14	0.14
Non-GAAP guidance	$ 0.20	$ 0.27

(A) As provided by the Company on February 16, 2016

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