Exhibit 99.2  
  
  
 PLEDGE AGREEMENT  
  
 PLEDGE AGREEMENT, dated as of January 18, 2001 (this "Agreement"), by and  
between Sonus Networks, Inc., a Delaware corporation (the "Parent"), and  
Xxxxxxxx Xxxxxx (the "Pledgor").  
  
 RECITALS  
  
 A. Employment Agreements. The Parent, telecom technologies, inc. (the  
"Company") and the Pledgor have entered into an Employment Agreement dated as of  
the date hereof (the "AA Employment Agreement") (capitalized terms used herein  
and not otherwise defined having the same meanings ascribed to them in the AA  
Employment Agreement). In addition, the Parent, the Company and Xxxxx Xxxxxx  
have entered into an Employment Agreement, dated as of the date hereof (the "HA  
Employment Agreement," and together with the AA Employment Agreement, the  
"Employment Agreements").  
  
 B. The Pledge. Pursuant to Section 9 of the Employment Agreements, the  
Pledgor has agreed to secure certain contingent payment obligations that the  
Pledgor and Xxxxx Xxxxxx may have to the Parent (the "Damages") by pledging to  
the Parent 1,365,684 shares (the "Pledged Shares") of common stock, $0.001 par  
value per share, of the Parent (the "Common Stock"), with the number of Pledged  
Shares to be reduced as set forth herein, which number of shares has been agreed  
by the Pledgor and the Company to represent on the date hereof, notwithstanding  
anything to the contrary contained herein, the number of shares of Common Stock  
with a "Fair Market Value" equal to $35,000,000 as called for on Exhibit C to  
the Employment Agreements. In no event shall the Damages payable under the  
Employment Agreements, either individually or together, be greater than the  
lesser of $35 million or the Adjusted Damages Amount (as defined in Section 5)  
in the aggregate.  
  
 NOW, THEREFORE, in consideration of the premises and for other good and  
valuable consideration, the receipt and adequacy of which are hereby  
acknowledged, the parties hereto agree as follows:  
  
 1. Effectiveness. This Agreement shall become effective immediately upon  
the "Effective Time" (the "Effective Time") of the merger contemplated by the  
Agreement and Plan of Merger and Reorganization, dated as of the date hereof,  
among the Company, the Parent and, Storm Merger Sub, Inc., a wholly-owned  
subsidiary of the Parent.  
  
 2. Pledge. (a) As collateral security for the full and timely payment of  
the principal of the Damages, the Pledgor hereby delivers, deposits, pledges,  
transfers and assigns to the Company, in form transferable for delivery, and  
Creates in the Parent a security interest in all the Pledged Shares and all  
certificates or other instruments or documents evidencing the same now owned by  
the Pledgor, and, except as set forth in Section 3(a) hereof, all proceeds  
thereof (collectively worth any securities or property to be delivered to the  
Pledgor pursuant to Section 3(b) hereof, and any Substitute Collateral delivered  
pursuant to Section 5 below, the "Pledged Securities").  
  
  
  
  
  
  
  
 (b) Prior to the Effective Time, the Pledgor shall deliver to the Parent  
appropriate undated security transfer powers duly executed in blank for the  
Pledged Securities set forth above and will deliver appropriate undated security  
transfer powers duly executed in blank for the Pledged Securities to be pledged  
hereunder from time to time hereafter.  
  
 (c) At the end of each Period (as defined in the AA Employment Agreement),  
Pledged Securities shall be returned to the Pledgor to the extent the Fair  
Market Value of the Pledged Securities on the last day of the Period exceeds the  
Adjusted Damages Amount.  
  
 3. Administration of Security. The following provisions shall govern the  
administration of the Pledged Securities:  
  
 (a) So long as no Event of Default has occurred and is continuing (as used  
herein, an "Event of Default" shall mean the Pledgor or Xxxxx Xxxxxx becoming  
obligated to make a cash payment to the Parent under Section 9(a) of the  
respective Employment Agreements and filing to make such cash payment when the  
same shall be due) the Pledgor shall be entitled to vote the Pledged Securities  
and to receive and retain all cash and, except as set forth in Section 3(b)  
below, other distributions thereon and to give consents, waivers and  
ratifications in respect thereof.  
  
 (b) If, while this Agreement is in effect, the Pledgor shall become  
entitled to receive or shall receive any certificate representing Common Stock  
in respect of any stock split, reverse stock split, stock dividend or any  
distribution in connection with any reclassification, increase or reduction of  
capital, in each case, with respect to the Pledged Securities, the Pledgor  
agrees to accept the same as the Parent's agent and to hold the same in trust on  
behalf of and for the benefit of the Parent and to deliver the same forthwith to  
the Parent in the exact form received, with the endorsement of the Pledgor when  
necessary and/or appropriate undated security transfer powers duly executed in  
blank, to be held by the Parent, subject to the terms of this Agreement, as  
additional collateral security for the Damages.  
  
 (c) The Pledgor shall immediately upon request by the Parent and in  
confirmation of the security interests hereby created, execute and deliver to  
the Parent such further instruments, deeds, transfers, assurances and  
agreements, in such form and substance as the Parent shall reasonably request,  
including any financing statements and amendments thereto, or any other  
documents, required under or Texas law and any other applicable law to  
protect the security interests created hereunder.  
  
 (d) Subject to any sale by the Parent or other disposition by the Parent of  
the Pledged Securities pursuant to this Agreement, upon the earliest to occur of  
(A) the death or Disability of the Pledgor, (B) the termination of the Pledgor's  
employment (x) by the Parent other than for Cause or (y) by the Pledgor for Good  
Reason, (C) a Change in Control (as defined in the Contingency Escrow  
Agreement), (D) January 1, 2003, and (E) payment in cash or other satisfaction  
by the Pledgor of the maximum amount of Damages that could be due pursuant to  
Section 9(a) of the Employment Agreements, all remaining Pledged Securities  
shall be returned promptly to the Pledgor and this Agreement shall terminate,  
provided, that the Parent shall not be required to return any Pledged Securities  
to the Pledgor to the extent that such Pledged Securities  
  
  
 2  
  
  
  
are the subject of a claim by the Parent under Section 9 of either of the  
Employment Agreements under this .  
  
 (e) The Parent shall immediately upon request by the Pledgor execute and  
deliver to the Pledgor such instruments, deeds, transfers, assurances and  
agreements, in form and substance as the Pledgor shall reasonably request,  
including the withdrawal or termination of any financing statements and  
amendments thereto, or any filing, withdrawal, termination or amendment of any  
other documents, required under or Texas law and any other applicable  
law to evidence the termination of the security interest created hereunder and  
the transfer of possession to the Pledgor with respect to any securities that  
are required to be returned to the Pledgor in accordance with Section 3(d)  
hereof  
  
 4. Remedies in Case of an Event of Default. (a) If an Event of Default has  
occurred and is continuing, the Parent may take ownership (without payment of  
any consideration) of such number of Pledged Securities as are necessary (based  
upon the Fair Market Value thereof) to satisfy the unpaid portion of Damages due  
and payable under Section 9(a) of either of the Employment Agreements by giving  
written notice to the Pledgor (the "Enforcement Notice"). Effective upon the  
giving of the Enforcement Notice, and without further action on the part of the  
parties to this Agreement, the Parent shall be deemed to have taken ownership of  
such Pledged Securities, and to have disposed of such Pledged Securities for  
proceeds having a value equal to the Fair Market Value (as defined below) of  
such Pledged Securities as of such date. The Parent shall be deemed to have  
applied such proceeds to the payment of any unpaid Damages. Any excess net  
proceeds from the deemed sale of such Pledged Securities shall be for the  
Pledgor's account and shall be paid over to the Pledgor in cash no later than  
three days after the giving of the Enforcement Notice.  
  
 (b) The "Fair Market Value" of the Pledged Securities as of any date for  
purposes of this Agreement means the product of (i) the number of shares of  
Pledged Securities on such date multiplied by (ii) the average of the daily  
closing prices for a share of Common Stock for the five (5) trading days up to  
and including the day that is two (2) trading days prior to the applicable date  
(the "Average Closing Price"). The closing price for each day will be the last  
reported sale price regular way or, in case no such reported sale takes place on  
such day, the average of the reported closing bid and asked prices regular way,  
in either case as reported on NASDAQ, or, if the Common Stock is not listed or  
admitted to trading on NASDAQ at such time, on the principal securities exchange  
on which the Common Stock is listed or admitted to trading, as officially  
reported by such exchange, or, if the Common Stock is not listed or admitted to  
trading on any securities exchange, the average of the closing bid and asked  
prices as furnished by any NASDAQ firm as agreed to from time to time by the  
Parent and the Pledgor for that purpose.  
  
 (c) Section 4(a) sets forth the exclusive remedies of the Parent in respect  
of the Pledged Securities (but not with respect to an Event of Default in the  
event the Fair Market Value of the Pledged Securities is less than the Adjusted  
Damages Amount). The Parent hereby waives (to the extent that such remedy arises  
solely by virtue of the security interest granted hereunder) any and all other  
remedies in respect of the collateral that are or may be available to it  
  
  
  
 3  
  
  
  
  
as a secured party under the Uniform Commercial Code. Neither failure  
nor delay on the part of the Parent to exercise any right, remedy, power or  
privilege provided for in this Section 4 shall operate as a waiver thereof.  
  
 5. Substitute Collateral. The Pledgor may substitute, in whole or in part,  
for the Pledged Securities any cash collateral (including a letter of credit) of  
equal or greater value than the then current contingent Damages, as adjusted  
from time to time under Section 9(a) of the respective Employment Agreements  
("Adjusted Damages Amount") (the "Substitute Collateral"). From and after any  
such substitution, the Pledged Securities shall be released from this Agreement  
and the provisions of this Agreement shall apply to the Substitute Collateral to  
the same extent that such provisions would have applied to the Pledged  
Securities. Notwithstanding the foregoing, in no event shall Pledgor be entitled  
to substitute any Substitute Collateral to the extent that, after such  
substitution, the value of all of the Pledged Securities (including and  
Substitute Collateral), with any Common Stock being valued at the Fair Market  
Value of such Common Stock on the date of substitution, is not equal to the  
lesser of Thirty-Five Million Dollars ($35,000,000) or the Adjusted Damages  
Amount as of the date of such substitution.  
  
 6. Pledgor's Obligations Not Affected. The obligations of the Pledgor under  
this Agreement shall remain in full force and effect without regard to, and  
shall not be impaired or affected by (a) any subordination, amendment or  
modification of or addition or supplement to the Employment Agreements or any  
assignment or transfer of any thereof; (b) any exercise or non-exercise by the  
Parent of any right, remedy, power or privilege under or in respect of this  
Agreement, the Employment Agreements or any waiver of any such right, remedy,  
power or privilege; (c) any waiver, consent, extension, indulgence or other  
action or inaction in respect of this Agreement, the Employment Agreements or  
any assignment or transfer of any thereof; (d) any bankruptcy, insolvency,  
reorganization, arrangement, readjustment, composition, liquidation or the like,  
of the Parent, whether or not the Pledgor shall have notice or knowledge of any  
of the foregoing; (e) any substitution of collateral pursuant to Section 5  
above; or (f) any other act or omission to act or delay of any kind by the  
Pledgor, the Parent or any other person or any other circumstance whatsoever  
which might, but for the provisions of this clause (f), constitute a legal and  
equitable discharge of the Pledgor's obligations hereunder.  
  
 7. Termination. Upon the earliest to occur of the events set forth in  
Section 3(d) hereof, this Agreement shall terminate and the Parent shall return  
to the Pledgor the remaining Pledged Securities as provided in such Section.  
  
 8. Notices. All notices or other communications required or permitted to be  
given hereunder shall be delivered as provided in the AA Employment Agreement.  
  
 9. Binding Effect, Successors and Assigns. This Agreement shall be binding  
upon and inure to the benefit of the parties hereto and their respective  
successors and assigns, and nothing herein is intended or shall be construed to  
give any other person any right, remedy or claim under, to or in respect of this  
Agreement. No transfer, sale, pledge, hypothecation or other  
  
  
 4  
  
  
  
  
disposition of Pledged Securities by the Pledgor shall be permitted hereunder,  
and any such transfer shall be null and void.  
  
 10. Miscellaneous. The Parent and its assigns shall have no obligation in  
respect of the Pledged Securities, except to hold and dispose of the same in  
accordance with the terms of this Agreement. Neither this Agreement nor any  
provision hereof may be amended, modified, waived, discharged or terminated  
orally, but only by an instrument in writing signed by the party against which  
enforcement of the amendment, modification, waiver, discharge or termination is  
sought. The captions in this Agreement are for convenience of reference only and  
shall not define or limit the provisions hereof. This Agreement shall be  
governed by and construed and enforced in accordance with the laws of the State  
of applicable to contracts made and to be performed entirely within  
such State. This Agreement may be executed simultaneously in several  
counterparts each of which is an original, but all of which together shall  
constitute one instrument.  
  
 Remainder of Page Intentionally Left Blank  
  
  
 5  
  
  
  
 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be  
executed and delivered on the date first above written.  
  
 SONUS NETWORKS, INC.  
  
 By: /s/ Xxxxxx Xxxxx  
 ---------------------------------  
 Name:  
 Title:  
  
 /s/ Xxxxxxxx Xxxxxx  
 ---------------------------------  
 XXXXXXXX XXXXXX