

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

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2015	2014	2015	2014
Net revenues	\$ 200,762	\$ 209,070	\$ 865,010	\$ 818,607
Cost of revenues	91,596	98,015	403,391	391,979
Gross profit	109,166	111,055	461,619	426,628
<i>Gross profit %</i>	54.4 %	53.1 %	53.4 %	52.1 %
Research, development and engineering	22,347	22,453	91,627	84,781
Selling, general and administrative	54,813	53,105	229,569	201,176
Gain from litigation settlements	(846)	-	(8,662)	-
Restructuring and other related charges	-	-	-	547
Total operating expenses	76,314	75,558	312,534	286,504
Operating income	32,852	35,497	149,085	140,124
<i>Operating income %</i>	16.4 %	17.0 %	17.2 %	17.1 %
Interest and other income (expense), net	(2,151)	956	(3,834)	1,015
Income before income taxes	30,701	36,453	145,251	141,139
Income tax expense	4,877	8,510	32,950	28,722
Net income	\$ 25,824	\$ 27,943	\$ 112,301	\$ 112,417
<i>% of net revenues</i>	12.9 %	13.4 %	13.0 %	13.7 %
Earnings per common share:				
Basic	\$ 0.62	\$ 0.67	\$ 2.69	\$ 2.65
Diluted	\$ 0.61	\$ 0.65	\$ 2.63	\$ 2.59
Shares used in computing earnings per common share:				
Basic	41,606	41,866	41,723	42,452
Diluted	42,482	42,697	42,643	43,364
<i>Effective tax rate</i>	15.9 %	23.3 %	22.7 %	20.4 %

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(\$ in thousands)

UNAUDITED CONSOLIDATED BALANCE SHEETS

	March 31, 2015	March 31, 2014
ASSETS		
Cash and cash equivalents	\$ 276,850	\$ 232,704
Short-term investments	97,859	102,717
	374,709	335,421
Total cash, cash equivalents and short-term investments	374,709	335,421
Accounts receivable, net	136,581	138,301
Inventory, net	56,676	57,132
Deferred tax assets	6,564	11,776
Other current assets	28,124	13,657
Total current assets	602,654	556,287
Long-term investments	107,590	100,342
Property, plant and equipment, net	139,413	134,402
Goodwill and purchased intangibles, net	16,077	16,165
Other assets	10,308	4,619
Total assets	\$ 876,042	\$ 811,815
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 32,781	\$ 30,756
Accrued liabilities	62,041	66,851
Total current liabilities	94,822	97,607
Long-term income taxes payable	12,984	12,719
Revolving line of credit	34,500	-
Other long-term liabilities	6,339	2,825
Total liabilities	148,645	113,151
Stockholders' equity	727,397	698,664
Total liabilities and stockholders' equity	\$ 876,042	\$ 811,815

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Cash flows from operating activities				
Net Income	\$ 25,824	\$ 27,943	\$ 112,301	\$ 112,417
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,736	3,895	18,711	15,566
Stock-based compensation	7,472	6,184	28,594	23,180
Excess tax benefit from stock-based compensation	(532)	(225)	(3,520)	(4,659)
Deferred income taxes	(2,634)	(6,343)	(980)	(5,813)
Provision for excess and obsolete inventories	(61)	(281)	931	4,138
Other operating activities	(1,672)	638	(1,188)	1,983
Changes in assets and liabilities:				
Accounts receivable, net	22,751	(4,597)	4,272	(11,136)
Inventory, net	1,048	9,175	128	6,040
Current and other assets	(688)	529	(5,368)	1,355
Accounts payable	(2,457)	4,028	(62)	(6,311)
Accrued liabilities	(2,964)	(1,806)	500	(418)
Income taxes	3,239	10,229	119	5,149
Cash provided by operating activities	54,062	49,369	154,438	141,491
Cash flows from investing activities				
Proceeds from sale of investments	23,565	12,732	96,129	102,414
Proceeds from maturities of investments	18,255	42,745	120,430	137,955
Purchase of investments	(43,256)	(65,519)	(216,013)	(247,355)
Acquisitions, net of cash acquired	-	-	(150)	-
Capital expenditures	(2,748)	(13,328)	(21,962)	(50,985)
Cash provided by (used for) investing activities	(4,184)	(23,370)	(21,566)	(57,971)
Cash flows from financing activities				
Repurchase of common stock	(85,496)	(28,900)	(112,939)	(85,654)
Employees' tax withheld and paid for restricted stock and restricted stock units	(305)	(208)	(7,611)	(6,222)
Proceeds from issuances under stock-based compensation plans	5,221	4,456	23,042	24,055
Proceeds from revolving line of credit	34,500	-	34,500	-
Repayments of revolving line of credit	-	-	-	-
Payment of cash dividends	(6,434)	(4,267)	(25,730)	(17,372)
Excess tax benefit from stock-based compensation	532	225	3,520	4,659
Cash used for financing activities	(51,982)	(28,694)	(85,218)	(80,534)
Effect of exchange rate changes on cash and cash equivalents	(1,396)	(135)	(3,508)	942
Net increase (decrease) in cash and cash equivalents	(3,500)	(2,830)	44,146	3,928
Cash and cash equivalents at beginning of period	280,350	235,534	232,704	228,776
Cash and cash equivalents at end of period	\$ 276,850	\$ 232,704	\$ 276,850	\$ 232,704

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		Twelve Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
GAAP Gross profit	\$ 109,166	\$ 111,055	\$ 461,619	\$ 426,628
Stock-based compensation	695	695	2,583	2,554
Accelerated depreciation	-	-	-	261
Lease termination charges	-	-	-	1,388
Non-GAAP Gross profit	<u>\$ 109,861</u>	<u>\$ 111,750</u>	<u>\$ 464,202</u>	<u>\$ 430,831</u>
<i>Non-GAAP Gross profit %</i>	<i>54.7 %</i>	<i>53.5 %</i>	<i>53.7 %</i>	<i>52.6 %</i>
GAAP Research, development and engineering	\$ 22,347	\$ 22,453	\$ 91,627	\$ 84,781
Stock-based compensation	(2,119)	(1,696)	(8,053)	(6,404)
Accelerated depreciation	-	-	-	(200)
Lease termination charges	-	-	-	(21)
Purchase accounting amortization	(63)	(50)	(238)	(200)
Non-GAAP Research, development and engineering	<u>\$ 20,165</u>	<u>\$ 20,707</u>	<u>\$ 83,336</u>	<u>\$ 77,956</u>
GAAP Selling, general and administrative	\$ 54,813	\$ 53,105	\$ 229,569	\$ 201,176
Stock-based compensation	(4,655)	(3,794)	(17,955)	(14,222)
Lease termination charges	-	-	-	(45)
Purchase accounting amortization	-	-	-	(106)
Non-GAAP Selling, general and administrative	<u>\$ 50,158</u>	<u>\$ 49,311</u>	<u>\$ 211,614</u>	<u>\$ 186,803</u>
GAAP Operating expenses	\$ 76,314	\$ 75,558	\$ 312,534	\$ 286,504
Stock-based compensation	(6,774)	(5,490)	(26,008)	(20,626)
Accelerated depreciation	-	-	-	(200)
Lease termination charges	-	-	-	(66)
Purchase accounting amortization	(63)	(50)	(238)	(306)
Restructuring and other related charges	-	-	-	(547)
Non-GAAP Operating expenses	<u>\$ 69,477</u>	<u>\$ 70,018</u>	<u>\$ 286,288</u>	<u>\$ 264,759</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 March 31,		Twelve Months Ended March 31,	
	2015	2014	2015	2014
GAAP Operating income	\$ 32,852	\$ 35,497	\$ 149,085	\$ 140,124
Stock-based compensation	7,469	6,185	28,591	23,180
Accelerated depreciation	-	-	-	461
Lease termination charges	-	-	-	1,454
Purchase accounting amortization	63	50	238	306
Restructuring and other related charges	-	-	-	547
Non-GAAP Operating income	<u>\$ 40,384</u>	<u>\$ 41,732</u>	<u>\$ 177,914</u>	<u>\$ 166,072</u>
GAAP Net income	\$ 25,824	\$ 27,943	\$ 112,301	\$ 112,417
Stock-based compensation	7,469	6,185	28,591	23,180
Accelerated depreciation	-	-	-	461
Lease termination charges	-	-	-	1,454
Purchase accounting amortization	63	50	238	306
Restructuring and other related charges	-	-	-	547
Income tax effect of above items	(2,252)	(1,738)	(8,506)	(7,498)
Income tax effect of unusual tax items	(489) #	(650) #	(2,864) #	(7,432) #
Non-GAAP Net income	<u>\$ 30,615</u>	<u>\$ 31,790</u>	<u>\$ 129,760</u>	<u>\$ 123,435</u>
GAAP Diluted earnings per common share	\$ 0.61	\$ 0.65	\$ 2.63	\$ 2.59
Stock-based compensation	0.17	0.14	0.67	0.53
Accelerated depreciation	-	-	-	0.01
Lease termination charges	-	-	-	0.03
Restructuring and other related charges	-	-	-	0.02
Income tax effect	(0.06)	(0.05)	(0.26)	(0.33)
Non-GAAP Diluted earnings per common share	<u>\$ 0.72</u>	<u>\$ 0.74</u>	<u>\$ 3.04</u>	<u>\$ 2.85</u>
Shares used in diluted earnings per common share calculation	42,482	42,697	42,643	43,364

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	Q415
GAAP Gross profit	\$ 105,632	\$ 99,614	\$ 110,327	\$ 111,055	\$ 114,710	\$ 117,827	\$ 119,916	\$ 109,166
Stock-based compensation	535	638	686	695	535	668	685	695
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>	<u>\$ 109,861</u>
Non-GAAP Gross profit %	52.6 %	52.3 %	52.2 %	53.5 %	53.2 %	54.9 %	52.0 %	54.7 %
GAAP Operating expenses	\$ 69,683	\$ 68,778	\$ 72,485	\$ 75,558	\$ 76,949	\$ 79,969	\$ 79,302	\$ 76,314
Stock-based compensation	(4,452)	(5,327)	(5,357)	(5,490)	(5,770)	(6,719)	(6,745)	(6,774)
Accelerated depreciation	(151)	(49)	-	-	-	-	-	-
Lease termination charges	-	(66)	-	-	-	-	-	-
Purchase accounting amortization	(121)	(85)	(50)	(50)	(50)	(61)	(64)	(63)
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>	<u>\$ 69,477</u>
GAAP Operating income	\$ 35,949	\$ 30,836	\$ 37,842	\$ 35,497	\$ 37,761	\$ 37,858	\$ 40,614	\$ 32,852
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430	7,469
Accelerated depreciation	371	90	-	-	-	-	-	-
Lease termination charges	262	1,192	-	-	-	-	-	-
Purchase accounting amortization	121	85	50	50	50	61	64	63
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>	<u>\$ 40,384</u>
Non-GAAP Operating income %	20.9 %	19.6 %	20.7 %	20.0 %	20.4 %	21.0 %	20.8 %	20.1 %
GAAP Income before income taxes	\$ 35,463	\$ 31,195	\$ 38,028	\$ 36,453	\$ 38,781	\$ 37,173	\$ 38,596	\$ 30,701
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430	7,469
Accelerated depreciation	371	90	-	-	-	-	-	-
Lease termination charges	262	1,192	-	-	-	-	-	-
Purchase accounting amortization	121	85	50	50	50	61	64	63
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>	<u>\$ 38,233</u>
GAAP Income tax expense	\$ 8,510	\$ 8,057	\$ 3,645	\$ 8,510	\$ 10,109	\$ 9,752	\$ 8,212	\$ 4,877
Income tax effect of above items	1,889	2,072	1,799	1,738	1,800	2,250	2,204	2,252
Income tax effect of unusual tax items	935	226	5,621	650	273	74	2,028	489
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>	<u>\$ 7,618</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 %	19.9 %

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	Q415
GAAP Net income	\$ 26,953	\$ 23,138	\$ 34,383	\$ 27,943	\$ 28,672	\$ 27,421	\$ 30,384	\$ 25,824
Stock-based compensation	4,987	5,965	6,043	6,185	6,305	7,387	7,430	7,469
Accelerated depreciation	371	90	-	-	-	-	-	-
Lease termination charges	262	1,192	-	-	-	-	-	-
Purchase accounting amortization	121	85	50	50	50	61	64	63
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)	(2,252)
Income tax effect of unusual tax items	(935)	(226)	(5,621)	(650)	(273)	(74)	(2,028)	(489)
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>	<u>\$ 30,615</u>
GAAP Diluted earnings per common share	\$ 0.62	\$ 0.53	\$ 0.80	\$ 0.65	\$ 0.68	\$ 0.65	\$ 0.71	\$ 0.61
Stock-based compensation	0.11	0.14	0.14	0.14	0.15	0.17	0.18	0.17
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)	(0.06)
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>	<u>\$ 0.72</u>
Shares used in diluted earnings per common share calculation	43,650	43,597	43,228	42,697	42,466	42,505	42,700	42,482

SUMMARY OF UNAUDITED GAAP DATA
(\$ in thousands)
Net revenues from unaffiliated customers:

Enterprise	\$ 151,183	\$ 139,945	\$ 146,636	\$ 150,501	\$ 152,353	\$ 156,680	\$ 161,591	\$ 148,660
Consumer	51,635	54,035	66,103	58,569	64,309	59,125	70,190	52,102
Total net revenues	<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>	<u>\$ 200,762</u>

Net revenues by geographic area from unaffiliated customers:

Domestic	\$ 121,318	\$ 115,795	\$ 113,042	\$ 125,123	\$ 124,467	\$ 123,697	\$ 123,092	\$ 116,351
International	81,500	78,185	99,697	83,947	92,195	92,108	108,689	84,411
Total net revenues	<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>	<u>\$ 200,762</u>

Balance Sheet accounts and metrics:

Accounts receivable, net	\$ 120,903	\$ 123,748	\$ 133,379	\$ 138,301	\$ 150,765	\$ 140,427	\$ 157,322	\$ 136,581
Days sales outstanding (DSO)	54	57	56	60	63	59	61	61
Inventory, net	\$ 65,314	\$ 69,150	\$ 66,569	\$ 57,132	\$ 60,968	\$ 63,551	\$ 57,724	\$ 56,676
Inventory turns	6.0	5.5	6.2	6.9	6.7	6.2	7.8	6.5