

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K/A**

Amendment No. 1

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):

**December 12, 2013**

**SONUS NETWORKS, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-34115**  
(Commission  
File Number)

**04-3387074**  
(IRS Employer  
Identification No.)

**4 TECHNOLOGY PARK DRIVE, WESTFORD, MASSACHUSETTS 01886**

(Address of Principal Executive Offices) (Zip Code)

**(978) 614-8100**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Explanatory Note**

The undersigned registrant hereby amends and restates its Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2013 (the "Initial 8-K"). Exhibit 99.1 attached to the Initial 8-K contained a typographical error. A corrected Exhibit 99.1 is filed herewith. The text of Items 7.01 and 8.01 is unchanged from the Initial Form 8-K.

2

**Item 7.01. Regulation FD Disclosure.**

Sonus Networks, Inc. (the "Company") has issued a press release on December 13, 2013 announcing entry into an Agreement and Plan of Merger, dated as of December 12, 2013 (the "Merger Agreement"), by and among the Company, Purple Acquisition Subsidiary, Inc. ("Transitory Subsidiary") and Performance Technologies, Incorporated ("Seller"), which Merger Agreement provides, subject to the conditions specified in the Merger Agreement (including, among other things, approval of the transaction by Seller's stockholders), for the acquisition of Seller by the Company through a merger of Transitory Subsidiary with and into Seller with Seller surviving and becoming a wholly owned subsidiary of the Company. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

In addition, on December 13, 2013 the Company intends to hold an investor call with respect to the Merger Agreement. A copy of the presentation to be distributed in connection with the call is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. A copy of the white paper attached as Exhibit 99.3 to this Current Report on Form 8-K is available on the Company's website at <http://www.sonus.net/resources/white-papers>.

The information in this Current Report on Form 8-K is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and Section 11 of the Securities Act of 1933, as amended, or otherwise subject to the liabilities of those sections.

**Item 8.01. Other Events.**

The matters disclosed under Item 7.01 above are incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
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The following exhibits relating to Item 7.01 shall be deemed to be furnished, and not filed:

- 99.1 Joint Press Release issued by Sonus Networks, Inc. and Performance Technologies, Incorporated, entitled, "Sonus Networks Announces Definitive Agreement to Acquire Performance Technologies, Inc.," dated December 13, 2013.
- 99.2 Sonus Networks, Inc. Corporate Presentation, dated December 13, 2013.
- 99.3 White Paper entitled "Leveraging Synergies across Diameter and SIP Signaling in 4G/LTE Networks."

**SIGNATURE**

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 hereunto duly authorized.

SONUS NETWORKS, INC.

Date: December 16, 2013

By: /s/ Jeffrey M. Snider  
Jeffrey M. Snider  
Senior Vice President, Chief Administrative Officer, General Counsel and Secretary

**EXHIBIT INDEX**

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- 99.2 Sonus Networks, Inc., Corporate Presentation, dated December 13, 2013.
- 99.3 White Paper entitled "Leveraging Synergies across Diameter and SIP Signaling in 4G/LTE Networks."



## Sonus Networks Announces Definitive Agreement to Acquire Performance Technologies, Inc.



### Acquisition Expected to Fortify Sonus Mobility and Virtualization Strategies and Expand Sonus Addressable Market by 50%

### Sonus Confirms Fourth Quarter and Full Year 2013 Guidance

For Immediate Release: December 13, 2013

#### Key Takeaways:

- Transaction is expected to be accretive to non-GAAP EPS for full year 2015; mildly dilutive (two cents or less) in 2014.
- Planned acquisition would accelerate Sonus' mobility strategy by adding Diameter Signaling capabilities required in all-IP, IMS 4G/LTE (Long Term Evolution) networks.
- Diameter market, which is in its infancy, is rapidly expanding and projected to grow by an average of 42% per year from 2013 through 2017, to reach nearly \$1 billion, according to Exact Ventures, allowing Sonus to expand its addressable market by 50% to nearly \$3 billion in 2017.
- Acquisition would expand and diversify Sonus' portfolio with an integrated, virtualized Diameter and SIP-based solution.
- PT shareholders to receive \$3.75 per share in cash.

WESTFORD, Mass. and ROCHESTER, N.Y.- Sonus Networks, Inc. (NASDAQ: SONS), a global leader in SIP communications, and Performance Technologies, Inc. (NASDAQ: PTIX), a global supplier of advanced, high availability network communications solutions, today announced that they have entered into a definitive merger agreement under which Sonus will acquire PT for \$3.75 per share in cash, or approximately \$30 million, net of PT's cash and excluding acquisition-related costs.

The acquisition of PT enables Sonus to expand and diversify its portfolio with an integrated, virtualized Diameter and SIP-based solution and deliver strategic value to service providers seeking to offer new multimedia services through mobile, Cloud-based, real-time communications. PT's premier suite of IP-centric SEGway signaling products includes Diameter Signaling Controllers (DSC), which anchor the authentication, authorization and accounting messages sent across mobile networks. As the adoption of the mobile Internet grows, the DSC market is forecast to grow by an average of 42% per year from 2013 through 2017, to reach nearly \$1 billion, according to Exact Ventures.

Under the terms of the agreement, which was unanimously approved by the boards of directors of both companies, Sonus will acquire all of the outstanding shares of PT for \$3.75 per share in cash. The purchase price represents a premium of 25.8% to PT's closing share price of \$2.98 on December 12, 2013, and premiums of 25.0%, 26.8% and 26.8%, respectively, to PT's 30-, 60-, and 90-day average closing share prices through December 12, 2013.

#### Quotes:

"Today's mobile broadband traffic nearly eclipses all Internet activity from just a decade ago, driving the necessity for intelligent and capable Diameter Signaling Controllers that will allow mobile operators to efficiently deploy 4G/LTE," said Raymond P. Dolan, president and chief executive officer of Sonus. "The combination of Sonus and PT allows us to address this significant opportunity by bringing together unique and complementary technologies in wireless and wireline network intelligence, thereby expanding our addressable market by 50% and advancing our mobility and virtualization strategies. The transaction enhances Sonus' best-in-class portfolio, further enabling service providers and enterprises to deliver on the promise of real-time communications."

"Over our thirty-two year history, PT has been recognized for providing mission-critical solutions built on leading-edge technologies designed and supported by some of the best talent in our industry," said John M. Slusser, president and chief executive officer of PT. "The agreement with Sonus provides substantial value to our stockholders as the premium represents an approximately 25% per share premium to our closing stock price as of December 12, 2013. In addition to the financial benefits to our stockholders, in Sonus we find a dedicated team of kindred spirits, highly focused on driving continued growth in the next-generation network communications marketplace. Through this transaction, the value

proposition of our broad Diameter and SS7 telecommunications signaling portfolio can be further leveraged and, in combination with Sonus' industry leading SBC and SIP-based product family, it offers an exciting opportunity to provide service providers with a compelling solution set as they architect and provision their networks."

#### Strategic Benefits:

**Enhanced Portfolio of Offerings.** The acquisition of PT is aligned with Sonus' strategy to offer a portfolio of solutions that enable Cloud-based, real-time, multimedia communications across wireless and wireline networks. As adoption of the mobile Internet grows, Diameter is the IP-based signaling protocol standard that drives authentication, authorization and accounting messages in the IP Multimedia Subsystem (IMS) architecture of wireless 4G/LTE networks. Providing an integrated, virtualized Diameter and SIP-based solution will enable Sonus to offer a more strategic value proposition to service providers seeking to deliver new multimedia services through mobile, Cloud-based, real-time communications.

**Significant Addressable Market.** With 4G/LTE subscriber growth increasing, industry analysts project exponential growth in Diameter traffic to be generated by tablets, smart phones and other mobile devices. The acquisition of PT positions Sonus to capture the significant opportunity this trend presents and should increase Sonus' total addressable market by 50%, from approximately \$2 billion to nearly \$3 billion in 2017, when combining the SBC and Diameter markets. According to Greg Collins, founder and principal analyst, Exact Ventures, "The Diameter Signaling Controller (DSC) market is still nascent with billions of dollars in revenue opportunity forecast for the coming years."

**Complementary Assets.** The DSC market is a natural extension of the Session Border Controller (SBC) market. SBCs and DSCs both serve as points of entry into core IP networks by providing security, admission control, intelligent routing and interworking capabilities. PT's SEGway Universal Diameter Routers and SS7 Signaling Systems provide tightly integrated signaling and advanced routing that span mission-critical demands of both existing and next-generation 4G/LTE and IMS networks. Additionally, PT's IPnexus Multi-Protocol Gateways and Servers enable a broad range of IP-interworking in data acquisition, sensor, radar and control applications for aviation, weather and other similar infrastructure networks.

#### **Financing and Approvals:**

The transaction will be funded using Sonus' existing cash on hand and is

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expected to be accretive to Sonus' non-GAAP EPS for full year 2015 and mildly dilutive (two cents or less) in 2014. The transaction is expected to close in the first quarter of 2014, subject to PT stockholder approval and the satisfaction of other customary closing conditions.

#### **Guidance:**

The company continues to experience solid demand for its current portfolio of products and services. As such, Sonus today is confirming its outlook for the fourth quarter and full year 2013 as provided on October 29, 2013. Sonus expects to provide 2014 guidance, which will include PT's contribution pending the closing of the transaction, when it reports its fourth quarter and full year operating results in February 2014.

#### **Stock Repurchase Program:**

As of December 12, 2013, Sonus has repurchased a total of approximately 18 million shares since the inception of its \$100 million share repurchase program announced on July 29, 2013 and currently has approximately 267 million shares outstanding following the repurchases. Approximately \$43 million remains available for future share repurchases either on the open market or in privately negotiated transactions.

Sonus expects to maintain a strong balance sheet, allowing it to continue to transform its business and invest in compelling growth opportunities, while returning capital to shareholders. The board of directors at Sonus believes that share repurchases represent an attractive investment opportunity and intend to continue to repurchase shares provided market conditions and other factors permit.

#### **Advisors:**

Evercore Partners Inc. is serving as Sonus' financial advisor, and Wilmer Cutler Pickering Hale and Dorr LLP is serving as Sonus' legal advisor. Bowen Advisors, Inc. is serving as PT's financial advisor, and Harter Secrest & Emery LLP is serving as PT's legal advisor. Craig-Hallum Capital Group, LLC provided a fairness opinion to PT's board of directors.

#### **Other Facts:**

- PT's SEGway Signaling solutions are deployed in more than one thousand locations globally, serving as a backbone for several premier wireless networks.

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- Featuring a small footprint and high throughput capacity, SEGway is widely recognized as the wireless industry's leading signaling architecture.
  - PT is headquartered in Rochester, NY and maintains direct sales and marketing offices in the U.S. in Raleigh, NC and Chicago, IL and international offices in London, England and Shanghai, China.
  - PT has Centers of Engineering Excellence in San Diego, CA, Kanata, Ontario, Canada and Rochester, NY.
  - PT has a global installed base of more than 1,000 signaling system installations.
  - The number of 4G-LTE connections worldwide is forecast to pass one billion by 2017, according to a new study by GSMA Intelligence.
  - For two consecutive years, Sonus has been positioned in the Leaders quadrant of the "Magic Quadrant for Session Border Controllers" and was the largest gainer in the October 21, 2013 report by Gartner, Inc.

#### **Other Resource:**

- Download the White Paper "[Leveraging Synergies across Diameter and SIP Signaling in 4G/LTE Networks.](#)"

#### **Conference Call Details:**

Sonus will hold an investor conference call to discuss the intended acquisition of PT on Friday, December 13, 2013 at 8:30 a.m. ET. Please call 800-913-8744 in the U.S. or +1 212-231-2919 for international callers or listen to the webcast at <http://investors.sonusnet.com/events.cfm>. A presentation with supporting information will also be available at <http://investors.sonusnet.com/events.cfm> as well as at the SEC's website at [www.sec.gov](http://www.sec.gov).

**Archived Conference Call:**

A telephone playback of the call will be available through 10:30 a.m. December 27, 2013 and can be accessed by calling 800-633-8284 or +1 402-977-9140 for international callers. The reservation number for replay is: 21699733. The webcast will be available after the conclusion of the call at <http://investors.sonusnet.com/events.cfm> and will be archived for 60 days.

**Tags/Keywords:**

Sonus, SONS, Performance Technologies, PT, PTIX, Diameter, IP multimedia subsystem, IMS, 4G, LTE, RCS, session border controller, SBC, session initiation protocol, SIP, SIP trunking, IPsec, media transcoding, IPv6, IPv4, interworking, Sonus SBC 5100, Sonus SBC 5200, SEGway Universal Diameter

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Routers, SEGway SS7 Signaling Systems, IPNexus Multi-Protocol Gateways VoIP, Unified Communications, UC, Cloud communications, Session Management, Sonus Partner Assure

**About Sonus Networks:**

Sonus (NASDAQ®: SONS) helps the world's leading communications service providers and enterprises embrace the next generation of SIP-based solutions including VoIP, video and Unified Communications through secure, reliable and scalable IP networks. With customers around the globe and 15 years of experience transforming networks to IP, Sonus has enabled service providers and enterprises to capture and retain users and generate significant ROI. Sonus products include session border controllers, policy/routing servers, subscriber feature servers and media and signaling gateways. Sonus products are supported by a global services team with experience in design, deployment and maintenance of some of the world's largest and most complex IP networks. For more information, visit [www.sonus.net](http://www.sonus.net) or call 1-855-GO-SONUS.

**About PT:**

PT (NASDAQ®: PTIX) is a global supplier of advanced, high availability network communications solutions. Its SEGway® Diameter and SS7 Signaling Systems provide tightly integrated signaling and advanced routing capabilities and applications that uniquely span the mission critical demands of both existing and next-generation 4G LTE and IMS telecommunications networks. The Company's IPNexus® Multi-Protocol Gateways and Servers enable a broad range of IP-interworking in data acquisition, sensor, radar, and control applications for aviation, weather and other infrastructure networks. Established in 1981, PT is headquartered in Rochester, NY and markets and sells its products worldwide through its direct sales organization as well as through channel partners that include major telecommunications equipment vendors, government prime contractors and value-added resellers.

**Important Information Regarding Forward-Looking Statements**

The information in this release 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 report are forward-looking statements. Without limiting the foregoing, the words "anticipates", "believes", "could", "estimates", "expects", "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. Examples of forward-looking statements include, but are not limited to, statements regarding the following: the parties' ability to close the transaction and the expected closing date of the transaction;

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the anticipated benefits and synergies of the transaction; the anticipated future combined operations, products and services; the impact of the transaction on Sonus' financial results, business performance and product offerings; and projected growth in the DSC market. 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, uncertainties as to the timing and results of the PT stockholder vote; the possibility that various closing conditions for the transaction may not be satisfied or waived; the effects of disruption from the transaction, making it more difficult to maintain relationships with employees, customers, business partners or governmental entities; the success of the companies in implementing their integration strategies; the actual benefits realized from this transaction; disruptions to our business and financial conditions as a result of this transaction or other investments or acquisitions; the timing of our recognition of revenues; our ability to recruit and retain key personnel; difficulties supporting our new strategic focus on channel sales; difficulties retaining and expanding our customer base; difficulties leveraging market opportunities; restructuring activities; 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. 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. 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. We therefore caution you against relying on any of these forward-looking statements, which speak only as of the date made. Sonus is a registered trademark of Sonus Networks, Inc. All other company and product names may be trademarks of the respective companies with which they are associated.

**Additional Information About the Merger and Where to Find It:**

In connection with the proposed merger, PT plans to file a proxy statement with the Securities and Exchange Commission (the "SEC"). Additionally, PT and

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Sonus will file other relevant materials in connection with the proposed acquisition of PT by Sonus pursuant to the terms of the Merger Agreement by and among Sonus, PT, and Purple Acquisition Subsidiary, Inc. The definitive proxy statement will be sent to stockholders of PT and will contain important information about PT, Sonus, the proposed merger and related matters. Investors and security holders of PT are urged to read the definitive proxy statement and other relevant materials carefully when they become available before making any voting or investment decision with respect to the proposed merger because they will contain important information about the merger and the parties to the merger.

Sonus and PT, and their respective directors, executive officers, and other members of their management and employees, under SEC rules, may be deemed to be participants in the solicitation of proxies of PT stockholders in connection with the transactions contemplated by the merger agreement. Information regarding Sonus' directors and executive officers is contained in Sonus' Annual Report on Form 10-K for the year ended December 31, 2012 and its proxy statement dated April 25, 2013, and other relevant materials filed with the SEC when they become available. Investors and security holders may obtain detailed information regarding the names, affiliations and interests of certain of PT's executive officers and directors in the solicitation by reading PT's most recent Annual Report on Form 10-K for the year ended December 31, 2012, its proxy statement dated April 22, 2013, and other relevant materials filed with the SEC when they become available. Information concerning the interests of PT's participants in the solicitation, which may, in some cases, be different from those of PT's stockholders generally, will be set forth in the proxy statement relating to the merger when it becomes available. As of December 9, 2013, PT's directors and executive officers beneficially owned 1,897,488 shares (of which 909,584 shares are issuable upon exercise of options currently exercisable), or 15.8%, of PT's common stock.

The materials to be filed by Sonus and PT with the SEC may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, security holders will be able to obtain free copies of the proxy statement from PT when filed by contacting PT Investor Relations by e-mail at [finance@pt.com](mailto:finance@pt.com) or by telephone at 1-585-784-7276.

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# Sonus Proposed Acquisition of Performance Technologies, Inc. (PT)

December 13, 2013



# Important Information Regarding Forward-Looking Statements

The information in this release 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 report are forward-looking statements. Without limiting the foregoing, the words "anticipates", "believes", "could", "estimates", "expects", "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. Examples of forward-looking statements include, but are not limited to, statements regarding the following: the parties' ability to close the transaction and the expected closing date of the transaction; the anticipated benefits and synergies of the transaction; the anticipated future combined operations, products and services; the impact of the transaction on Sonus' financial results, business performance and product offerings; and projected growth in the DSC market.

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, uncertainties as to the timing and results of the PT stockholder vote; the possibility that various closing conditions for the transaction may not be satisfied or waived; the effects of disruption from the transaction, making it more difficult to maintain relationships with employees, customers, business partners or governmental entities; the success of the companies in implementing their integration strategies; the actual benefits realized from this transaction; disruptions to our business and financial conditions as a result of this transaction or other investments or acquisitions; the timing of our recognition of revenues; our ability to recruit and retain key personnel; difficulties supporting our new strategic focus on channel sales; difficulties retaining and expanding our customer base; difficulties leveraging market opportunities; restructuring activities; 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. 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.

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. We therefore caution you against relying on any of these forward-looking statements, which speak only as of the date made. Sonus is a registered trademark of Sonus Networks, Inc. All other company and product names may be trademarks of the respective companies with which they are associated.

## Key Takeaways ~ Sonus Acquisition of PT expected to:

### Sonus Confirms Guidance for Q4 and Full Year 2013

- 1) Expand TAM by 50%
  - Nearly all of the Diameter market opportunity is in future years
    - 42% 4-yr CAGR, reaching nearly \$1 billion in 2017
  - Expand Sonus TAM by 50% to nearly \$3 billion in 2017
- 2) Strengthen virtualization strategy, in line with architectural shift to NFV and cloud computing
  - Expand and diversify portfolio with integrated, virtualized Diameter and SBC solution
- 3) Accelerate mobility strategy
  - Add Diameter Signaling capabilities required in all-IP, IMS 4G/LTE (Long Term Evolution) networks
- 4) Be accretive to Sonus EPS on a non-GAAP basis for full year 2015; mildly dilutive (2 cents or less) in 2014

### 2014 Investor Day ~ March 2014



Definitive Agreement for Sonus to Acquire PT	
<b>Transaction</b>	
<b>Price</b>	<ul style="list-style-type: none"> <li>▪ \$3.75 per PT share</li> <li>▪ Valued at ~\$30mm, net of PT's cash and excluding transaction fees/costs</li> <li>▪ Purchase price reflects 26% premium to PT's closing stock price on December 12, 2013</li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>▪ 100% Cash</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>▪ Expected to close during Q1 2014 subject to:                             <ul style="list-style-type: none"> <li>▪ PT stockholder vote</li> <li>▪ Satisfaction of other customary closing conditions</li> </ul> </li> </ul>
<b>Financial Impact</b> (assuming Q114 close)	<ul style="list-style-type: none"> <li>▪ Accretive to Sonus EPS on non-GAAP basis for full year 2015; mildly dilutive (two cents or less) in 2014</li> </ul>

## Performance Technologies Overview

- NASDAQ: PTIX
- Founded 1981
- IPO 1996
- HQ: Rochester, NY
- 114 Employees
- 2013 YTD Financials
  - \$21mm Revenue
  - \$14mm Cash
  - No Debt
- Company with Both Diameter and Core Signaling Expertise
  - 18-year Heritage in Core SS7 Signaling
  - Diameter Launched 2012



# Transaction Rationale ~ Expected to:

1

Expand TAM  
in High  
Growth  
Adjacent  
Market

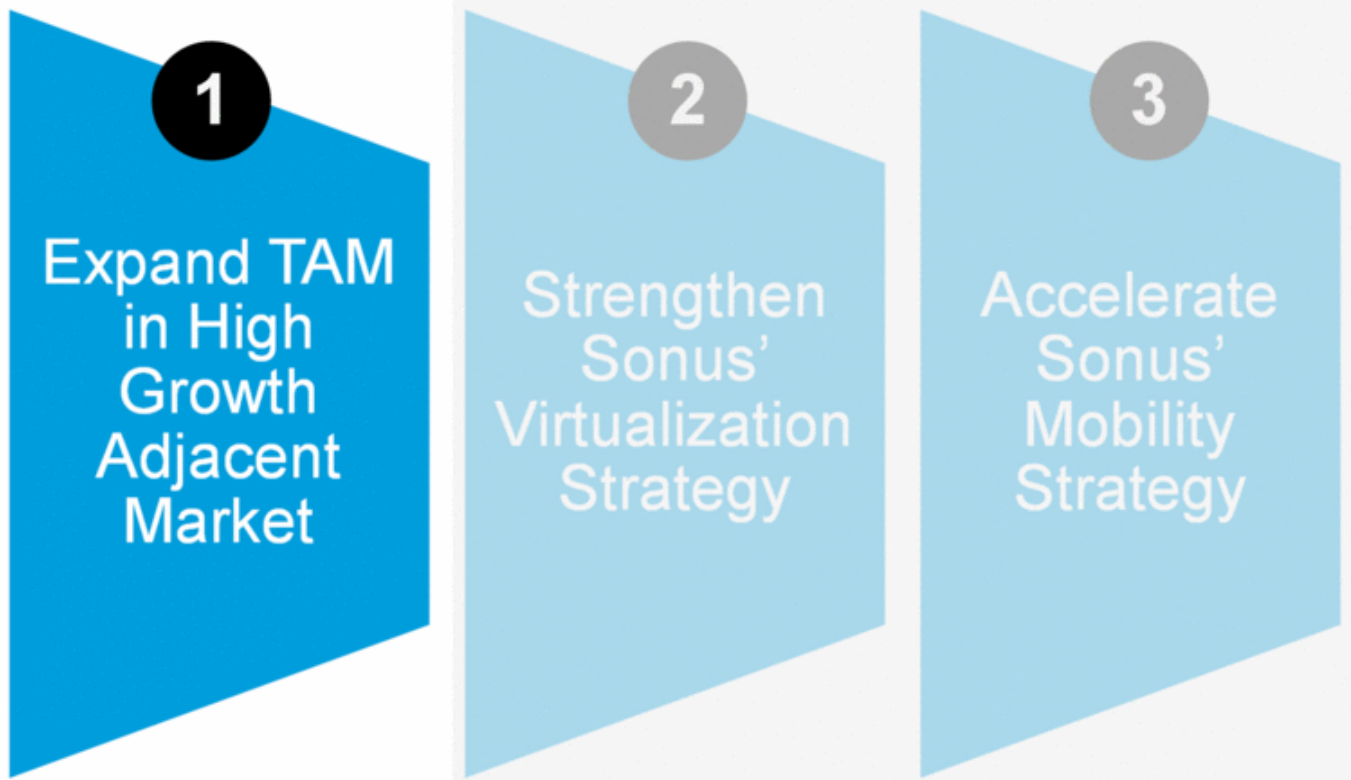
2

Strengthen  
Sonus'  
Virtualization  
Strategy

3

Accelerate  
Sonus'  
Mobility  
Strategy

# Transaction Rationale ~ Expected to:



7



## LTE Driving Demand for Diameter

260

- LTE networks expected by year end 2013
- Fastest developing mobile system technology ever, generating 45% of data traffic in 2017

350%

- Anticipated CAGR of LTE subscriber growth, reaching 2.6B subs by 2019

90%

- Majority of subscribers still expected to be using SS7 in 2017
- SPs clearly need Signaling migration path

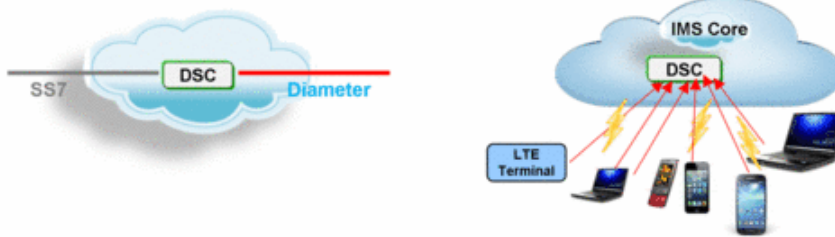
**Dynamics Create Exponential Increases in Data and Signaling Traffic, aka "Signaling Storm"**

8

Source: GSA (Global Mobile Suppliers Association)

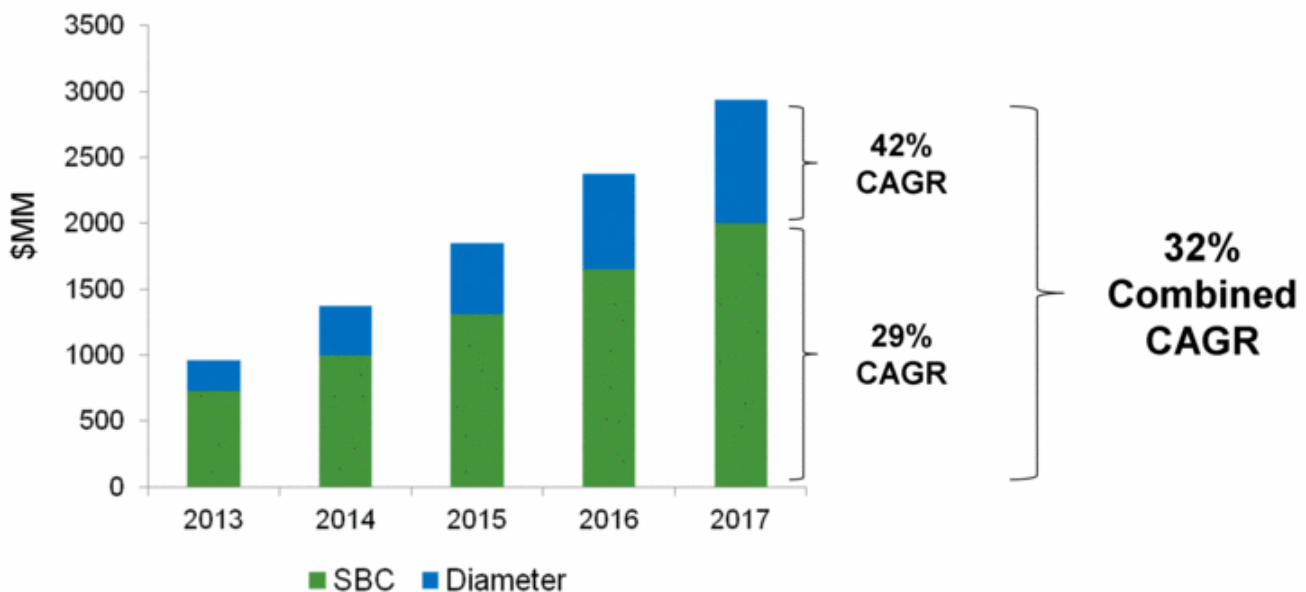


# Service Provider Challenges



**Diameter Signaling Controllers (DSC) Help Service Providers Scale and Manage Diameter Traffic**

## Sonus Anticipated TAM Expansion



**Acquisition Expected to Expand Sonus Addressable Market by 50%**

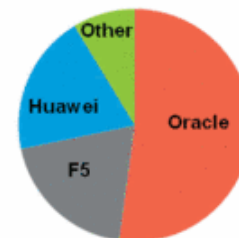
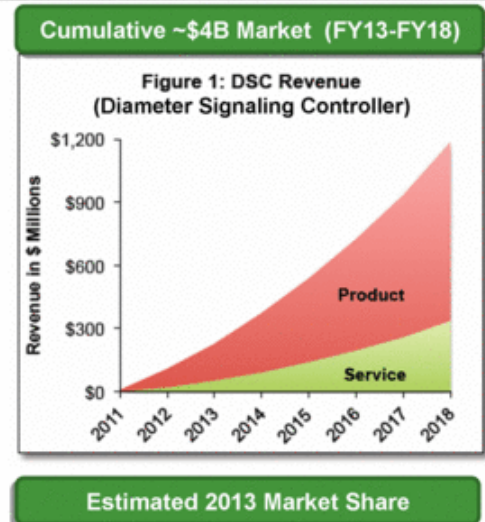
# Market Dynamics Expected to Offer Large Growth Opportunity

## ■ Diameter Market Nascent with Market Share Up for Grabs

- Nearly all market opportunity in future years
- Best in class, focused SBC & Diameter solution
  - Go-to-market through large TEMs
- Oracle/Tekelec lost over 20 points of market since 2012 due to increased competition\*

## ■ Sonus/PT Expected to Take Share

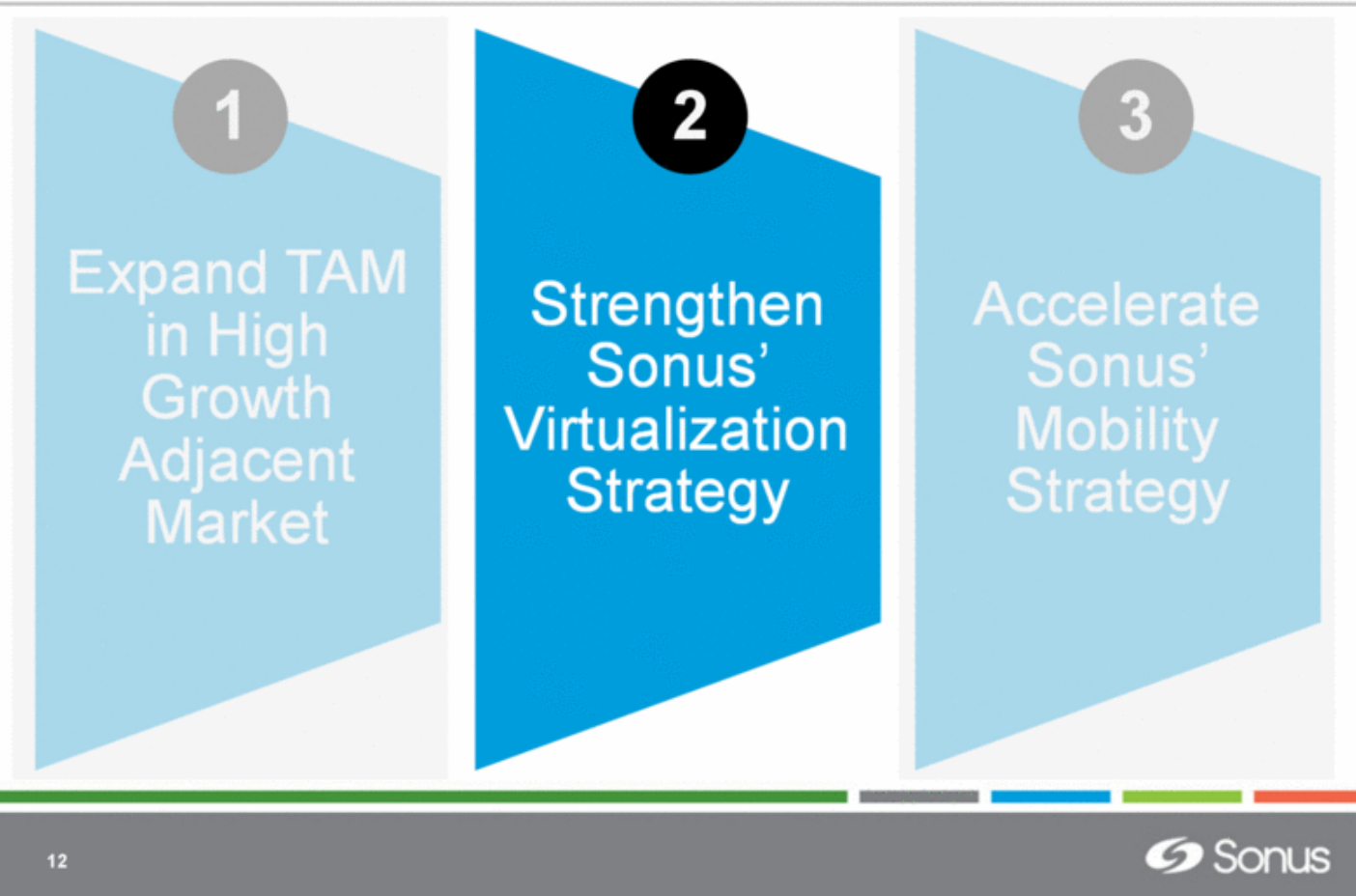
- PT adds expertise in both SS7 and Diameter, critical to success
- Both support a channel-friendly go-to-market strategy
- North America presents substantial opportunity for LTE Diameter Signaling traffic



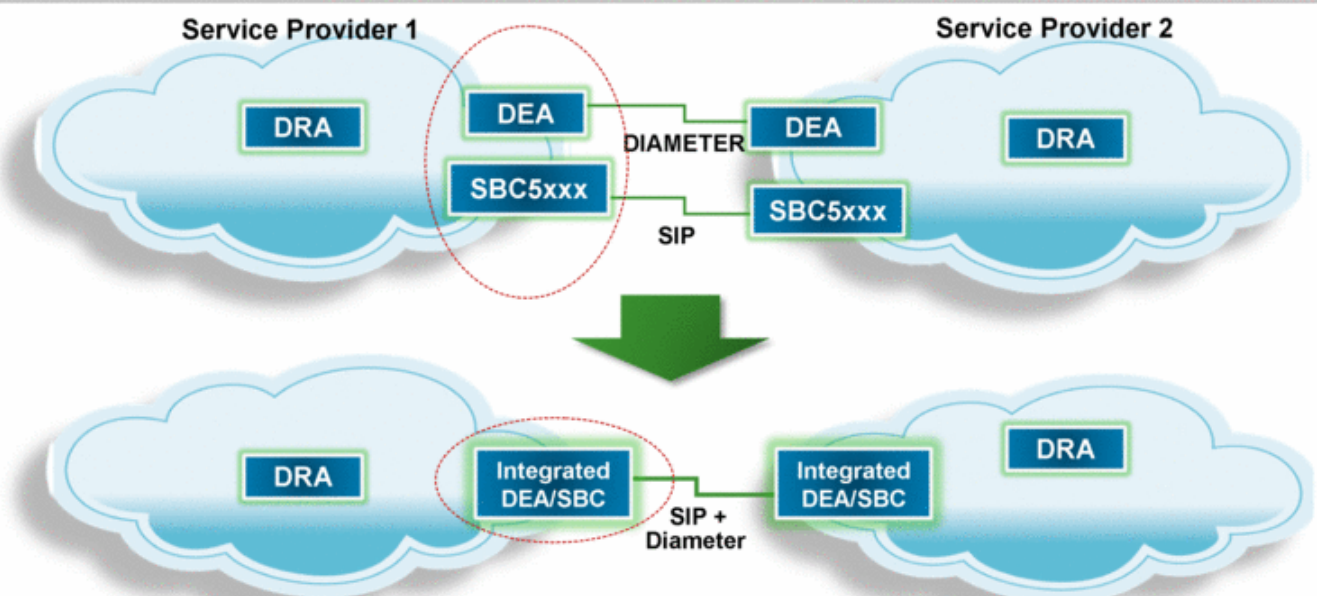
\*Source: Exact Ventures, Aug 2013

**Through the Acquisition of PT, Sonus is Best Positioned to Capitalize on the Current Market Opportunity**

# Transaction Rationale ~ Expected to:

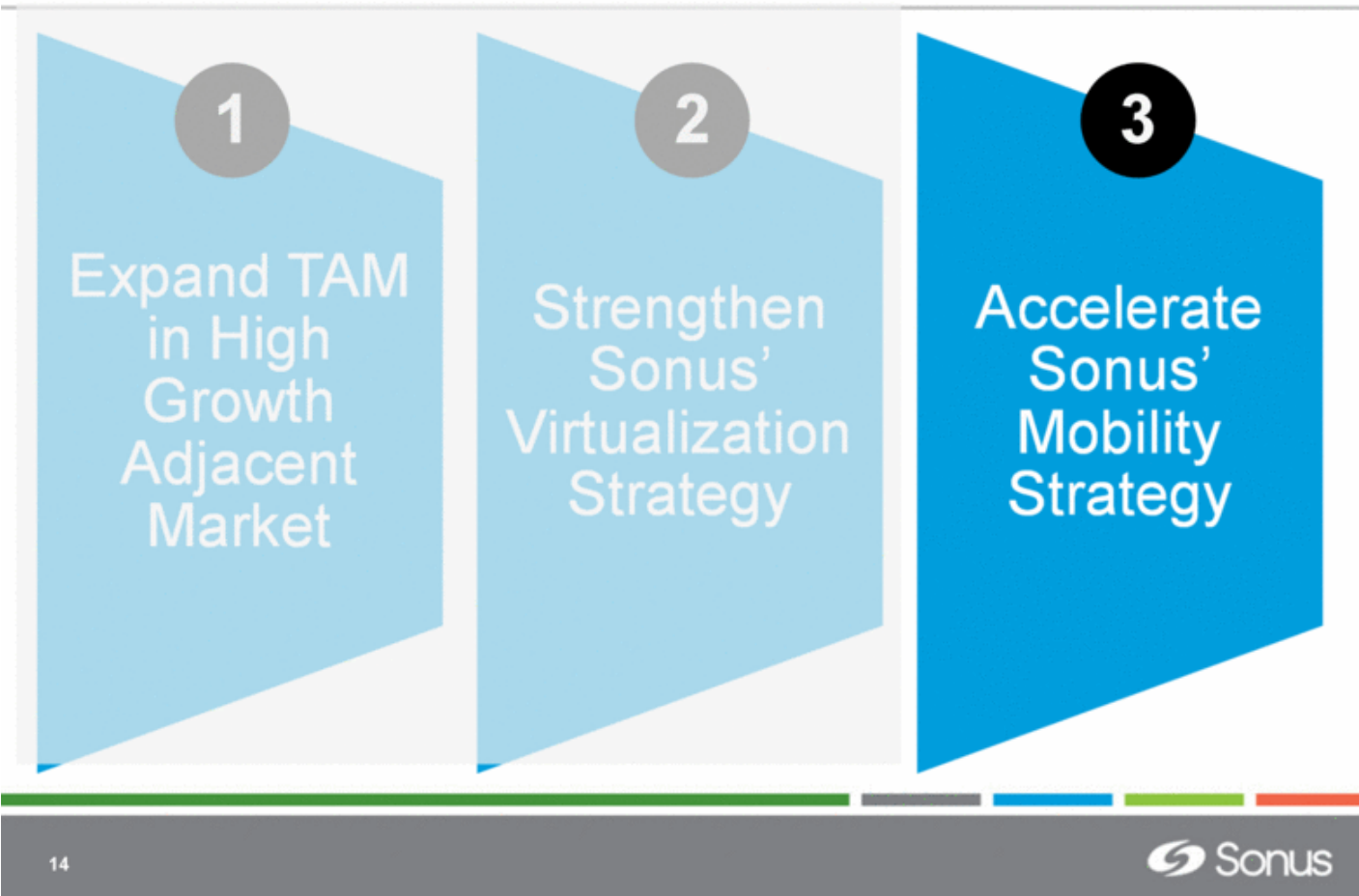


## Extension of Sonus NFV Leadership



- Speed and Differentiation for Sonus and our Partners
- Cost Savings, Scale and Efficiency for Our Customers

# Transaction Rationale ~ Expected to:



## Expected Acceleration of Mobility Strategy


### Technology Acceleration

- Expected to add Diameter capabilities required in All-IP, IMS/LTE Networks
- Anticipated to accelerate Sonus time to market by 18 months

### Deep Signaling Domain Expertise

- Interworking SS7 and Diameter important to success
  - ~ *Advantage over 'pure-play' Diameter entrants*
- Team includes several members that led Tekelec's early success

### Go-to-Market Acceleration

- PT has Signaling Platform incumbency at >75 Service Providers
  - Leverage Sonus presence in Tier-1/Tier-2 accounts and Sonus Channel
  - Ability to offer migration path from SS7 to Diameter
- 15 

# Key Takeaways ~ Sonus Acquisition of PT expected to:

## Sonus Confirms Guidance for Q4 and Full Year 2013

- 1) Expand TAM by 50%
  - Nearly all of the Diameter market opportunity is in future years
    - 42% 4-yr CAGR, reaching nearly \$1 billion in 2017
  - Expand Sonus TAM by 50% to nearly \$3 billion in 2017
- 2) Strengthen virtualization strategy, in line with architectural shift to NFV and cloud computing
  - Expand and diversify portfolio with integrated, virtualized Diameter and SBC solution
- 3) Accelerate mobility strategy
  - Add Diameter Signaling capabilities required in all-IP, IMS 4G/LTE (Long Term Evolution) networks
- 4) Be accretive to Sonus EPS on a non-GAAP basis for full year 2015; mildly dilutive (2 cents or less) in 2014

## 2014 Investor Day ~ March 2014



## Additional Information About the Merger and Where to Find It

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## Thank You

 Sonus

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## Leveraging Synergies across Diameter and SIP Signaling in 4G/LTE Networks

Today, the mobile industry is in the midst of a fundamental transformation. Circuit-switched TDM technology, which has been the mainstay of Analog/2G/3G networks, is evolving to or being replaced by all-IP networks with the advent of 4G/LTE. As part of the network evolution to IP Multimedia Subsystem (IMS) architectural framework for 4G/LTE, SS7 signaling, which has been the workhorse of TDM-based mobile and fixed networks for a very long time, is being replaced by newer and more efficient IP-based signaling protocols - SIP and Diameter. These protocols can handle the deluge of signaling traffic that is expected from smartphones, tablets and other mobile devices.

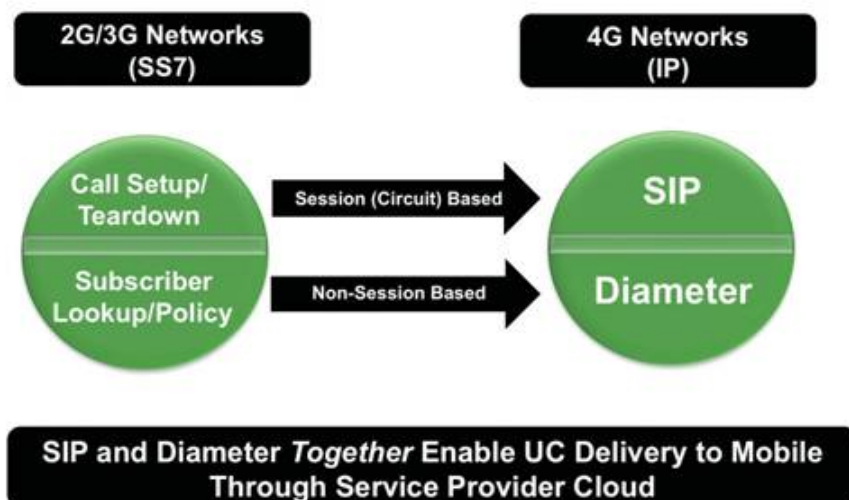


Figure 1: Signaling evolution from 2G/3G to 4G/LTE

SIP and Diameter complement each other, and work in tandem to provide the complete signaling needs of 4G/LTE networks. SIP handles call control for establishing voice, video, messaging and IM sessions in 4G/LTE networks. For example, a Voice Over LTE (VoLTE) session is established using SIP signaling. Diameter, on the other hand, is responsible for data signaling. Diameter is used for signaling between policy servers, subscriber databases and charging systems to provide AAA (Authentication, Authorization and Accounting) functions in 4G networks.

Both Diameter and SIP are essential to the growing importance of the Mobile Internet, which is being driven by the BYOD trend. In fact, 51% of the total time spent online by U.S. users is via smartphones and tablets. By integrating mobile devices running across mobile networks to enable real-time communications for voice, video and collaboration, mobile operators can offer ubiquitous Unified Communications (UC) service to its subscriber base. Mobile UC utilizes SIP and Diameter signaling to authenticate subscribers, apply policies and establish/teardown sessions.

### Why Diameter is Important

The growth potential of SIP signaling traffic is well understood and documented. This growth is the result of the widespread adoption of VoIP, UC and other IP-based real-time communications. However, what is less understood is the projected growth of Diameter signaling traffic. This growth is being driven primarily by the deployment of LTE networks worldwide. According to the GSA (Global mobile Suppliers Association), there will be 260 commercial LTE networks in 93 countries by the end of 2013. GSA reports that 499 mobile operators are investing in LTE networks in 143 countries today. In every single LTE/IMS network, Diameter traffic flows through 75 different arteries.

### Key Takeaways

- Growth expected in Diameter traffic is 50% CAGR over the next several years
- Mobile roaming revenues are anticipated to exceed US\$80 billion by 2017
- SIP and SS7 expertise are important - Inter Working Function to remain important for the next several years
- Integrated SBC and Diameter Signaling helps drives differentiation at the edge

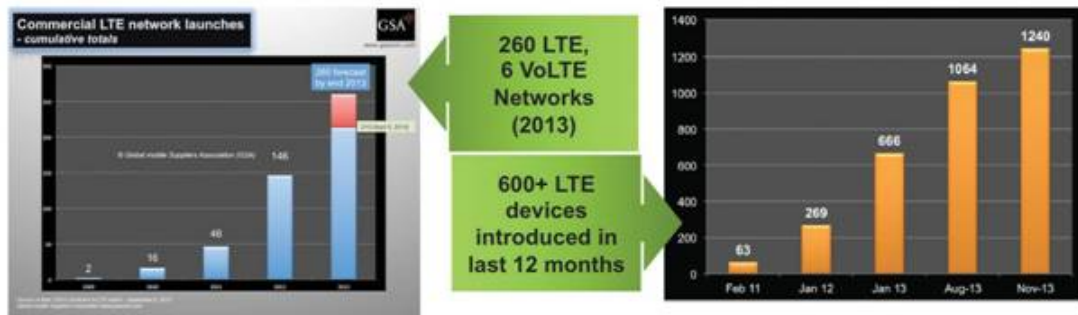


Figure 2: © GSA, www.gsacom.com

As more mobile operators begin to deploy 4G/LTE networks to meet the mobile broadband demand of smartphones and tablets, the number of Diameter signaling messages in 4G/LTE networks is expected to grow. Smartphones, for example, generate several Diameter signaling messages in the core network each time they access an application, download data, roam on a different network, and even when they're simply turned on and off. Multiply dozens of Diameter signaling messages by millions of smartphones, and you suddenly have a large amount of Diameter signaling traffic in the network.

Some have likened the complexity of Diameter signaling to the problems originally presented by Signaling System 7 (SS7) in the first wave of mobile networks. Others have found a more recent parallel in the increase of SIP traffic that appeared with the popularization of VoIP. And just as the need to handle large amounts of SIP traffic led to the development of the Session Border Controller (SBC), the anticipated increase in Diameter signaling traffic has resulted in the introduction of a new product category, the Diameter Signaling Controller (DSC) and its subsets, the Diameter Routing Agent (DRA) and the Diameter Edge Agent (DEA).

### Synergies between SIP and Diameter

In many ways, a DSC handles Diameter the way that an SBC handles SIP: by routing messages more efficiently, preventing network overloads, providing security, and interworking different variations of Diameter signaling between devices. Instead of a complex mesh of Diameter signaling messages flowing between dozens of IMS/4G network elements, a DSC acts as a central mediator that streamlines the flow of Diameter signaling messages in the network. Beyond reducing the amount of Diameter signaling traffic in the core network, DSCs (like SBCs) provide a variety of other benefits to the network including:

- Provide load balancing of Diameter signaling traffic to prevent network element overload or service interruptions
- Interwork Diameter and MAP protocols for LTE interoperability with 2G/3G networks
- Further secure the network border through IPsec encryption, DoS protection, network topology hiding, etc.
- Enforce Diameter interoperability through manipulation of Attribute Value Pairs (AVPs)
- Simplify the provisioning of Diameter elements
- Enforce business logic through message manipulation and intelligent routing

## Role of SIP and Diameter in LTE

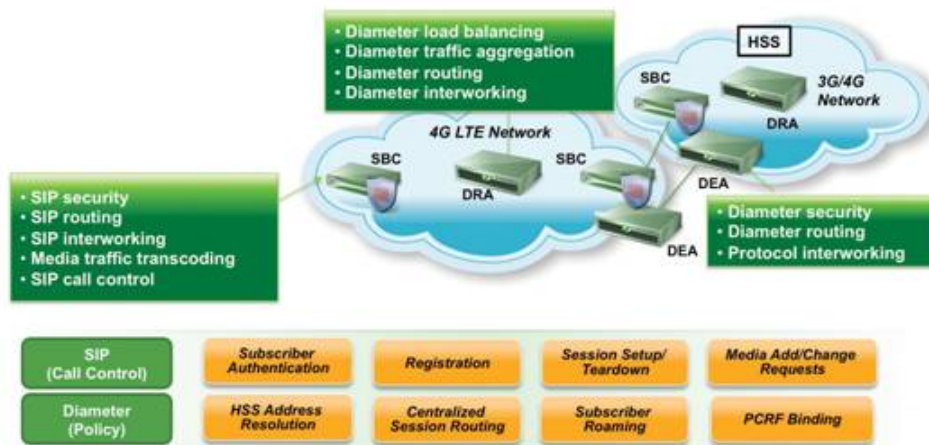


Figure 3: Role of SBC and DSC in 4G/LTE Networks

### SS7 Heritage Matters

Signaling in pre-4G networks (2G/3G) is based on SS7. Commercial 2G and 3G networks worldwide make extensive use of SS7 signaling both within their own network and between networks. 2G/3G (especially 3G) networks will continue to exist and be used in conjunction with 4G/LTE networks until all the networks fully migrate to 4G/LTE in the long term. In fact, 2G will represent half of all mobile connections through 2017 (source: <https://gsmaintelligence.com/analysis/2012/11/half-of-all-mobile-connections-running-on-3g-4g-networks-by-2017/359/>). According to a press release issued by Juniper Research on October 3, 2013, mobile roaming revenues are expected to be over US\$80 billion by 2017.

Interworking between SS7 and Diameter will be very important to the smooth operation of these dual technology networks, and to ensure a high quality of experience for the subscribers. Reliability and security of the signaling networks are critical since any failure can disrupt roaming operations, leading to revenue losses. Support for roaming between 3G and 4G/LTE networks will be required for the foreseeable future.

### SIP Legacy Matters

Mobile operators will start to deploy VoIP and other SIP based communications at scale for the first time in their 4G/LTE networks. Meanwhile, the wireline community has been deploying and running SIP based VoIP networks for a decade or more. The Enterprise IP-PBX was launched more than 10 years ago, and service providers such as SoftBank launched VoIP service 10 years ago (in 2002 for SoftBank). There are many lessons to be learned from wireline networks when deploying real time SIP based communication in mobile networks. Some of them include: the need and ability to optimize the network to maximize quality of service (QoS), the need to provide robust security at scale for SIP communications, and support for intelligent policy and routing mechanism that will enforce routing policies on a per-session basis. Experience in deploying and optimizing large scale SIP-based VoIP networks is particularly important since 4G/LTE networks are expected to have a large volume of active subscribers. Vendors, such as Sonus, that have deployed and optimized SIP-based VoIP in some of the largest networks for over a decade, have a significant advantage in this regard.

### Simplifying 4G/LTE Signaling at The Edge

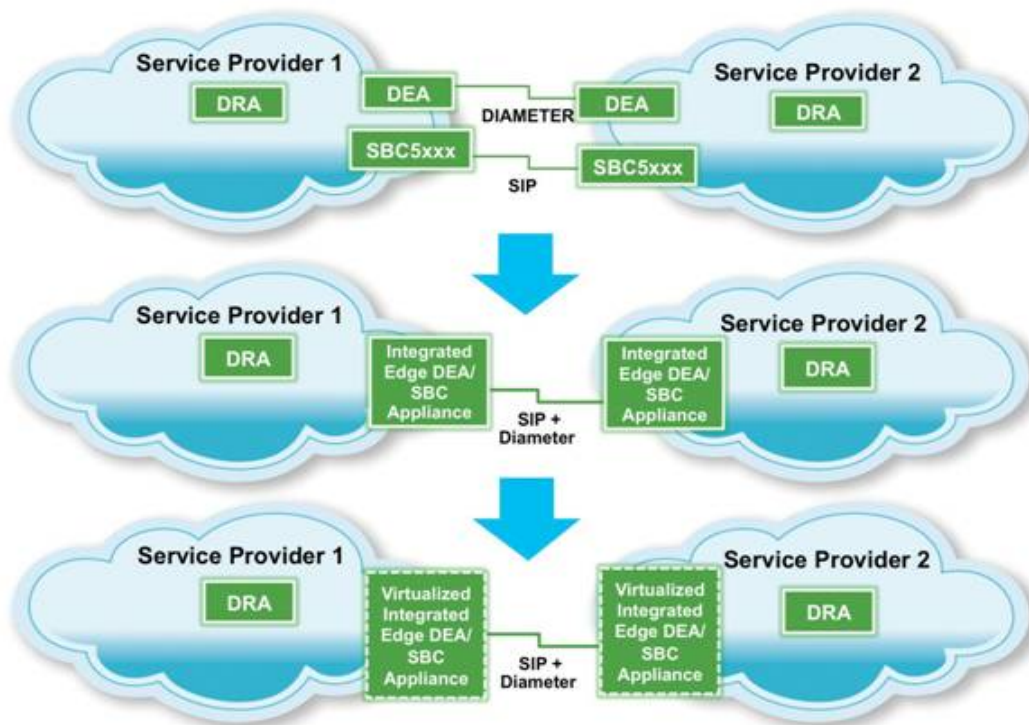


Figure 4: Exploiting SIP and Diameter synergies at the Edge

Both the Diameter Edge Agent (DEA) and Session Border Controller (SBC) are the first point of entry for inbound interconnect traffic, and the exit point for outbound interconnect traffic. There are a set of functions that are common to both elements, such as security, interworking, policy based routing, and network management system. An integrated SBC/DEA solution makes it possible to realize operational efficiencies and performance improvements by making common some functions.

The concept of NFV (Network Function Virtualization) is gaining interest from IMS and 4G/LTE core networks, according to some industry analysts. As these networks evolve to a software-based NFV (Network Function Virtualization) architecture, the integrated SBC/DEA approach will become even more appealing. In such an integrated NFV architecture, it becomes possible to introduce new functionality that is common to both SBC and DEA, such as a robust policy engine that supports both SIP and Diameter, in a short time frame.

In summary, an integrated approach to SIP and Diameter signaling at the network edge is one that offers many advantages over a separate multi-box approach, both in the short term, and in the long term as networks evolve to a virtualized software environment.

### Steps To Take

- Mobile operators should consider an integrated signaling solution at the network edge that supports both SIP and Diameter.
- Mobile operators should deploy an interworking function that supports 4G to 3G/LTE roaming (Diameter and SS7 roaming).
- When deploying a robust mobile UC solution, mobile operators must consider implementing DRA and SBC in their network.
- Fixed and Interconnect Service Providers who support IMS and LTE traffic should consider deploying an edge SBC/DEA solution.

### Important Information Regarding Forward-Looking Statements

The information in this release 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 report are forward-looking

statements. Without limiting the foregoing, the words “anticipates”, “believes”, “could”, “estimates”, “expects”, “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. Examples of forward-looking statements include, but are not limited to, statements regarding the following: the parties’ ability to close the transaction and the expected closing date of the transaction; the anticipated benefits and synergies of the transaction; the anticipated future combined operations, products and services; the impact of the transaction on Sonus’ financial results, business performance and product offerings; and projected growth in the DSC market.

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, uncertainties as to the timing and results of the PT stockholder vote; the possibility that various closing conditions for the transaction may not be satisfied or waived; the effects of disruption from the transaction, making it more difficult to maintain relationships with employees, customers, business partners or governmental entities; the success of the companies in implementing their integration strategies; the actual benefits realized from this transaction; disruptions to our business and financial conditions as a result of this transaction or other investments or acquisitions; the timing of our recognition of revenues; our ability to recruit and retain key personnel; difficulties supporting our new strategic focus on channel sales; difficulties retaining and expanding our customer base; difficulties leveraging market opportunities; restructuring activities; 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. 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.

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. We therefore caution you against relying on any of these forward-looking statements, which speak only as of the date made. Sonus is a registered trademark of Sonus Networks, Inc. All other company and product names may be trademarks of the respective companies with which they are associated.

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