

**PLANTRONICS, INC.**  
**SUMMARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(\$ in thousands, except per share data)

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
Net revenues	\$ 231,781	\$ 212,739	\$ 664,248	\$ 609,537
Cost of revenues	111,865	102,412	311,795	293,964
Gross profit	119,916	110,327	352,453	315,573
<i>Gross profit %</i>	<i>51.7%</i>	<i>51.9%</i>	<i>53.1%</i>	<i>51.8%</i>
Research, development and engineering	22,991	21,018	69,280	62,328
Selling, general and administrative	57,977	51,467	174,756	148,071
Gain from litigation settlements	(1,666)	—	(7,816)	—
Restructuring and other related charges	—	—	—	547
Total operating expenses	79,302	72,485	236,220	210,946
Operating income	40,614	37,842	116,233	104,627
<i>Operating income %</i>	<i>17.5%</i>	<i>17.8%</i>	<i>17.5%</i>	<i>17.2%</i>
Interest and other income (expense), net	(2,018)	186	(1,683)	59
Income before income taxes	38,596	38,028	114,550	104,686
Income tax expense	8,212	3,645	28,073	20,212
Net income	\$ 30,384	\$ 34,383	\$ 86,477	\$ 84,474
<i>% of net revenues</i>	<i>13.1%</i>	<i>16.2%</i>	<i>13.0%</i>	<i>13.9%</i>
Earnings per common share:				
Basic	\$ 0.73	\$ 0.81	\$ 2.07	\$ 1.98
Diluted	\$ 0.71	\$ 0.80	\$ 2.03	\$ 1.94
Shares used in computing earnings per common share:				
Basic	41,901	42,441	41,780	42,647
Diluted	42,700	43,228	42,674	43,554
<i>Effective tax rate</i>	<i>21.3%</i>	<i>9.6%</i>	<i>24.5%</i>	<i>19.3%</i>

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**UNAUDITED CONSOLIDATED BALANCE SHEETS**

	<b>December 31, 2014</b>	<b>March 31, 2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 280,350	\$ 232,704
Short-term investments	90,647	102,717
Total cash, cash equivalents and short-term investments	370,997	335,421
Accounts receivable, net	157,322	138,301
Inventory, net	57,724	57,132
Deferred tax assets	11,349	11,776
Other current assets	25,597	13,657
Total current assets	622,989	556,287
Long-term investments	112,796	100,342
Property, plant and equipment, net	139,292	134,402
Goodwill and purchased intangibles, net	16,140	16,165
Other assets	3,173	4,619
Total assets	\$ 894,390	\$ 811,815
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ 33,151	\$ 30,756
Accrued liabilities	65,598	66,851
Total current liabilities	98,749	97,607
Long-term income taxes payable	13,814	12,719
Other long-term liabilities	5,662	2,825
Total liabilities	118,225	113,151
Stockholders' equity	776,165	698,664
Total liabilities and stockholders' equity	\$ 894,390	\$ 811,815

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Net Income	\$ 30,384	\$ 34,383	\$ 86,477	\$ 84,474
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,887	3,780	13,975	11,671
Stock-based compensation	7,430	6,043	21,122	16,996
Provision for excess and obsolete inventories	427	1,138	992	4,419
Deferred income taxes	(115)	(4,763)	1,654	530
Excess tax benefit from stock-based compensation	(1,304)	(348)	(2,988)	(4,434)
Other operating activities	1,588	145	484	1,345
Changes in assets and liabilities:				
Accounts receivable, net	(16,847)	(9,621)	(18,479)	(6,539)
Inventory, net	4,199	1,417	(920)	(3,135)
Current and other assets	(1,749)	1,485	(4,680)	826
Accounts payable	(5,763)	(2,772)	2,395	(10,339)
Accrued liabilities	11,235	5,273	3,464	1,388
Income taxes	(6,027)	(1,644)	(3,120)	(5,080)
<b>Cash provided by operating activities</b>	<b>28,345</b>	<b>34,516</b>	<b>100,376</b>	<b>92,122</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	(73,532)	(65,482)	(172,757)	(181,836)
Proceeds from maturities of investments	20,900	40,240	102,175	95,210
Proceeds from sale of investments	51,613	24,552	72,564	89,682
Acquisitions, net of cash acquired	—	—	(150)	—
Capital expenditures	(5,795)	(10,444)	(19,214)	(37,657)
<b>Cash provided by (used for) investing activities</b>	<b>(6,814)</b>	<b>(11,134)</b>	<b>(17,382)</b>	<b>(34,601)</b>
<b>Cash flows from financing activities</b>				
Repurchase of common stock	(8,526)	(29,441)	(27,443)	(56,754)
Proceeds from issuances under stock-based compensation plans	6,397	962	17,821	19,599
Employees' tax withheld and paid for restricted stock and restricted stock units	(1,071)	(1,645)	(7,306)	(6,014)
Payment of cash dividends	(6,460)	(4,340)	(19,296)	(13,105)
Excess tax benefit from stock-based compensation	1,304	348	2,988	4,434
<b>Cash used for financing activities</b>	<b>(8,356)</b>	<b>(34,116)</b>	<b>(33,236)</b>	<b>(51,840)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,054)	288	(2,112)	1,077
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12,121</b>	<b>(10,446)</b>	<b>47,646</b>	<b>6,758</b>
Cash and cash equivalents at beginning of period	268,229	245,980	232,704	228,776
<b>Cash and cash equivalents at end of period</b>	<b>\$ 280,350</b>	<b>\$ 235,534</b>	<b>\$ 280,350</b>	<b>\$ 235,534</b>

**PLANTRONICS, INC.**  
**UNAUDITED RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES**  
(\$ in thousands, except per share data)

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS DATA**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
GAAP Gross profit	\$ 119,916	\$ 110,327	\$ 352,453	\$ 315,573
Stock-based compensation	685	686	1,888	1,859
Accelerated depreciation	—	—	—	261
Lease termination charges	—	—	—	1,388
Non-GAAP Gross profit	<u>\$ 120,601</u>	<u>\$ 111,013</u>	<u>\$ 354,341</u>	<u>\$ 319,081</u>
<i>Non-GAAP Gross profit %</i>	<i>52.0%</i>	<i>52.2%</i>	<i>53.3%</i>	<i>52.3%</i>
GAAP Research, development and engineering	\$ 22,991	\$ 21,018	\$ 69,280	\$ 62,328
Stock-based compensation	(2,068)	(1,688)	(5,934)	(4,708)
Accelerated depreciation	—	—	—	(200)
Lease termination charges	—	—	—	(21)
Purchase accounting amortization	(64)	(50)	(175)	(150)
Non-GAAP Research, development and engineering	<u>\$ 20,859</u>	<u>\$ 19,280</u>	<u>\$ 63,171</u>	<u>\$ 57,249</u>
GAAP Selling, general and administrative	\$ 57,977	\$ 51,467	\$ 174,756	\$ 148,071
Stock-based compensation	(4,677)	(3,669)	(13,300)	(10,428)
Lease termination charges	—	—	—	(45)
Purchase accounting amortization	—	—	—	(106)
Non-GAAP Selling, general and administrative	<u>\$ 53,300</u>	<u>\$ 47,798</u>	<u>\$ 161,456</u>	<u>\$ 137,492</u>
GAAP Operating expenses	\$ 79,302	\$ 72,485	\$ 236,220	\$ 210,946
Stock-based compensation	(6,745)	(5,357)	(19,234)	(15,136)
Accelerated depreciation	—	—	—	(200)
Lease termination charges	—	—	—	(66)
Purchase accounting amortization	(64)	(50)	(175)	(256)
Restructuring and other related charges	—	—	—	(547)
Non-GAAP Operating expenses	<u>\$ 72,493</u>	<u>\$ 67,078</u>	<u>\$ 216,811</u>	<u>\$ 194,741</u>

**PLANTRONICS, INC.**  
**UNAUDITED RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES**  
(\$ in thousands, except per share data)

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS DATA (CONTINUED)**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
GAAP Operating income	\$ 40,614	\$ 37,842	\$ 116,233	\$ 104,627
Stock-based compensation	7,430	6,043	21,122	16,995
Accelerated depreciation	—	—	—	461
Lease termination charges	—	—	—	1,454
Purchase accounting amortization	64	50	175	256
Restructuring and other related charges	—	—	—	547
Non-GAAP Operating income	<u>\$ 48,108</u>	<u>\$ 43,935</u>	<u>\$ 137,530</u>	<u>\$ 124,340</u>
GAAP Net income	\$ 30,384	\$ 34,383	\$ 86,477	\$ 84,474
Stock-based compensation	7,430	6,043	21,122	16,995
Accelerated depreciation	—	—	—	461
Lease termination charges	—	—	—	1,454
Purchase accounting amortization	64	50	175	256
Restructuring and other related charges	—	—	—	547
Income tax effect of above items	(2,204)	(1,799)	(6,254)	(5,760)
Income tax effect of unusual tax items	(2,028) <sup>(1)</sup>	(5,621) <sup>(2)</sup>	(2,375) <sup>(1)</sup>	(6,782) <sup>(2)</sup>
Non-GAAP Net income	<u>\$ 33,646</u>	<u>\$ 33,056</u>	<u>\$ 99,145</u>	<u>\$ 91,645</u>
GAAP Diluted earnings per common share	\$ 0.71	\$ 0.80	\$ 2.03	\$ 1.94
Stock-based compensation	0.18	0.14	0.49	0.39
Accelerated depreciation	—	—	—	0.01
Lease termination charges	—	—	—	0.03
Restructuring and other related charges	—	—	—	0.02
Income tax effect	(0.10)	(0.18)	(0.20)	(0.29)
Non-GAAP Diluted earnings per common share	<u>\$ 0.79</u>	<u>\$ 0.76</u>	<u>\$ 2.32</u>	<u>\$ 2.10</u>
Shares used in diluted earnings per common share calculation	42,700	43,228	42,674	43,554

<sup>(1)</sup> Excluded amount represents tax benefits from the release of tax reserves and the impact of tax law changes.

<sup>(2)</sup> Excluded amount represents tax benefits from release of tax reserves, transfer pricing, tax deduction and tax credit adjustments, and the impact of tax law changes

**Use of Non-GAAP Financial Information**

To supplement our condensed consolidated financial statements presented on a GAAP basis, we use non-GAAP measures of operating results, which are adjusted to exclude certain non-cash expenses and charges from non-GAAP operating income, non-GAAP operating margin and non-GAAP diluted EPS, including stock-based compensation related to stock options, restricted stock and employee stock purchases made under our employee stock purchase plan, purchase accounting amortization, accelerated depreciation, and early lease termination charges, all net of the associated tax impact, tax benefits from the release of tax reserves, transfer pricing, tax deduction and tax credit adjustments, and the impact of tax law changes. We exclude these expenses from our non-GAAP measures primarily because Plantronics' management does not believe they are part of our target operating model. We believe that the use of non-GAAP financial measures provides meaningful supplemental information regarding our performance and liquidity and helps investors compare actual results with our long-term target operating model goals. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods; however, non-GAAP financial measures are not meant to be considered in isolation or as a substitute for, or superior to, gross margin, operating income, operating margin, net income or EPS prepared in accordance with GAAP.

**Summary of Unaudited Reconciliations of GAAP Measures to Non-GAAP Measures and other Unaudited GAAP Data**

(\$ in thousands, except per share data)

	Q114	Q214	Q314	Q414	Q115	Q215	Q315
GAAP Gross profit	\$ 105,632	\$ 99,614	\$ 110,327	\$ 111,055	\$ 114,710	\$ 117,827	119,916
Stock-based compensation	535	638	686	695	535	668	685
Accelerated depreciation	220	41	—	—	—	—	—
Lease termination charges	262	1,126	—	—	—	—	—
Non-GAAP Gross profit	<u>\$ 106,649</u>	<u>\$ 101,419</u>	<u>\$ 111,013</u>	<u>\$ 111,750</u>	<u>\$ 115,245</u>	<u>\$ 118,495</u>	<u>120,601</u>
Non-GAAP Gross profit %	52.6%	52.3%	52.2%	53.5%	53.2%	54.9%	52.0%
GAAP Operating expenses	\$ 69,683	\$ 68,778	\$ 72,485	\$ 75,558	\$ 76,949	\$ 79,969	79,302
Stock-based compensation	(4,452)	(5,327)	(5,357)	(5,490)	(5,770)	(6,719)	(6,745)
Accelerated depreciation	(151)	(49)	—	—	—	—	—
Lease termination charges	—	(66)	—	—	—	—	—
Purchase accounting amortization	(121)	(85)	(50)	(50)	(50)	(61)	(64)
Restructuring and other related charges	(723)	176	—	—	—	—	—
Non-GAAP Operating expenses	<u>\$ 64,236</u>	<u>\$ 63,427</u>	<u>\$ 67,078</u>	<u>\$ 70,018</u>	<u>\$ 71,129</u>	<u>\$ 73,189</u>	<u>72,493</u>
GAAP Operating income	\$ 35,949	\$ 30,836	\$ 37,842	\$ 35,497	\$ 37,761	\$ 37,858	40,614
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430
Accelerated depreciation	371	90	—	—	—	—	—
Lease termination charges	262	1,192	—	—	—	—	—
Purchase accounting amortization	121	85	50	50	50	61	64
Restructuring and other related charges	723	(176)	—	—	—	—	—
Non-GAAP Operating income	<u>\$ 42,413</u>	<u>\$ 37,992</u>	<u>\$ 43,935</u>	<u>\$ 41,732</u>	<u>\$ 44,116</u>	<u>\$ 45,306</u>	<u>48,108</u>
Non-GAAP Operating income %	20.9%	19.6%	20.7%	20.0%	20.4%	21.0%	20.8%
GAAP Income before income taxes	\$ 35,463	\$ 31,195	\$ 38,028	\$ 36,453	\$ 38,781	\$ 37,173	38,596
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430
Accelerated depreciation	371	90	—	—	—	—	—
Lease termination charges	262	1,192	—	—	—	—	—
Purchase accounting amortization	121	85	50	50	50	61	64
Restructuring and other related charges	723	(176)	—	—	—	—	—
Non-GAAP Income before income taxes	<u>\$ 41,927</u>	<u>\$ 38,351</u>	<u>\$ 44,121</u>	<u>\$ 42,688</u>	<u>\$ 45,136</u>	<u>\$ 44,621</u>	<u>46,090</u>
GAAP Income tax expense	\$ 8,510	\$ 8,057	\$ 3,645	\$ 8,510	\$ 10,109	\$ 9,752	8,212
Income tax effect of above items	1,889	2,072	1,799	1,738	1,800	2,250	2,204
Income tax effect of unusual tax items	935	226	5,621	650	273	74	2,028
Non-GAAP Income tax expense	<u>\$ 11,334</u>	<u>\$ 10,355</u>	<u>\$ 11,065</u>	<u>\$ 10,898</u>	<u>\$ 12,182</u>	<u>\$ 12,076</u>	<u>12,444</u>
Non-GAAP Income tax expense as a % of Non-GAAP Income before income taxes	27.0%	27.0%	25.1%	25.5%	27.0%	27.1%	27.0%

**Summary of Unaudited Reconciliations of GAAP Measures to Non-GAAP Measures and other Unaudited GAAP Data (Continued)**

*(\$ in thousands, except per share data)*

	Q114	Q214	Q314	Q414	Q115	Q215	Q315
GAAP Net income	\$ 26,953	\$ 23,138	\$ 34,383	\$ 27,943	\$ 28,672	\$ 27,421	\$ 30,384
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430
Accelerated depreciation	371	90	—	—	—	—	—
Lease termination charges	262	1,192	—	—	—	—	—
Purchase accounting amortization	121	85	50	50	50	61	64
Restructuring and other related charges	723	(176)	—	—	—	—	—
Income tax effect of above items	(1,889)	(2,072)	(1,799)	(1,738)	(1,800)	(2,250)	(2,204)
Income tax effect of unusual tax items	(935)	(226)	(5,621)	(650)	(273)	(74)	(2,028)
Non-GAAP Net income	<u>\$ 30,593</u>	<u>\$ 27,996</u>	<u>\$ 33,056</u>	<u>\$ 31,790</u>	<u>\$ 32,954</u>	<u>\$ 32,545</u>	<u>\$ 33,646</u>
GAAP Diluted earnings per common share	\$ 0.62	\$ 0.53	\$ 0.80	\$ 0.65	\$ 0.68	\$ 0.65	\$ 0.71
Stock-based compensation	0.11	0.14	0.14	0.14	0.15	0.17	0.18
Accelerated depreciation	0.01	—	—	—	—	—	—
Lease termination charges	0.01	0.02	—	—	—	—	—
Restructuring and other related charges	0.02	—	—	—	—	—	—
Income tax effect	(0.07)	(0.05)	(0.18)	(0.05)	(0.05)	(0.05)	(0.10)
Non-GAAP Diluted earnings per common share	<u>\$ 0.70</u>	<u>\$ 0.64</u>	<u>\$ 0.76</u>	<u>\$ 0.74</u>	<u>\$ 0.78</u>	<u>\$ 0.77</u>	<u>\$ 0.79</u>
Shares used in diluted earnings per common share calculation	43,650	43,597	43,228	42,697	42,466	42,505	42,700

**SUMMARY OF UNAUDITED GAAP DATA**

*(\$ in thousands)*

<b>Net revenues from unaffiliated customers:</b>							
Enterprise	\$ 151,183	\$ 139,945	\$ 146,636	\$ 150,501	\$ 152,353	\$ 156,680	\$ 161,591
Consumer	51,635	54,035	66,103	58,569	64,309	59,125	70,190
<b>Total net revenues</b>	<u>\$ 202,818</u>	<u>\$ 193,980</u>	<u>\$ 212,739</u>	<u>\$ 209,070</u>	<u>\$ 216,662</u>	<u>\$ 215,805</u>	<u>\$ 231,781</u>
<b>Net revenues by geographic area from unaffiliated customers:</b>							
Domestic	\$ 121,318	\$ 115,795	\$ 113,042	\$ 125,123	\$ 124,467	\$ 123,697	\$ 123,092
International	81,500	78,185	99,697	83,947	92,195	92,108	108,689
<b>Total net revenues</b>	<u>\$ 202,818</u>	<u>\$ 193,980</u>	<u>\$ 212,739</u>	<u>\$ 209,070</u>	<u>\$ 216,662</u>	<u>\$ 215,805</u>	<u>\$ 231,781</u>

**Balance Sheet accounts and metrics:**

Accounts receivable, net	\$ 120,903	\$ 123,748	\$ 133,379	\$ 138,301	\$ 150,765	\$ 140,427	\$ 157,322
Days sales outstanding (DSO)	54	57	56	60	63	59	61
Inventory, net	\$ 65,314	\$ 69,150	\$ 66,569	\$ 57,132	\$ 60,968	\$ 63,551	\$ 57,724
Inventory turns	6.0	5.5	6.2	6.9	6.7	6.2	7.8