Fourth Quarter and Full Year 2013 Operating Results Conference Call

February 20, 2014

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 release, including statements in the sections “Q114 Guidance” and “FY14 Guidance,” statements regarding our future results of operations and financial position, business strategy, plans and objectives of management for future operations and plans for future product development and manufacturing, and statements regarding the impact of the PT transaction on Sonus’ financial results, business performance and product offerings, 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 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 NET and PT acquisitions; the effects of disruption from the PT transaction, making it more difficult to maintain relationships with employees, customers, business partners or government entities; the success implementing the integration strategies of NET and PT; 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.

Fourth Quarter and Full Year 2013 Highlights & Business Outlook

Ray Dolan, President & CEO

Sonus

PT Transaction Rationale – Expected to:

1

Expand TAM in High Growth Adjacent Market

2

Strengthen Sonus' Virtualization Strategy

3

Accelerate Sonus' Mobility Strategy

PT Acquisition Closed February 19, 2014

2013 Committed Deliverables

SBC Growth

Enterprise & Channel Growth

Delivered All Key 2013 Operational Commitments

New Customer Growth

Profitability

Operational Momentum – 2013 Highlights

SBC Total Revenue[1]
+48%

670
New Customers

Channel Product Revenue
=20%

Enterprise Product Revenue
=27%

Profitable for Full Year[2]

1) As compared to full year 2012. SBC Product Revenue up 44% vs. full year 2012
2) Non-GAAP net income for full year 2013 of $6.8million or $0.02 per diluted share

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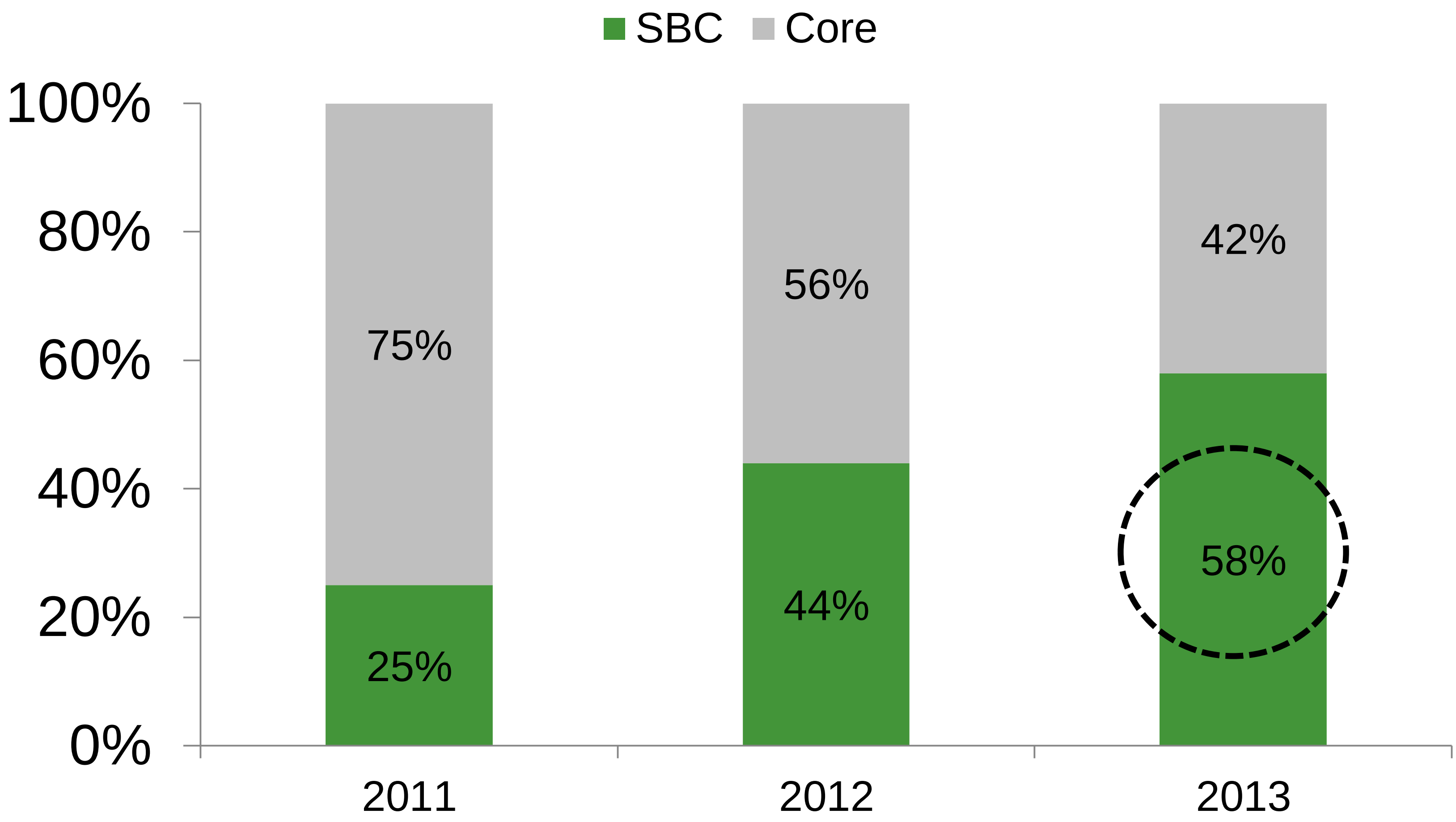
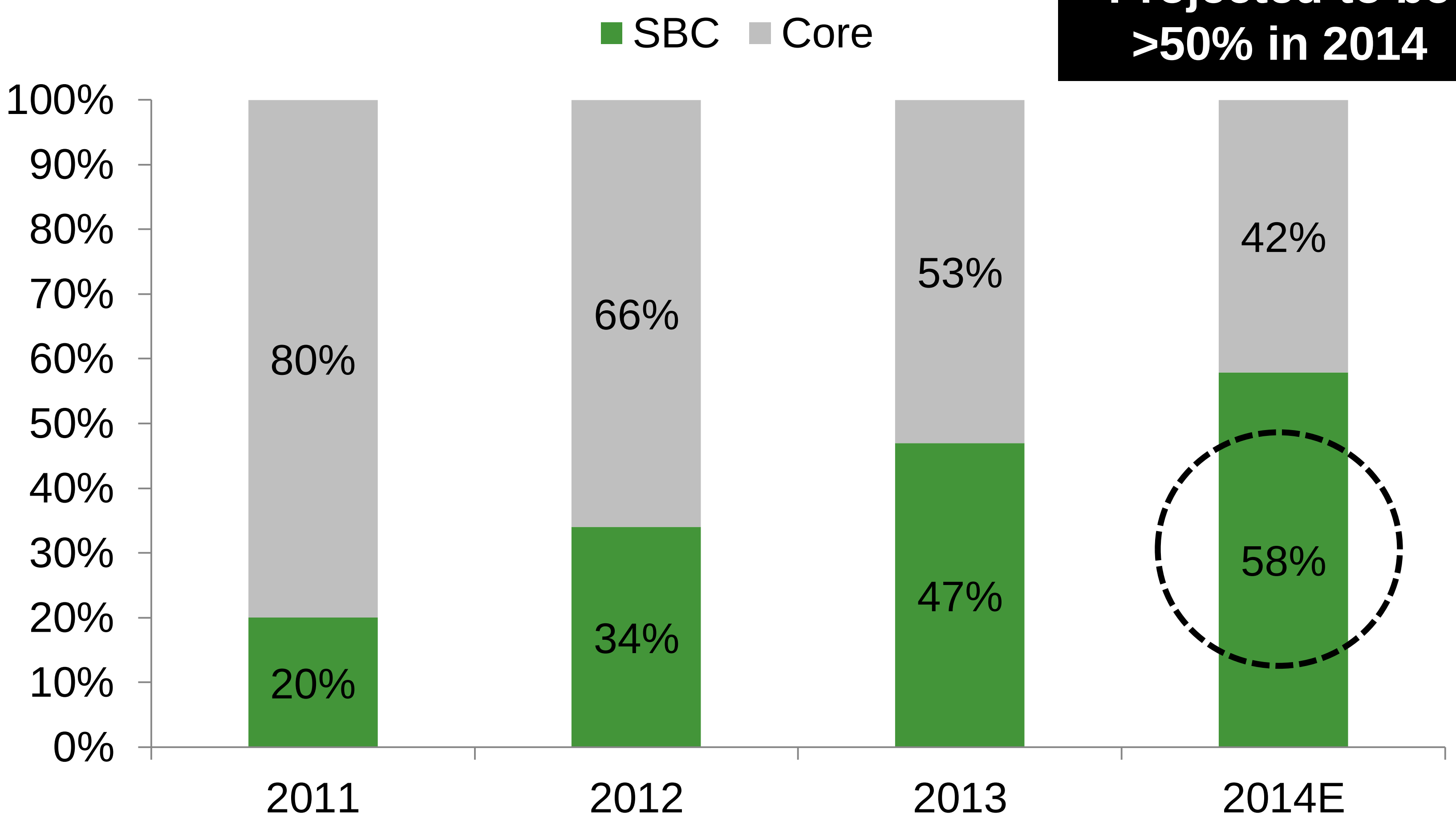
Product Revenue Mix Shifted to SBC



Total Revenue Mix Shifting to SBC

Total SBC Projected to be >50% in 2014



Note: $165M is SBC total revenue guidance for full year 2014 as provided 2/20/14. 58% is as a percent of Sonus-only revenue before the impact of PT; including the impact of PT, SBC mix is expected to be 56% of total revenue

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Enhanced Unrivaled SBC Portfolio

Sonus SBC 1000	Sonus SBC 2000	Sonus SBC 5100	Sonus SBC 5200
• 160 Sessions • SBA *(Survivable Branch Appliance)*	• 600 Sessions • SBA *(Survivable Branch Appliance)*	• 10,000 Sessions • High Availability	• 64,000 Sessions • High Availability
Optimized for Lync	Optimized for Lync	Optimized for Lync	Optimized for Lync
Media Interworking	Media Interworking	Media Interworking	Media Interworking

Single instance — ***Sonus SBC SWe*** — ***Multi-Instance***

SMB » *Enterprise* » *Large Enterprise* » *Service Provider*

Pace of Innovation Accelerating ~
Stay Tuned for More News at MWC!

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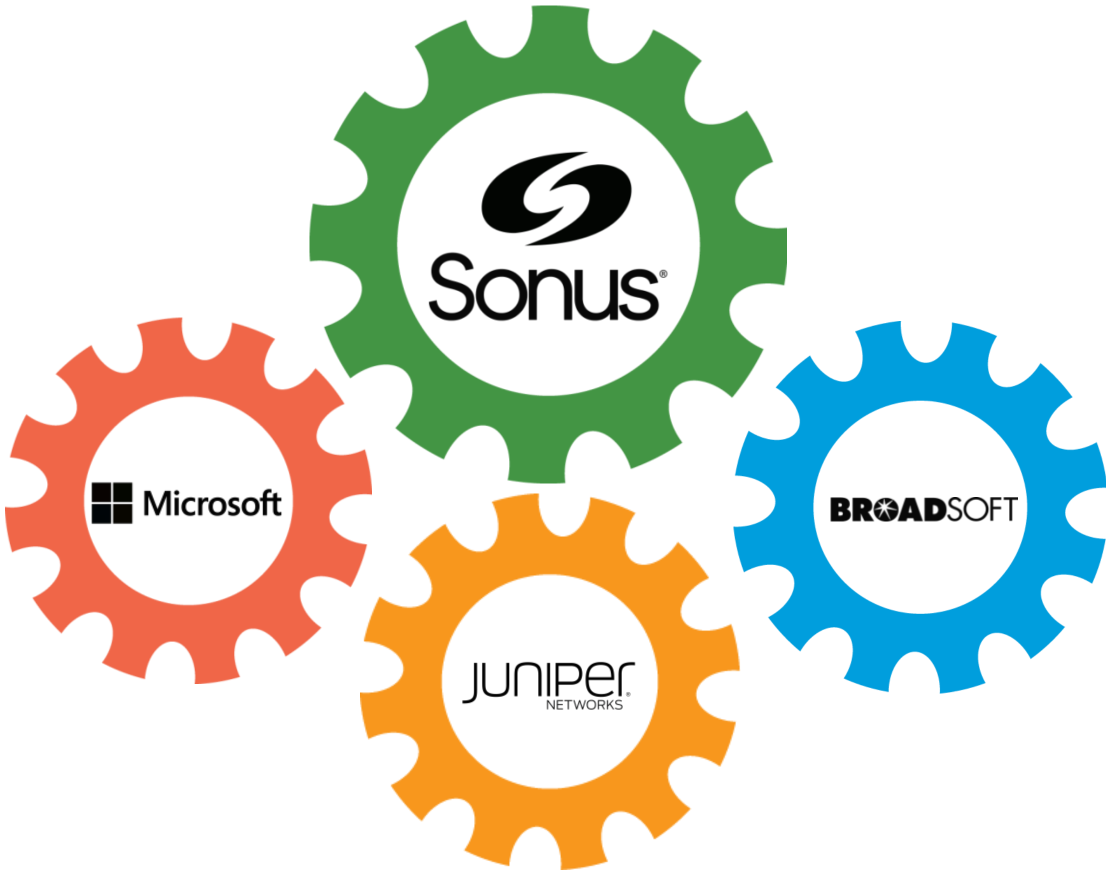
Established and Grew Key Strategic Partnerships



Attracting Industry Leaders

Mark Greenquist CFO	Matt Bross Director	Dick Lynch Director	Pamela Reeve Director
Sonus CFO November 2013	**Sonus BOD February 2014**	**Sonus BOD February 2014**	**Sonus BOD August 2013**
Former CEO and CFO Telcordia Technologies, Inc.	***Current CEO Compass-EOS; Former CTO Huawei, BT, Williams Communications***	***Former CTO Verizon Communications and Verizon Wireless***	***Former CEO Lightbridge, Inc.***

Maximizing Shareholder Value

Framework	Sonus Actions		Outlook
Generate Cash	Generated $33m cash from operations for FY2013	Profitable on non-GAAP basis for FY2013	*Continue to grow cash from operations*
Invest Organically	Reallocating spend to growth business	SBC Product Revenue now >50%	*Continue reallocation from core to growth*
Invest through M&A	NET ($36M Enterprise SBC acquisition) *August 2012*	PT ($34M Diameter Signaling acquisition) *February 2014*	*Consider opportunistic growth acquisitions*
Return excess capital to SH	$100M buyback plan announced *July 2013*	*Reduce top shareholder concentration*	*Continually assess all value-creating opportunities*

Fourth Quarter 2013 Financial Highlights & Guidance

Mark Greenquist, CFO

Q413 and FY13: Guidance vs. Actual

	Q413 Guidance[4]	Q413 Actual	FY13 Guidance[4]	FY13 Actual
Total Company Revenue	\$70M - \$75M	\$76.2M	\$270M - \$275M	\$276.7M
SBC Product Rev.	\$27M - \$31M	\$32.2M	\$92M - \$96M	\$97.4M
SBC Total Revenue[1]	\$34M - \$38M	\$41.6M	\$122M - \$126M	\$129.9M
Gross Margin[2]	64% - 64.5%	64.7%	63.5%	63.6%
Opex[2]	\$39.5M - \$40.5M	\$42.8M	\$165M - \$166M	\$168.5M
EPS[2]	\$0.02	\$0.02	\$0.02	\$0.02
Cash & Investments[3]	\$265M - \$270M	\$268M[3]	\$265M - \$270M	\$268M[3]

1) SBC Total Revenue includes product, maintenance and services
2) Non-GAAP financial measures
3) Excluding Q4'13 stock buyback
4) Outlook as provided 10/29/13

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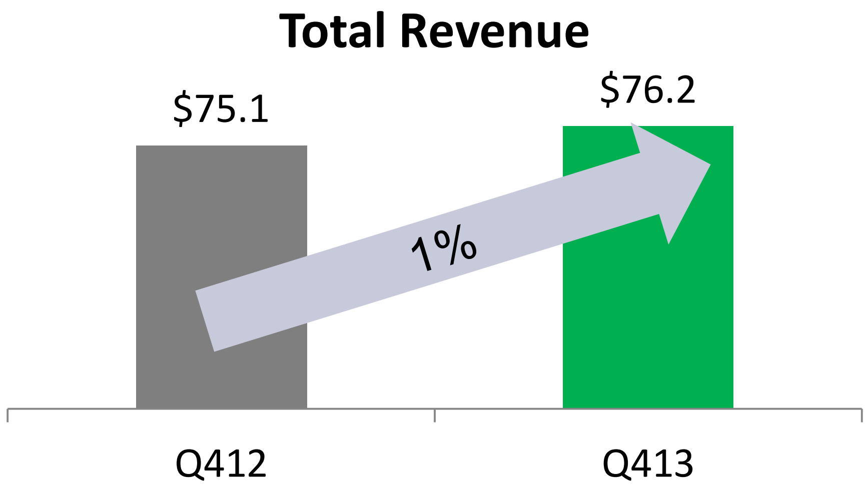
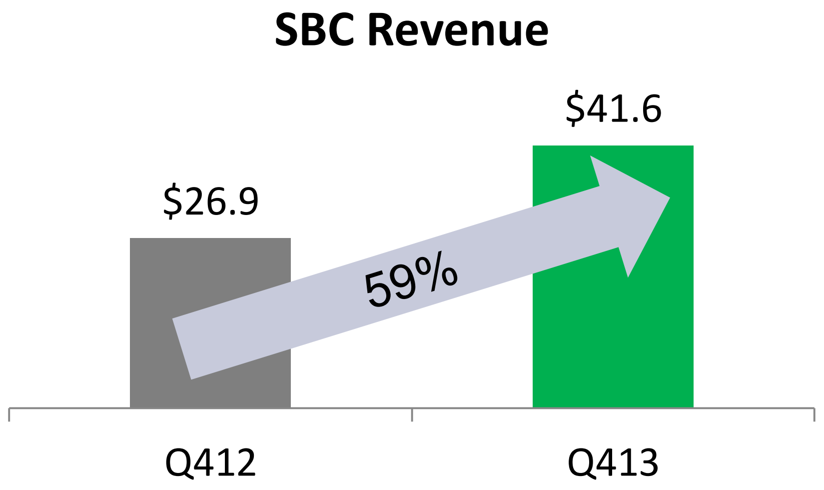
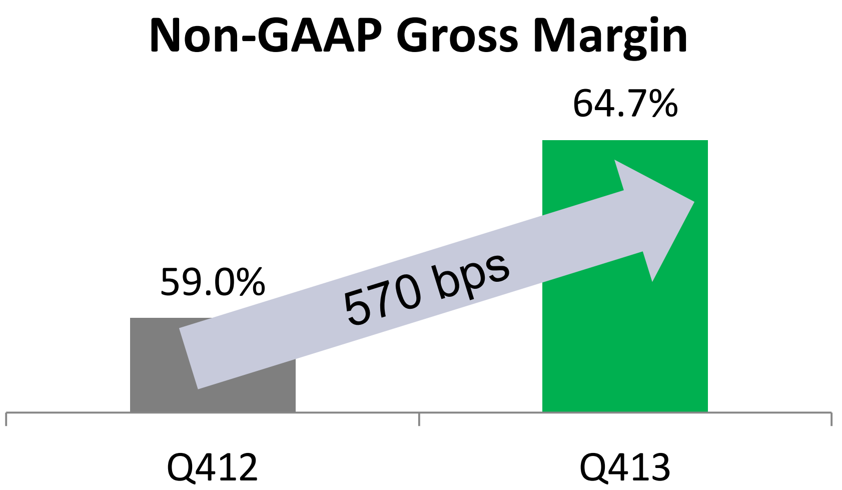
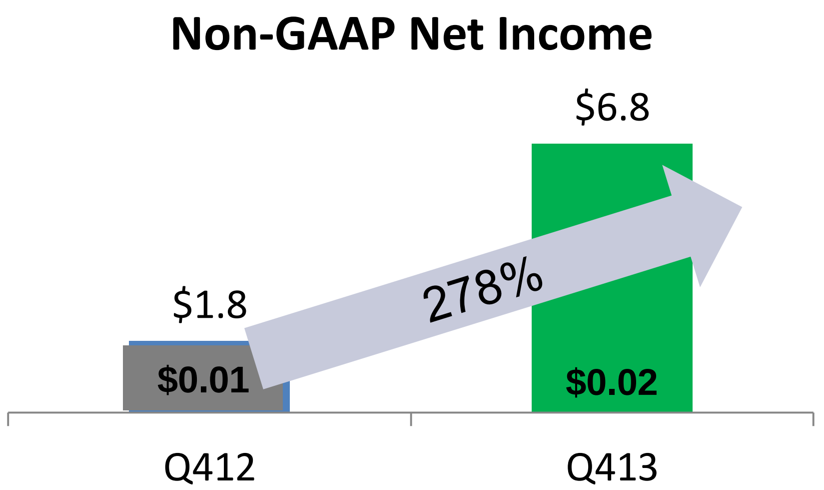
Fourth Quarter 2013 vs. Last Year









Q114: Guidance

	Q114 Guidance (Sonus)	Q114 Guidance (PT)	Q114 Guidance (Sonus + PT)
Total Company Revenue	$67M	$3M	$70M
SBC Total Revenue[1]	$33M	n/m	$33M
Gross Margin[2]	63.5%	not provided	63.0%
Opex[2]	$44M	not provided	$46M
EPS[2]	$(0.01)	breakeven	$(0.01)
Diluted Shares Outstanding	266M	n/a	266M

1) SBC Total Revenue includes product, maintenance and services . This also includes Diameter Signaling revenue from PT
2) Non-GAAP financial measures

FY14: Guidance

	FY14 Guidance (Sonus)	FY14 Guidance (PT)	FY14 Guidance (Sonus + PT)
Total Company Revenue	$285M	$15M	$300M
SBC Total Revenue[1]	$165M	$3M	$168M
EPS[2]	$0.06	$(0.01)	$0.05
Diluted Shares Outstanding	264.5M	n/a	264.5M

1) SBC Total Revenue includes product, maintenance and services. This also includes Diameter Signaling revenue from PT
2) Non-GAAP financial measures

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Closing

Ray Dolan, President & CEO

2013 = Transformative Year

Delivered Strong SBC Growth	Expanded Channel & Enterprise GTM Strategy	Capitalizing on Operating Leverage
Becoming Increasingly Strategic to Customers & Partners	Accelerating Innovation	Achieved Full Year 2013 Profitability (Non-GAAP)

Sonus Transformed.

Q&A

2014 Investor and Analyst Day

March 13th ~ San Francisco

For more info or to register please contact Patti Leahy

978.614.8440 or pleahy@sonus.net

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 costs, including, but not limited to: stock-based compensation, write-off of prepaid royalties for software licenses, amortization of intangible assets, impairment of intangible assets, acquisition-related costs, restructuring and depreciation expense related to the fair value write-up of acquired property and equipment. We also consider the use of non-GAAP earnings per share helpful in assessing the performance of the continuing operations of our business. While our management uses these 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 ability of readers 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 (cont'd)

- In the fourth quarter of 2012, we wrote off $7.1 million of prepaid royalties for software licenses related to products from which we do not expect to derive future revenues. We believe that excluding the write-off of these prepaid royalties facilitates the comparison of our product gross margins to our historical operating results and 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.
- In the second quarter of 2013 we recorded $0.6 million of expense for the impairment of an intellectual property intangible asset which we determined had no future value as of June 28, 2013. We believe that excluding the impairment of intangible assets 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.
- In August 2012, we announced that we had committed to a restructuring initiative to streamline operations and reduce operating costs by closing and consolidating certain facilities and reducing our worldwide workforce. In connection with this initiative we have recorded restructuring expense in both 2013 and 2012. We believe that excluding restructuring expense facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.
- As part of the assessment of the assets acquired and liabilities assumed in connection with the NET acquisition, we were required to increase the aggregate fair value of acquired property and equipment by $2.0 million. The acquired property and equipment is being depreciated over a weighted average useful life of approximately 2.5 years. We believe that excluding the incremental depreciation expense resulting from the fair value write-up of this acquired property and equipment in 2012 facilitates the comparison of our operating 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.

Reconciliation of Non-GAAP and GAAP Financial Measures – Outlook Q114

SONUS NETWORKS, INC.
Reconciliation of Non-GAAP and GAAP Financial Measures - Outlook
(in millions, except percentages and per share amounts)
(unaudited)

	Three months ended March 28, 2014			
	Sonus	PT	Combined	
Revenue	$ 67	$ 3	$ 70	
Gross margin				
GAAP outlook	62.4%		61.9%	
Stock-based compensation	0.4%		0.4%	(A)
Amortization of intangible assets	0.7%		0.7%	(A)
Non-GAAP outlook	63.5%		63.0%	
Operating expenses				
GAAP outlook	$ 51.2		$ 54.2	
Stock-based compensation	(5.4)		(5.4)	(A)
Amortization of intangible assets	(0.3)		(0.3)	(A)
Acquisition-related	(1.0)		(1.6)	
Restructuring	(0.5)		(0.9)	
Non-GAAP outlook	$ 44.0		$ 46.0	
Earnings (loss) per share				
GAAP outlook	$ (0.04)	$ -	$ (0.04)	
Stock-based compensation expense	0.02	*	0.02	(A)
Amortization of intangible assets	*	*	*	(A)
Acquisition-related	0.01	*	0.01	
Restructuring	*	*	*	
Non-GAAP outlook	$ (0.01)	$ -	$ (0.01)	

Reconciliation of Non-GAAP and GAAP Financial Measures – Outlook FY14

SONUS NETWORKS, INC.

Reconciliation of Non-GAAP and GAAP Financial Measures - Outlook

(in millions, except percentages and per share amounts)

(unaudited)

	Year ended December 31, 2014			
	Sonus	PT	Combined	
Earnings (loss) per share				
GAAP outlook	$ (0.03)	$ (0.01)	$ (0.04)	
Stock-based compensation expense	0.08	*	0.08	(A)
Amortization of intangible assets	0.01	*	0.01	(A)
Acquisition-related	*	*	*	
Restructuring	*	*	*	
Non-GAAP outlook	$ 0.06	$ (0.01)	$ 0.05	

* Less than $0.01 impact on earnings per share.

(A) Excludes the impact of stock-based compensation and amortization of intangible assets arising from the acquisition of PT.