Section 1: 10-Q (10-Q)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________to _________

Commission File Number: 001-12696

Plantronics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0207692**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

345 Encinal Street
Santa Cruz, California 95060
(Address of principal executive offices)
(Zip Code)

(831) 426-5858
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 27, 2017, 33,066,132 shares of the registrant's common stock were outstanding.

Plantronics, Inc.
FORM 10-Q
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DECT™ is a trademark of ETSI registered for the benefit of its members in France and other jurisdictions.

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Part I -- FINANCIAL INFORMATION

Management’s Discussion and Analysis of Financial Condition and Results of Operations

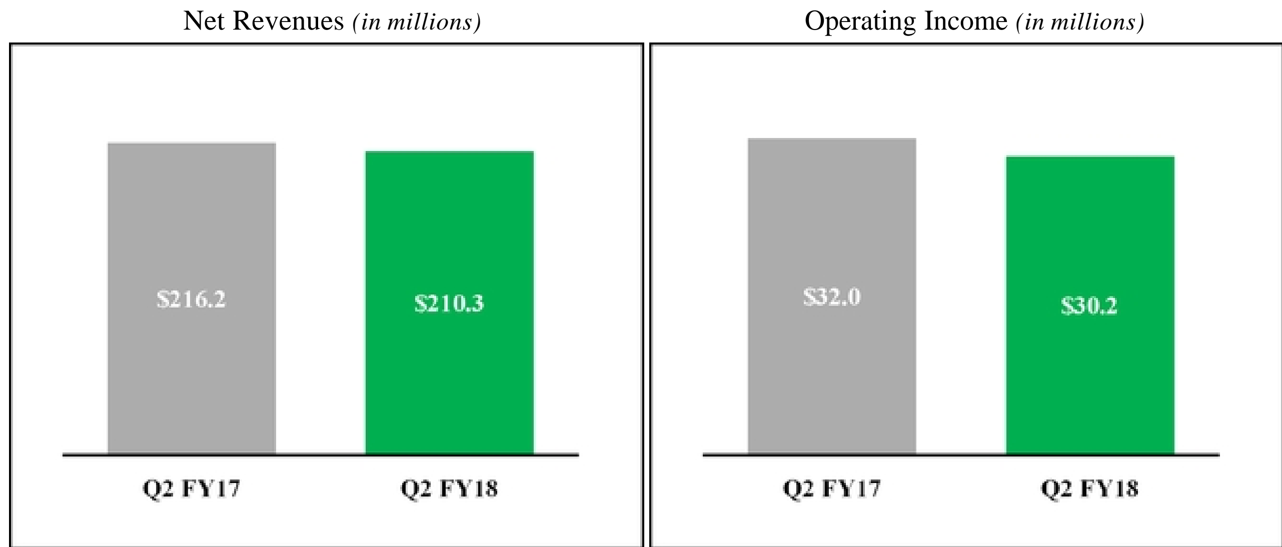
CERTAIN FORWARD-LOOKING INFORMATION:

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 ("Securities Act") and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Forward-looking statements may generally be identified by the use of such words as "anticipate," "believe," “could,” "expect," "intend," “may,” "plan," "potential," "shall," "will," “would,” or variations of such words and similar expressions, or the negative of these terms. Specific forward-looking statements contained within this Form 10-Q include, but are not limited to, statements regarding (i) our beliefs regarding the Enterprise market, market dynamics and customer behavior as well as our position in the market, (ii) our beliefs regarding the Consumer market, our new product introductions and the expected effect of such introductions, (iii) our belief that our "as-a-service" offerings will benefit our growth long-term but their contribution will not be material in the near term, (iv) our intention to provide customer data insight through software and service solutions, (v) the Unified Communications ("UC") market, including adoption of UC products, our position, and timing and growth expectations in this market, (vi) our plans regarding our "as a service" offerings including sales and marketing efforts, (vii) our intentions regarding investments in long-term growth opportunities and our core research and development efforts, in particular in the UC market, (viii) our intentions regarding the focus of our sales, marketing and customer services and support teams on UC, (ix) the future of UC technologies, including the transition of businesses to UC-supported systems and the effects on headset adoption and use, enterprises that adopt UC and our revenue opportunity and profit growth, (x) our expenses, including research, development and engineering expenses and selling, general and administrative expenses, (xi) fluctuations in our cash provided by operating activities as a result of various factors, including fluctuations in revenues and operating expenses, timing of product shipments, accounts receivable collections, inventory and supply chain management, and the timing and amount of taxes and other payments, (xii) our future tax rate and payments related to unrecognized tax benefits, (xiii) our anticipated range of capital expenditures for the remainder of Fiscal Year 2018 and the sufficiency of our cash, cash equivalents, and cash from operations to sustain future operations and discretionary cash requirements, (xiv) our ability to pay future stockholder dividends, (xv) our planned investment of and need for our foreign cash and our ability to repatriate that cash, (xvi) our ability to draw funds on our credit facility as needed, (xvii) future fluctuations in our cash provided by operating activities, (xvii) the sufficiency of our capital resources to fund operations, as well as other statements regarding our future operations, financial condition and prospects, and business strategies. Such forward-looking statements are based on current expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. Factors that could cause actual results and events to differ materially from such forward-looking statements are included, but not limited to, those discussed in this Quarterly Report on Form 10-Q; in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the Securities and Exchange Commission (“SEC”) on May 10, 2017; and other documents we have filed with the SEC. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

OVERVIEW

We are a leading designer, manufacturer, and marketer of lightweight communications headsets, telephone headset systems, other communication endpoints, and accessories for the worldwide business and consumer markets under the Plantronics brand. Our major product categories are Enterprise, which includes headsets optimized for Unified Communications (“UC”), other corded and cordless communication headsets, audio processors, and telephone systems; and Consumer, which includes Bluetooth and corded products for mobile device applications and personal computer gaming headsets. Until July 1, 2017, we also offered specialty products marketed for hearing impaired individuals under our Clarity brand, which was included in our Consumer product category.

We ship our products to approximately 80 countries through a network of distributors, retailers, resellers, wireless carriers, original equipment manufacturers, and telephony service providers. We have well-developed distribution channels in North America, Europe, and in some parts of the Asia Pacific region where use of our products is widespread.



Compared to the second quarter of Fiscal Year 2017, net revenues decreased 2.7% to $210.3 million. The decrease in net revenues was driven by lower revenues within our Consumer product category, which declined 23.1%, or $14.2 million, from the year ago period. Of the declines in Consumer, $3.5 million related to the divestiture of Clarity in the first quarter of Fiscal Year 2018. These declines were partially offset by higher revenues within our Enterprise product category, which grew 5.4%, or $8.4 million from the year ago period.

Operating income for the second quarter of Fiscal Year 2018 was $30.2 million and 14.3% of net revenue, compared to $32.0 million and 14.8% of net revenue in the prior year period. The divestiture of Clarity had a negligible impact on operating income for the second quarter of Fiscal Year 2018, and we expect the impact to be negligible for the full Fiscal Year 2018.

Net income for the second quarter of Fiscal Year 2018 decreased 2.5% to $20.0 million, representing 9.5% of our net revenues, compared to $20.5 million and 9.5% in the year ago period.

Our primary focus, long-term growth opportunities, strategic initiatives, and majority of our revenue and profits are in our Enterprise business. Within the Enterprise product category, we anticipate the key driver of long-term revenue growth and profit opportunity will continue to be UC audio solutions. We believe enterprises are increasing adoption of UC systems to reduce costs, improve collaboration, and migrate technology from obsolete legacy systems. We expect growth of UC will increase overall headset adoption in enterprise environments, and we believe most of the growth in our Enterprise product category over the next three years will come from headsets designed for UC. As such, UC remains the central focus of our sales, marketing, and support functions, and we will continue investing in key strategic alliances and integrations with major UC vendors.

Our Enterprise revenues increased in the second quarter of Fiscal Year 2018 when compared to the same prior year period, resulting from strong growth in UC product sales, which is in line with our long-term growth expectations, partially offset by declines in sales of non-UC corded and cordless products. With respect to non-UC products, we have experienced a decline in headset sales normally associated with large telephony upgrade and implementation projects, most significantly in North America. We believe that this decline has been driven by a temporary pause in corporate purchasing decision cycles as customers evaluate new offerings and competitive shifts in telephony infrastructure providers. We believe our competitive and strategic position in Enterprise remains strong, and do not expect this disruption to persist in the long term. However, we are not able to predict what impact these conditions will have on our revenue in the short term or when these conditions will change.

Revenues from our Consumer products are seasonal and typically strongest in our third fiscal quarter, which includes the majority of the holiday shopping season. Additionally, other factors directly impact our Consumer product category performance, such as the market acceptance of new product introductions, product life-cycles (including the introduction and pace of adoption of new technology), consumer preferences and the competitive retail environment, changes in consumer confidence and other macroeconomic factors, and fluctuations in foreign currency rates relative to the U.S. Dollar ("USD"). In addition, the timing or non-recurrence of retailer placements can cause volatility in quarter-to-quarter results.

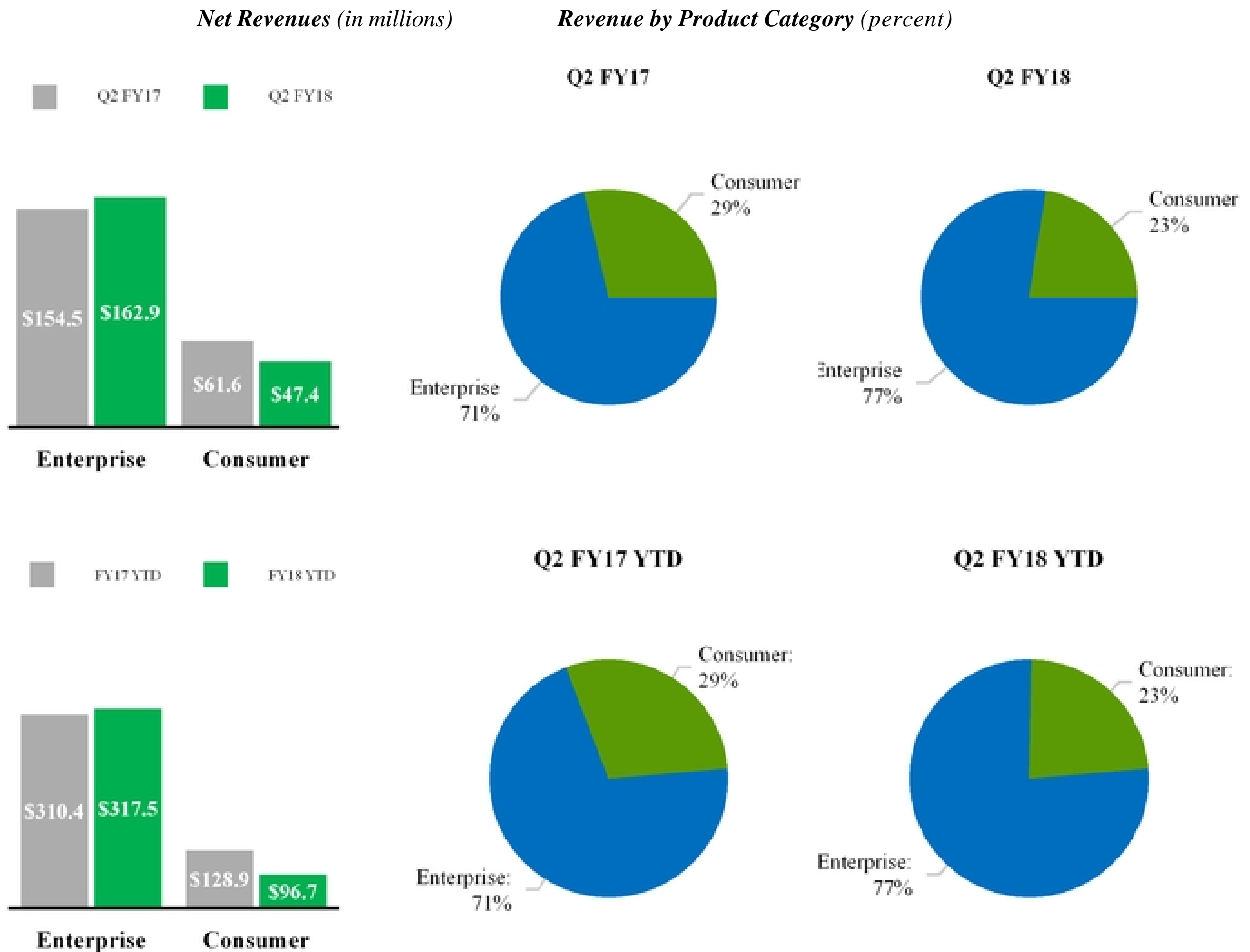
When compared to the same prior year period, the decline in Consumer revenues in the second quarter of Fiscal Year 2018 was primarily attributable to a decline in sales of our stereo Bluetooth products driven by the aging of our portfolio. Additionally, the divestiture of our Clarity line of business, and continued weakness in the mono Bluetooth market further impacted our Consumer results. We are currently refreshing our Consumer portfolio, having recently launched the BackBeat 300 and 500, refreshed BackBeat FIT Training and Boost editions, and RIG 800 series.

We continue to invest in new ideas and technology to create additional growth opportunities, such as our software-as-a-service ("SaaS") data insights offering introduced in Fiscal Year 2017, and our Habitat Soundscaping intelligent acoustic management solution launched in July 2017. While we anticipate these investments will benefit our growth in the long term, their contribution will not be material in the near term.

We remain cautious about the macroeconomic environment, based primarily on uncertainty around trade and fiscal policy in the U.S. and broader economic uncertainty in many parts of Europe and Asia Pacific. We will continue to monitor our expenditures and prioritize those that further our strategic long-term growth opportunities, such as innovative product development. UC and SaaS are the central focus of our sales force, marketing group, and other customer service and support teams as we continue investing in key strategic alliances and integrations with major UC vendors, and work to expand the market opportunity for our SaaS offering.

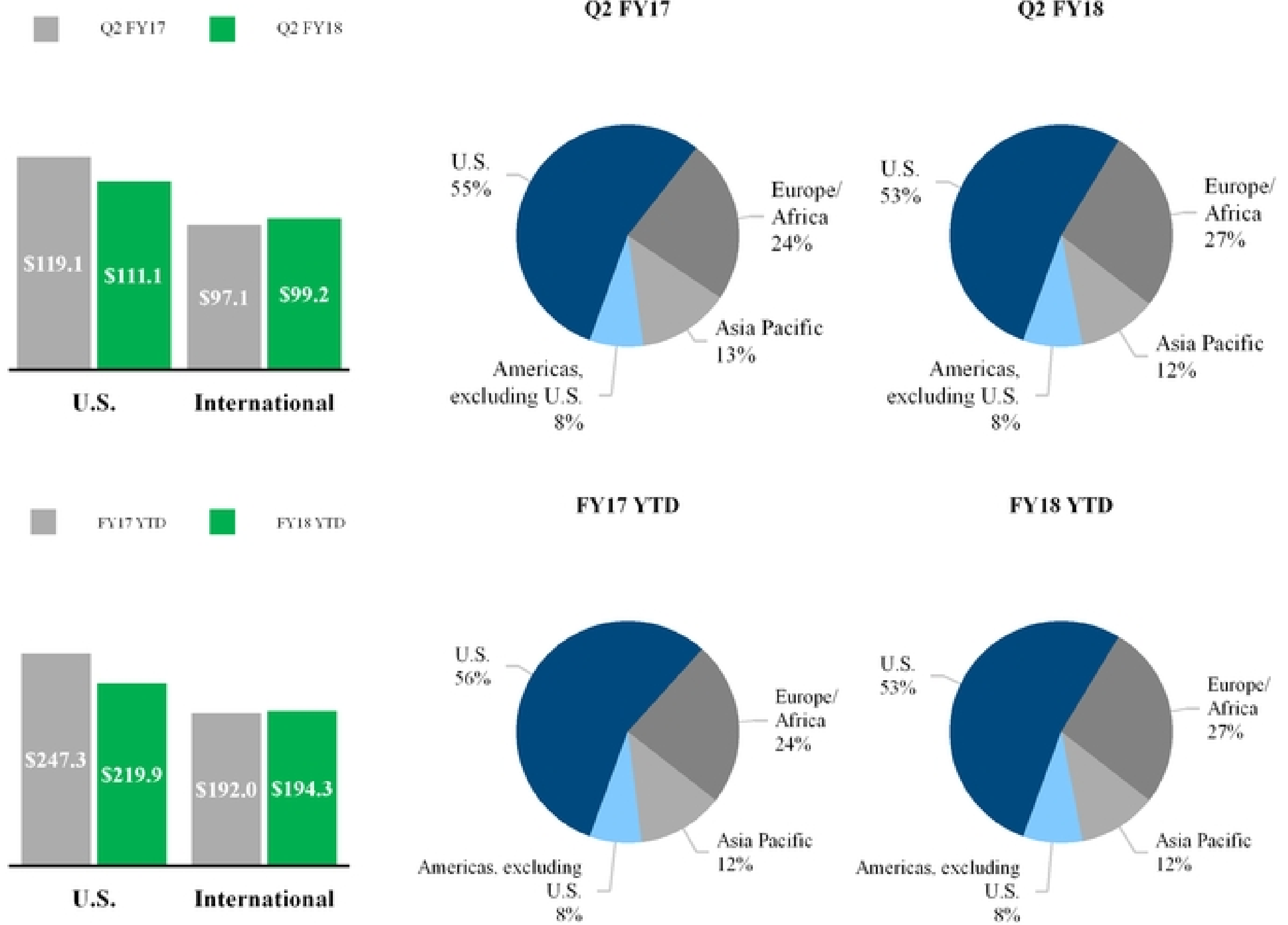
RESULTS OF OPERATIONS

The following graphs display net revenues by product category for the three and six months ended September 30, 2016 and 2017:



Net revenues decreased in the three and six months ended September 30, 2017 compared to the prior year periods due primarily to lower revenues within our Consumer product category, partially offset by increases in our Enterprise product revenues driven by UC revenues.

Geographic Information *(in millions)* ***Revenue by Region*** *(percent)*



Compared to the prior year periods, U.S. net revenues decreased in the three and six months ended September 30, 2017 due primarily to a decline in Consumer product sales volumes, driven by the aging of our portfolio, an overall continuing decline in the mono Bluetooth market, the divestiture of our Clarity business, and the non-recurrence of certain royalty payments received in the year ago periods.

We typically generate approximately 40% to 45% of our revenues from international sales; therefore, the impact of currency movements on our net revenues can be significant. In addition, in some international locations where sales are denominated in USD, we also face additional pricing pressure, discounting, and lost business when a stronger USD negatively impacts buying decisions.

Changes in foreign exchange rates did not have a material impact on revenues for the three months ended September 30, 2017 compared to the same prior year quarter. For the six months ended September 30, 2017, changes in foreign exchange rates had a $2.7 million favorable impact on revenues, net of the effects of our hedging program, compared to the same prior year period.

International net revenues for the three and six months ended September 30, 2017 increased slightly from the same year ago periods due to growth in our Enterprise category, driven primarily by UC product sales and almost entirely offset by sales declines in our Consumer category.

COST OF REVENUES AND GROSS PROFIT

Cost of revenues consists primarily of direct manufacturing and contract manufacturer costs, warranty, freight, depreciation, and duties expense, charges for excess and obsolete inventory, royalties, and overhead expenses.

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
Net revenues	$ 216,183	$ 210,300	$ (5,883)	(2.7)%	$ 439,289	$ 414,226	$ (25,063)	(5.7)%
Cost of revenues	105,737	102,668	(3,069)	(2.9)%	215,770	203,311	(12,459)	(5.8)%
Gross profit	$ 110,446	$ 107,632	$ (2,814)	(2.5)%	$ 223,519	$ 210,915	$ (12,604)	(5.6)%
Gross profit %	51.1%	51.2%			50.9%	50.9%		

Compared to the same prior year periods, gross profit as a percentage of net revenues was flat in the three and six months ended September 30, 2017, due primarily to a product mix shift away from Consumer and product cost reductions, partially offset by an increase in channel partner incentives and the non-recurrence of certain royalty payments received in the year ago periods. Gross profit for the six months ended September 30, 2017 was also negatively impacted by the loss recorded on the sale of our Clarity division and the write-off of an indirect tax asset in our Brazilian entity, both of which are discussed in detail in Note 8, *Restructuring and other related charges (credits)*, in the accompanying footnotes to the condensed consolidated financial statements.

There are significant variances in gross profit percentages between our higher and lower margin products; therefore, small variations in product mix, which can be difficult to predict, can have a significant impact on gross profit as a percentage of net revenues. Gross profit percentages may also vary based on distribution channel, return rates, and other factors.

RESEARCH, DEVELOPMENT, AND ENGINEERING

Research, development, and engineering costs are expensed as incurred and consist primarily of compensation costs, outside services, including legal fees associated with protecting our intellectual property, expensed materials, travel expenses, depreciation, and overhead expenses.

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
Research, development, and engineering	$ 22,379	$ 19,932	$ (2,447)	(10.9)%	$ 44,723	$ 41,145	$ (3,578)	(8.0)%
% of net revenues	10.4%	9.5%			10.2%	9.9%		

During the three and six months ended September 30, 2017, research, development, and engineering expenses declined when compared to the prior year periods due primarily to lower compensation expenses, driven primarily by reduced funding of our variable compensation plans and cost reductions from our restructuring actions initiated in prior periods.

SELLING, GENERAL, AND ADMINISTRATIVE

Selling, general, and administrative expenses consist primarily of compensation costs, marketing costs, travel expenses, litigation and professional service fees, and overhead expenses.

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
Selling, general, and administrative	$ 56,875	$ 57,696	$ 821	1.4%	$ 112,662	$ 113,929	$ 1,267	1.1%
% of net revenues	26.3%	27.4%			25.6%	27.5%		

Compared to the same year ago period, selling, general, and administrative expenses increased in the three and six months ended September 30, 2017 due primarily to increased legal fees related to our litigation with GN Netcom. This litigation was resolved in October 2017 in favor of the Company on all counts, as discussed further in Note 6, *Commitments and Contingencies*, in the accompanying footnotes to the condensed consolidated financial statements. As such, we expect legal fees to decrease in future quarters. This increase was partially offset by lower compensation expenses, driven primarily by reduced funding of our variable compensation plans, lower executive transition costs, cost savings from cost control initiatives and prior period restructuring actions.

(GAIN) LOSS, NET FROM LITIGATION SETTLEMENTS

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
(Gain) loss, net from litigation settlements	$ (349)	$ (104)	$ 245	(70.2)%	$ 4,390	$ (280)	$ (4,670)	(106.4)%
% of net revenues	0.2%	—%			1.0%	(0.1)%		

We recognized immaterial gains from litigation in the three months ended September 30, 2016 and 2017. In the six months ended September 30, 2017, we recognized immaterial gains compared to the prior year periods when we recognized a $4.9 million charge related to discovery sanctions in the GN Netcom litigation.

RESTRUCTURING AND OTHER RELATED CHARGES (CREDITS)

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
Restructuring and other related charges (credits)	$ (415)	$ (51)	$ 364	(87.7)%	$ (1,463)	$ 2,522	$ 3,985	(272.4)%
% of net revenues	0.2%	—%			(0.3)%	0.6%		

In both the three months ended September 30, 2016 and 2017, we recognized net favorable adjustments resulting from changes to the estimates related to restructuring actions recorded in prior periods.

Compared to the prior year period, restructuring and other related charges (credits) increased in the six months ended September 30, 2017, due to restructuring actions initiated during the first quarter of Fiscal Year 2018. In the prior year period we recorded a net favorable adjustment resulting from changes to the estimates related to our restructuring actions recorded in Fiscal Year 2016.

For more information regarding restructuring activities, refer to Note 8, *Restructuring and other related charges (credits)*, of the accompanying notes to condensed consolidated financial statements.

INTEREST EXPENSE

Interest expense for the three and six months ended September 30, 2016 and 2017 was $7.3 million and $14.6 million, respectively. These costs are primarily related to our 5.50% Senior Notes and include an immaterial amount in amortization of debt issuance costs.

OTHER NON-OPERATING INCOME AND (EXPENSE), NET

	Three Months Ended September 30,		Increase		Six Months Ended September 30,		Increase	
(in thousands, except percentages)	**2016**	**2017**	**(Decrease)**		**2016**	**2017**	**(Decrease)**	
Other non-operating income and (expense), net	$ 1,340	$ 1,826	$ 486	36.3%	$ 3,692	$ 2,740	$ (952)	(25.8)%
% of net revenues	0.6%	0.9%			0.8%	0.7%		

Other non-operating income and (expense), net for the three months ended September 30, 2017 increased primarily due to an immaterial increase in interest income.

Other non-operating income and (expense), net for the six months ended September 30, 2017 decreased primarily due to immaterial net foreign currency losses compared to immaterial net foreign currency gains in the prior year.

INCOME TAX EXPENSE

(in thousands except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2017	Increase (Decrease)		Six Months Ended September 30, 2016	Six Months Ended September 30, 2017	Increase (Decrease)	
Income before income taxes	$ 26,039	$ 24,725	$ (1,314)	(5.0)%	$ 52,354	$ 41,776	$ (10,578)	(20.2)%
Income tax expense	5,565	4,772	(793)	(14.2)%	11,493	2,995	(8,498)	(73.9)%
Net income	$ 20,474	$ 19,953	$ (521)	(2.5)%	$ 40,861	$ 38,781	$ (2,080)	(5.1)%
Effective tax rate	21.4%	19.3%			22.0%	7.2%		

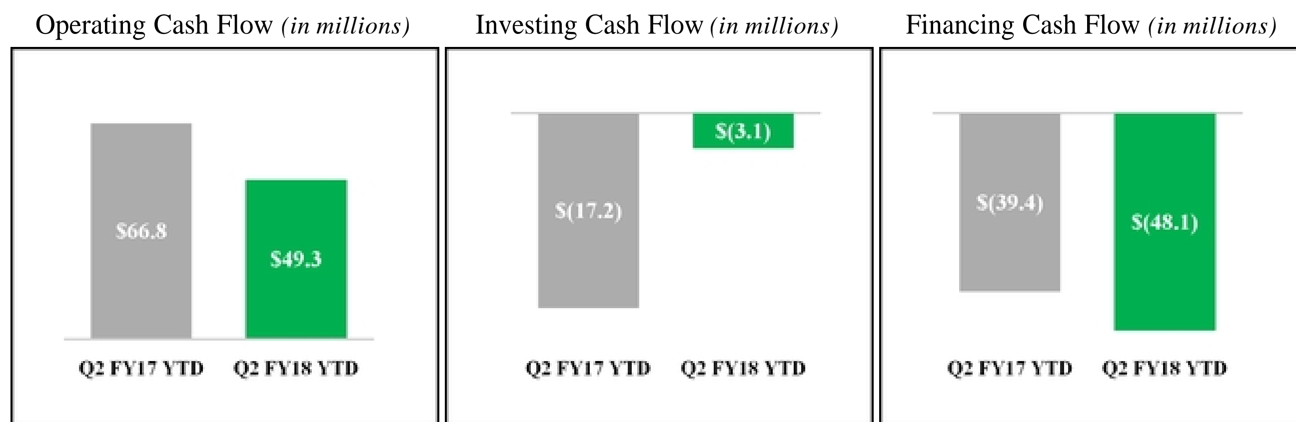
The decrease in the effective tax rate for the three and six months ended September 30, 2017 was due primarily to a shift in geographic mix of taxable income from higher tax jurisdictions to lower tax jurisdictions. The effective tax rate for the six months ended September 30, 2017 further decreased due to the adoption of new accounting guidance related to stock-based compensation.

We adopted the new stock-based compensation accounting guidance effective the beginning of Fiscal Year 2018. Excess tax benefits associated with employee equity plans were previously recorded in additional paid-in capital and the adoption of this guidance resulted in a reduction to our effective tax rate by 0.3 and 4.8 percentage points for the three and six months ended September 30, 2017, respectively. The amount of excess tax benefits or deficiencies will fluctuate from period-to-period based on the price of our stock, the volume of share-based instruments settled or vested, and the value assigned to employee equity awards under U.S. GAAP.

We recorded a correction to the geographic mix of income during the six months ended September 30, 2017 related to Fiscal Year 2017, which reduced income in a high tax jurisdiction and increased income in a low tax jurisdiction. This correcting adjustment had no impact on the three months ended September 30, 2017, but resulted in a reduction to our effective tax rate by 6.6 percentage points for the six months ended September 30, 2017 as compared to the prior year period. For additional details regarding this correction Refer to Note 1, *Basis of Presentation*, in the accompanying footnotes to the condensed consolidated financial statements.

We are subject to taxation in various foreign and state jurisdictions, including the U.S. Our Fiscal Year 2016 federal income tax return is currently under examination by the Internal Revenue Service. Foreign income tax matters for material tax jurisdictions have been concluded for tax years prior to Fiscal Year 2012.

FINANCIAL CONDITION



Our primary source of liquidity is cash provided by operating activities and, on occasion, financing obtained from capital markets and other financing sources, such as our revolving credit line. We believe that internally generated cash flows are generally sufficient to support our business operations, capital expenditures, restructuring activities, principal and interest payment of debt, income tax payments and the payment of stockholder dividends, in addition to investments and share repurchases. We expect that cash provided by operating activities will fluctuate in future periods as a result of a number of factors, including fluctuations in our revenues and operating expenses, the timing of product shipments during the quarter, accounts receivable collections, inventory and supply chain management, and the timing and amount of tax, interest, annual bonus, and other payments.

Operating Activities

Compared to the same year ago period, net cash provided by operating activities during the six months ended September 30, 2017 decreased primarily as a result of higher payouts during the period related to Fiscal Year 2017 variable compensation than payouts during the prior year period for Fiscal Year 2016 variable compensation, due to better achievements against Corporate targets in Fiscal Year 2017. In addition, we are in a higher prepaid income tax position than in the same year ago period, resulting primarily from the timing of tax payment remittances.

Investing Activities

Compared to the same year ago period, cash used for investing activities decreased during the six months ended September 30, 2017, due to a lower level of cash paid for capital expenditures and a net decrease in investment purchases, net of proceeds from the sale and maturity of investment securities.

We estimate total capital expenditures for Fiscal Year 2018 will be approximately $17.0 million to $22.0 million. Capital expenditures for the remainder of Fiscal Year 2018 are expected to consist primarily of IT investments, capital investment in our manufacturing capabilities, including tooling for new products, and facilities upgrades.

Financing Activities

Net cash used for financing activities during the six months ended September 30, 2017 increased from the prior year period resulting primarily from an increase in cash used for common stock repurchases due to a lower average stock price, partially offset by higher net proceeds from stock-based compensation plans.

On October 31, 2017, we announced that the Audit Committee of our Board ("the Audit Committee") had declared a cash dividend of $0.15 per share, payable on December 8, 2017 to stockholders of record at the close of business on November 20, 2017. We expect to continue paying a quarterly dividend of $0.15 per share; however, the actual declaration of dividends and the establishment of record and payment dates are subject to final determination by the Audit Committee each quarter after its review of our financial performance and financial position.

Liquidity and Capital Resources

Our primary discretionary cash requirements have historically been for repurchases of our common stock and to fund stockholder dividends. As a result of the issuance of the 5.50% Senior Notes in May 2015, we are required to make interest payments of approximately $13.8 million each November and May through the life of the notes. These payments require use of our domestic cash. For additional details, refer to Note 7, *Debt*, in the accompanying footnotes to the condensed consolidated financial statements.

At September 30, 2017, we had working capital of $620.3 million, including $500.4 million of cash, cash equivalents, and short-term investments, compared with working capital of $581.8 million, including $480.1 million of cash, cash equivalents, and short-term investments at March 31, 2017.

Our cash and cash equivalents as of September 30, 2017 consisted of bank deposits with third party financial institutions and Commercial Paper. We monitor bank balances in our operating accounts and adjust the balances as appropriate. Cash balances are held throughout the world, including substantial amounts held outside of the U.S. As of September 30, 2017, of our $500.4 million of cash, cash equivalents, and short-term investments, $26.4 million was held domestically while $474.0 million was held by foreign subsidiaries, approximately 90% of which were based in USD-denominated investments. The costs to repatriate our foreign earnings to the U.S. would be material; however, our intent is to indefinitely reinvest earnings from foreign operations and our current plans do not require us to repatriate earnings from foreign operations to fund our U.S. operations because we generate sufficient domestic operating cash flow and have access to external funding under our revolving credit facility.

Our short and long-term investments are intended to establish a high-quality portfolio that preserves principal and meets liquidity needs. As of September 30, 2017, our investments were composed of Mutual Funds, US Treasury Notes, Government Agency Securities, Commercial Paper, Corporate Bonds, and Certificates of Deposits ("CDs").

From time to time, depending on market conditions, our Board has authorized plans under which we may repurchase shares of our common stock in the open market or through privately negotiated transactions. During the six months ended September 30, 2017, we repurchased 841,249 shares of our common stock in the open market as part of these publicly announced repurchase programs. The total cost of these repurchases was $39.2 million, with an average price of $46.62 per share. In addition, we withheld 202,298 shares with a total value of $10.8 million in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under our stock plans.

As of September 30, 2017, there remained 1,028,586 shares authorized for repurchase under the stock repurchase program approved by the Board on July 27, 2017. For more information regarding our stock repurchase programs, refer to Note 10, *Common Stock Repurchases*, of the accompanying notes to the condensed consolidated financial statements.

In May 2011, we entered into a credit agreement with Wells Fargo Bank, National Association ("the Bank"), which was most recently amended in April 2017 (as amended, the "Credit Agreement"). The Credit Agreement provides for a $100.0 million unsecured revolving credit facility. Revolving loans under the Credit Agreement will bear interest, at our election, at (i) the Bank's announced prime rate less 1.20% per annum or (ii) a daily one-month LIBOR rate plus 1.40% per annum. Principal, together with all accrued and unpaid interest, on the revolving loans is due and payable on May 9, 2020. We are also obligated to pay a commitment fee of 0.37% per annum on the average daily unused amount of the revolving line of credit, which fee shall be payable quarterly in arrears. We may prepay the loans and terminate the commitments under the Credit Agreement at any time, without premium or penalty, subject to the reimbursement of certain costs. As of September 30, 2017, we had no outstanding borrowings under the line of credit. The line of credit requires us to comply with the following two financial covenant ratios, in each case at each fiscal quarter end and determined on a rolling four-quarter basis:

- maximum ratio of funded debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") of 3.25:1 (previously 3:1); and
- minimum EBITDA coverage ratio, which is calculated as interest payments divided by EBITDA.

In addition, we and our subsidiaries are required to maintain unrestricted cash, cash equivalents, and marketable securities plus availability under the Credit Agreement at the end of each fiscal quarter of at least $300.0 million. The Credit Agreement contains customary events of default that include, among other things, payment defaults, covenant defaults, cross-defaults with certain other indebtedness, bankruptcy and insolvency defaults, and judgment defaults. The occurrence of an event of default could result in the acceleration of the obligations under the Credit Agreement. As of September 30, 2017, we were in compliance with all ratios and covenants.

During Fiscal Year 2016, we obtained $488.4 million in aggregate principal amount, net of issuance costs, from the issuance of our 5.50% Senior Notes. The Notes mature on May 31, 2023, and bear interest at a rate of 5.50% per annum, payable semi-annually on May 15 and November 15. A portion of the proceeds was used to repay all then-outstanding amounts under our revolving line of credit agreement with Wells Fargo Bank and the remaining proceeds were used primarily for share repurchases.

Our liquidity, capital resources, and results of operations in any period could be affected by repurchases of our common stock, the payment of cash dividends, the exercise of outstanding stock options, restricted stock grants under stock plans, and the issuance of common stock under our Employee Stock Purchase Plan ("ESPP"). We receive cash from the exercise of outstanding stock options under our stock plan and the issuance of shares under our ESPP. However, the resulting increase in the number of outstanding shares from these equity grants and issuances could affect our earnings per share. We cannot predict the timing or amount of proceeds from the sale or exercise of these securities or whether they will be exercised, forfeited, canceled, or will expire.

We believe that our current cash and cash equivalents, short-term investments, cash provided by operations, and the availability of additional funds under the Credit Agreement will be sufficient to fund operations for at least the next 12 months; however, any projections of future financial needs and sources of working capital are subject to uncertainty. Readers are cautioned to review the risks, uncertainties, and assumptions set forth in this Quarterly Report on Form 10-Q, including the section entitled "Certain Forward-Looking Information" and the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on May 10, 2017, and other periodic filings with the SEC, any of which could affect our estimates for future financial needs and sources of working capital.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We have not entered into any transactions with unconsolidated entities giving rise to financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides us with financing and liquidity support, market risk, or credit risk support.

A substantial portion of the raw materials, components, and subassemblies used in our products are provided by our suppliers on a consignment basis. These consigned inventories are not recorded on our consolidated balance sheet until we take title to the raw materials, components, and subassemblies, which occurs when they are consumed in the production process. Prior to consumption in the production process, our suppliers bear the risk of loss and retain title to the consigned inventory. The terms of the agreements allow us to return parts in excess of maximum order quantities to the suppliers at the supplier's expense. Returns for other reasons are negotiated with the suppliers on a case-by-case basis and to date have been immaterial. If our suppliers were to discontinue financing consigned inventory, it would require us to make cash outlays and we could incur expenses which, if material, could negatively affect our business and financial results. As of March 31, 2017 and September 30, 2017, we had off-balance sheet consigned inventories of $52.3 million and $52.7 million, respectively.

Unconditional Purchase Obligations

We utilize several contract manufacturers to procure raw materials, components, and subassemblies for our products. We provide these contract manufacturers with demand information that typically covers periods up to 13 weeks, and they use this information to acquire components and build products. We also obtain individual components for our products from a wide variety of individual suppliers. Consistent with industry practice, we acquire components through a combination of purchase orders, supplier contracts, and open orders based on projected demand information. As of September 30, 2017, we had outstanding off-balance sheet third-party manufacturing, component purchase, and other general and administrative commitments of $176.2 million, including off-balance sheet consigned inventories of $52.7 million as discussed above.

Except as described above, there have been no material changes in our contractual obligations as described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

CRITICAL ACCOUNTING ESTIMATES

For a complete description of what we believe to be the critical accounting estimates used in the preparation of our condensed consolidated financial statements, refer to our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on May 10, 2017. There have been no changes to our critical accounting estimates during the six months ended September 30, 2017.

Recent Accounting Pronouncements

For more information regarding the Recent Accounting Pronouncements that may impact us, refer to Note 2, *Recent Accounting Pronouncements*, of the accompanying notes to the condensed consolidated financial statements.

Financial Statements.

PLANTRONICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(Unaudited)

	March 31, 2017	September 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 301,970	$ 303,116
Short-term investments	178,179	197,278
Accounts receivable, net	141,177	139,683
Inventory, net	55,456	60,999
Other current assets	22,195	33,310
Total current assets	698,977	734,386
Long-term investments	127,176	105,251
Property, plant, and equipment, net	150,307	146,830
Goodwill and purchased intangibles, net	15,577	15,498
Deferred tax and other assets	25,122	20,417
Total assets	$ 1,017,159	$ 1,022,382
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 42,885	$ 45,619
Accrued liabilities	74,285	68,434
Total current liabilities	117,170	114,053
Long term debt, net of issuance costs	491,059	491,784
Long-term income taxes payable	11,729	11,997
Other long-term liabilities	15,045	16,881
Total liabilities	$ 635,003	$ 634,715
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock	$ 804	$ 813
Additional paid-in capital	818,777	848,729
Accumulated other comprehensive income	4,694	1,531
Retained earnings	319,931	348,655
Total stockholders' equity before treasury stock	1,144,206	1,199,728
Less: Treasury stock, at cost	(762,050)	(812,061)
Total stockholders' equity	382,156	387,667
Total liabilities and stockholders' equity	$ 1,017,159	$ 1,022,382

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLANTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	**2017**	**2016**	**2017**
Net revenues	$ 216,183	$ 210,300	$ 439,289	$ 414,226
Cost of revenues	105,737	102,668	215,770	203,311
Gross profit	110,446	107,632	223,519	210,915
Operating expenses:				
Research, development, and engineering	22,379	19,932	44,723	41,145
Selling, general, and administrative	56,875	57,696	112,662	113,929
(Gain) loss, net from litigation settlements	(349)	(104)	4,390	(280)
Restructuring and other related charges (credits)	(415)	(51)	(1,463)	2,522
Total operating expenses	78,490	77,473	160,312	157,316
Operating income	31,956	30,159	63,207	53,599
Interest expense	(7,257)	(7,260)	(14,545)	(14,563)
Other non-operating income and (expense), net	1,340	1,826	3,692	2,740
Income before income taxes	26,039	24,725	52,354	41,776
Income tax expense	5,565	4,772	11,493	2,995
Net income	$ 20,474	$ 19,953	$ 40,861	$ 38,781
Earnings per common share:				
Basic	$ 0.63	$ 0.59	$ 1.27	$ 1.16
Diluted	$ 0.63	$ 0.59	$ 1.24	$ 1.14
Shares used in computing earnings per common share:				
Basic	32,281	32,570	32,269	32,538
Diluted	32,726	32,809	32,865	33,111
Cash dividends declared per common share	$ 0.15	$ 0.15	$ 0.30	$ 0.30

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLANTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	**2017**	**2016**	**2017**
Net income	$ 20,474	$ 19,953	$ 40,861	$ 38,781
Other comprehensive income (loss):				
Foreign currency translation adjustments	4	57	(250)	257
Unrealized gains (losses) on cash flow hedges:				
Unrealized cash flow hedge gains (losses) arising during the period	(650)	(2,302)	304	(4,647)
Net (gains) losses reclassified into income for revenue hedges	(825)	1,131	(985)	1,149
Net (gains) losses reclassified into income for cost of revenue hedges	589	(174)	1,316	(132)
Net unrealized gains (losses) on cash flow hedges	(886)	(1,345)	635	(3,630)
Unrealized gains (losses) on investments:				
Unrealized holding gains (losses) during the period	(272)	133	42	209
Aggregate income tax benefit (expense) of the above items	98	(19)	(26)	1
Other comprehensive income (loss)	(1,056)	(1,174)	401	(3,163)
Comprehensive income	$ 19,418	$ 18,779	$ 41,262	$ 35,618

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLANTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended September 30,	
	2016	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 40,861	$ 38,781
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,265	10,743
Amortization of debt issuance costs	725	725
Stock-based compensation	16,316	18,018
Deferred income taxes	2,499	4,384
Provision for excess and obsolete inventories	1,674	900
Restructuring and related charges (credits)	(1,463)	2,522
Cash payments for restructuring charges	(3,736)	(2,429)
Other operating activities	(849)	(1,141)
Changes in assets and liabilities:		
Accounts receivable, net	(8,366)	1,246
Inventory, net	(1,102)	(5,844)
Current and other assets	(2,331)	(4,539)
Accounts payable	4,120	3,205
Accrued liabilities	10,444	(9,388)
Income taxes	(2,305)	(7,890)
Cash provided by operating activities	66,752	49,293
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	125,504	30,895
Proceeds from maturities of investments	63,853	106,661
Purchase of investments	(192,349)	(133,949)
Capital expenditures	(14,191)	(6,752)
Cash used for investing activities	(17,183)	(3,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(26,828)	(39,222)
Employees' tax withheld and paid for restricted stock and restricted stock units	(9,123)	(10,789)
Proceeds from issuances under stock-based compensation plans	5,752	11,950
Payment of cash dividends	(9,971)	(10,057)
Other financing activity	761	—
Cash used for financing activities	(39,409)	(48,118)
Effect of exchange rate changes on cash and cash equivalents	(971)	3,116
Net increase in cash and cash equivalents	9,189	1,146
Cash and cash equivalents at beginning of period	235,266	301,970
Cash and cash equivalents at end of period	$ 244,455	$ 303,116
SUPPLEMENTAL NON-CASH DISCLOSURES		
Accounts payable for purchases of property, plant, and equipment	$ 2,718	$ 3,407

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLANTRONICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements ("financial statements") of Plantronics, Inc. ("Plantronics" or "the Company") have been prepared on a basis materially consistent with the Company's March 31, 2017 audited consolidated financial statements and include all adjustments, consisting of normal recurring adjustments, necessary to fairly state the information set forth herein. Certain information and footnote disclosures normally included in financial statements prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial information and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, which was filed with the SEC on May 10, 2017. The results of operations for the interim period ended September 30, 2017 are not necessarily indicative of the results to be expected for the entire fiscal year or any future period.

The financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

The Company’s fiscal year ends on the Saturday closest to the last day of March. The Company’s current and prior fiscal years end on March 31, 2018 and April 1, 2017, respectively, and both consist of 52 weeks. The Company’s results of operations for the three and six months ended September 30, 2017 and October 1, 2016 both contain 13 weeks. For purposes of presentation, the Company has indicated its accounting year as ending on March 31 and its interim quarterly periods as ending on the applicable calendar month end.

Certain immaterial reclassifications to our previously reported financial information have been made to conform to the current period presentation. In addition, refer to Note 2, *Recent Accounting Pronouncements*, for details regarding reclassifications made in our condensed consolidated statements of cash flows pursuant to the adoption of new share-based payment accounting guidance in the first quarter of Fiscal Year 2018.

Earnings per common share:

The Company has a share-based compensation plan under which employees, non-employee directors, and consultants may be granted share-based payment awards, including shares of restricted stock on which non-forfeitable dividends are paid on unvested shares. As such, shares of restricted stock are considered participating securities under the two-class method of calculating earnings per share. Historically, the two-class method of calculating earnings per share did not have a material impact on the Company's earnings per share calculation under the treasury stock method. Beginning in the second quarter of Fiscal Year 2018, the Company applied the two-class method of calculating earnings per share because the ratio of participating securities to the weighted average number of common shares outstanding has increased as compared to the historical average, and this dilution will continue if the Company continues to repurchase its common stock at current levels. For further details refer to Note 14, *Computation of Earnings Per Common Share*.

Immaterial Out-of-Period Correction:

During the first quarter of Fiscal Year 2018, the Company recognized an out-of-period correction to its Fiscal Year 2017 geographic mix of taxable income, which resulted in an overstatement of Fiscal Year 2017 income tax expense by $2.8 million. The Company's correction, recognized in the quarter ended June 30, 2017, resulted in a $2.8 million benefit to income tax expense. The Company assessed the materiality of this error and concluded it was not material to Fiscal Year 2017 and is not expected to be material to the full Fiscal Year 2018.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance regarding revenue from contracts with customers. While the standard supersedes existing revenue recognition guidance, it closely aligns with current U.S. GAAP. Under the new standard, revenue will be recognized at the time control of a good or service is transferred to a customer for the amount of consideration received or to be received for that specific good or service. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. In March 2016, the FASB issued additional guidance concerning "Principal versus Agent" considerations (reporting revenue gross versus net); in April 2016, the FASB issued additional guidance on identifying performance obligations and licensing; and in May 2016, the FASB issued additional guidance on collectability, non-cash consideration, presentation of sales tax, and transition. These updates are intended to improve the operability and understandability of the implementation guidance and have the same effective date and transition requirements as the greater "contracts with customers" standard. The Company will adopt the standard, as amended, in the first quarter of its fiscal year ending March 31, 2019, utilizing the modified retrospective method of adoption. The Company has completed its initial review of the impact of this guidance, and does not anticipate a material impact on its revenue recognition practices. The Company will continue to assess all potential impacts of the standard, and currently believes the most significantly impacted areas are the following:

- Software Revenue: The Company currently defers revenue for the value of software where vendor specific objective evidence ("VSOE") of fair value has not been established for undelivered items. Under Topic 606, revenue for such licenses will be recognized at the transfer of control, rather than ratably, as the VSOE requirement no longer applies and the value of the remaining services are not material in the context of the contract. At June 30, 2017, deferred revenue under Topic 605 for these licenses was $1.9 million. The Company expects the remaining balance of such deferred revenue will be eliminated as a cumulative effect adjustment of implementing Topic 606 in the first quarter of its fiscal year ending March 31, 2019.

- Marketing Development Funds: The Company frequently provides marketing development funds to its channel partners. Under topic 605, our marketing development funds are recognized as a reduction of revenue at the later of when the related revenue is recognized or when the program is offered to the channel partner. Applying the criteria of Topic 606, these marketing development programs qualify as variable consideration, and are assigned as a reduction of the transaction price of the contract. This results in a timing difference such that all or some of the funds related to a program may be recognized in different periods than under Topic 605, depending on the circumstances. Based on analysis of prior periods, we anticipate that this timing difference impacts revenue by immaterial amounts in a given period. The full impact of the adjustment is still being analyzed by the Company.

- Revenue Reserves: The Company establishes reserves for Discounts and Rebates and Sales Returns at the end of each fiscal period. These reserves are estimated based on current relevant and historical data, but there can be some variability associated with unforeseen changes in customer claim and return patterns. Under Topic 606, in cases where there is uncertainty around the variable consideration amount, a constraint, or an adjustment to ensure that a significant revenue reversal will not occur, on that consideration must be considered. Based on analysis of prior periods, we anticipate that impact of introducing this constraint will not materially impact revenue. The full impact of the adjustment is still being analyzed by the Company.

In addition, the standard also requires new, expanded disclosures regarding revenue recognition. The Company will continue to monitor additional changes, modifications, clarifications or interpretations being undertaken by the FASB, which may impact its current conclusions.

In January 2016, the FASB issued guidance regarding the recognition and measurement of financial assets and liabilities. Changes to the current U.S. GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The Company is required to adopt the standard in the first quarter of its fiscal year ending March 31, 2019, but may elect to adopt earlier as permitted under the standard. The Company is currently evaluating what impact, if any, the adoption of this standard will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued guidance regarding both operating and financing leases, requiring lessees to recognize on their balance sheets "right-of-use assets" and corresponding lease liabilities, measured on a discounted basis over the lease term. Virtually all leases will be subject to this treatment except leases that meet the definition of a "short-term lease". For expense recognition, the dual model requiring leases to be classified as either operating or finance leases has been retained from the prior standard. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. Classification will use criteria very similar to those applied in current lease accounting, but without explicit bright lines. Extensive additional quantitative and qualitative disclosures, including significant judgments made by management, will be required to provide greater insight into the extent of expense recognized and expected to be recognized. The new lease guidance will essentially eliminate off-balance sheet financing. The guidance is effective for the Company's fiscal year ending March 31, 2020. The new standard must be adopted using a modified retrospective transition that provides for certain practical expedients and requires the new guidance to be applied at the beginning of the earliest comparative period presented. The Company expects adoption of this guidance will materially increase the assets and liabilities recorded on its Consolidated Balance Sheets, but is still evaluating the impact on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued guidance regarding the measurement of credit losses on financial instruments, which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. The guidance is effective for the Company's fiscal year ending March 31, 2021 with early adoption permitted beginning in the first quarter of Fiscal Year 2020. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued guidance that revises the definition of a business, providing a more robust framework for determining when a set of assets and activities is deemed a business. The guidance is effective for the Company's fiscal year ending March 31, 2019, including interim periods within that year, and is not expected to have a significant impact on the Company's consolidated financial statements or related disclosures.

In January 2017, the FASB issued guidance that simplifies the process required to test goodwill for impairment. The guidance is effective for the Company's fiscal year ending March 31, 2021, and is not expected to have a significant impact on the Company's consolidated financial statements or related disclosures.

In March 2017, the FASB issued guidance related to the amortization of premiums on purchased callable debt securities. This guidance shortens the amortization period for certain callable debt securities purchased at a premium by requiring that the premium be amortized to the earliest call date instead of the maturity date. This guidance is effective for the Company's fiscal year ending March 31, 2020, including interim periods within that year. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures, but expects the impact to be immaterial.

In May 2017, the FASB issued guidance that clarifies the scope of modification accounting with respect to changes to the terms or conditions of a share-based payment award. This guidance is effective for the Company's fiscal year ending March 31, 2019, including interim periods within that year. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures, but expects the impact to be immaterial.

In August 2017, the FASB issued guidance that eliminates the requirement to separately measure and report hedge ineffectiveness and that generally requires, for qualifying hedges, the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance also modifies the accounting for components excluded from the assessment of hedge effectiveness, eases documentation and assessment requirements, and modifies certain disclosure requirements. The new standard must be adopted using a modified retrospective transition with a cumulative effect adjustment recorded to opening retained earnings as of the initial adoption date. This guidance is effective for the Company's fiscal year ending March 31, 2020, including interim periods within that year. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures, but expects the impact to be immaterial.

Recently Adopted Pronouncement

Beginning Fiscal Year 2018, the Company adopted the FASB's new guidance, *Improvements to Employee Share-Based Payment Accounting*, which changes among other things, how the tax effects of share-based awards are recognized. This new guidance requires excess tax benefits and tax deficiencies to be recognized in the provision for income taxes as discrete items in the period when the awards vest or are settled, whereas previously such income tax effects were recorded as part of additional paid-in capital. The provision for income taxes for the three and six months ended September 30, 2017, included excess tax benefits of $0.1 million and $2.0 million, respectively, that reduced the Company's effective tax rate by 0.3 and 4.8 percentage points, respectively. The recognized excess tax benefits resulted from share-based compensation awards that vested or settled in the first three months of 2017. This guidance also eliminates the requirement to reclassify cash flows related to excess tax benefits from operating activities to financing activities on the consolidated statements of cash flows. The Company adopted this provision retrospectively by reclassifying $0.9 million of excess tax benefits from financing activities to operating activities in the condensed consolidated statement of cash flows for the six months ended September 30, 2016. The Company also excluded the related tax benefits when applying the treasury stock method for computing diluted shares outstanding on a prospective basis as required by this guidance. In addition, the Company elected to continue its current practice of estimating expected forfeitures. The Company made no changes to its presentation of withholding taxes on the settlement of share-based payment awards, which were already presented as financing activities. The amount of excess tax benefits and deficiencies recognized in the provision for income taxes will fluctuate from period-to-period based on the price of the Company's stock, the volume of share-based instruments settled or vested, and the value assigned to share-based instruments under U.S. GAAP. Refer to additional discussion in Note 13, *Income Taxes*.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following tables summarize the Company's cash and available-for-sale securities' amortized cost, gross unrealized gains, gross unrealized losses, and fair value by significant investment category recorded as cash and cash equivalents, short-term, or long-term investments as of September 30, 2017 and March 31, 2017 (in thousands):

September 30, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash & Cash Equivalents	Short-term investments (due in 1 year or less)	Long-term investments (due in 1 to 3 years)
Cash	$ 290,429	$ —	$ —	$ 290,429	$ 290,429	$ —	$ —
Level 1:							
Mutual Funds	13,507	675	(27)	14,155	—	14,155	—
US Treasury Notes	32,958	—	(66)	32,892	—	20,084	12,808
Subtotal	46,465	675	(93)	47,047	—	34,239	12,808
Level 2:							
Government Agency Securities	47,851	—	(139)	47,712	—	26,870	20,842
Commercial Paper	52,099	—	—	52,099	11,185	40,914	—
Corporate Bonds	146,781	126	(95)	146,812	—	78,730	68,082
Certificates of Deposits ("CDs")	21,532	14	—	21,546	1,502	16,525	3,519
Subtotal	268,263	140	(234)	268,169	12,687	163,039	92,443
Total cash, cash equivalents and investments measured at fair value	$ 605,157	$ 815	$ (327)	$ 605,645	$ 303,116	$ 197,278	$ 105,251

March 31, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash & Cash Equivalents	Short-term investments (due in 1 year or less)	Long-term investments (due in 1 to 3 years)
Cash	$ 295,877	$ —	$ —	$ 295,877	$ 295,877	$ —	$ —
Level 1:							
Mutual Funds	12,079	352	(32)	12,399	—	12,399	—
US Treasury Notes	35,960	—	(68)	35,892	—	17,560	18,332
Subtotal	48,039	352	(100)	48,291	—	29,959	18,332
Level 2:							
Government Agency Securities	54,415	20	(164)	54,271	—	15,309	38,962
Commercial Paper	47,152	—	—	47,152	6,093	41,059	—
Corporate Bonds	141,508	64	(224)	141,348	—	73,676	67,672
Certificates of Deposits ("CDs")	20,383	3	—	20,386	—	18,176	2,210
Subtotal	263,458	87	(388)	263,157	6,093	148,220	108,844
Total cash, cash equivalents and investments measured at fair value	$ 607,374	$ 439	$ (488)	$ 607,325	$ 301,970	$ 178,179	$ 127,176

As of September 30, 2017 and March 31, 2017, with the exception of assets related to the Company's deferred compensation plan, all of the Company's investments are classified as available-for-sale securities. The carrying value of available-for-sale securities included in cash equivalents approximates fair value because of the short maturity of those instruments. For more information regarding the Company's deferred compensation plan, refer to Note 4, *Deferred Compensation*.

The Company did not incur any material realized or unrealized gains or losses in the three and six months ended September 30, 2016 and 2017.

There were no transfers between fair value measurement levels during the three and six months ended September 30, 2016 and 2017.

All financial assets and liabilities are recognized or disclosed at fair value in the financial statements or the accompanying notes thereto. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1
The Company's Level 1 financial assets consist of Mutual Funds and US Treasury Notes. The fair value of Level 1 financial instruments is measured based on the quoted market price of identical securities.

Level 2
The Company's Level 2 financial assets and liabilities consist of Government Agency Securities, Commercial Paper, Corporate Bonds, and Certificates of Deposits ("CDs"), derivative foreign currency contracts, and long-term debt. The fair value of Level 2 investment securities is determined based on other observable inputs, including multiple non-binding quotes from independent pricing services. Non-binding quotes are based on proprietary valuation models that are prepared by the independent pricing services and use algorithms based on inputs such as observable market data, quoted market prices for similar securities, issuer spreads, and internal assumptions of the broker. The Company corroborates the reasonableness of non-binding quotes received from the independent pricing services using a variety of techniques depending on the underlying instrument, including: (i) comparing them to actual experience gained from the purchases and maturities of investment securities, (ii) comparing them to internally developed cash flow models based on observable inputs, and (iii) monitoring changes in ratings of similar securities and the related impact on fair value. The fair value of Level 2 derivative foreign currency contracts is determined using pricing models that use observable market inputs. For more information regarding the Company's derivative assets and liabilities, refer to Note 12, *Foreign Currency Derivatives*. The fair value of Level 2 long-term debt is determined based on inputs that were observable in the market, including the trading price of the notes when available. For more information regarding the Company's 5.50% Senior Notes, refer to Note 7, *Debt.*

Level 3

The Company's unsecured revolving credit facility falls under the Level 3 hierarchy. The fair value of the Company’s line of credit approximates its carrying value because the interest rate is variable and approximates rates currently available to the Company.

4. DEFERRED COMPENSATION

As of September 30, 2017, the Company held bank deposits of $0.8 million and investments in mutual funds totaling $14.2 million, all of which related to debt and equity securities that are held in rabbi trusts under non-qualified deferred compensation plans. The total related deferred compensation liability was $15.5 million at September 30, 2017. As of March 31, 2017, the Company held bank deposits of $0.8 million and investments in mutual funds totaling $12.4 million. The total related deferred compensation liability at March 31, 2017 was $13.7 million.

The bank deposits are recorded on the condensed consolidated balance sheets under "cash and cash equivalents". The securities are classified as trading securities and are recorded on the condensed consolidated balance sheets under "short-term investments". The liability is recorded on the condensed consolidated balance sheets under "other long-term liabilities" and "accrued liabilities".

5. DETAILS OF CERTAIN BALANCE SHEET ACCOUNTS

Accounts receivable, net:

(in thousands)	**March 31, 2017**	**September 30, 2017**
Accounts receivable	$ 184,068	$ 186,870
Provisions for returns	(10,541)	(9,865)
Provisions for promotions, rebates, and other	(31,747)	(36,513)
Provisions for doubtful accounts and sales allowances	(603)	(809)
Accounts receivable, net	$ 141,177	$ 139,683

Inventory, net:

(in thousands)	**March 31, 2017**	**September 30, 2017**
Raw materials	$ 20,260	$ 22,668
Work in process	215	237
Finished goods	34,981	38,094
Inventory, net	$ 55,456	$ 60,999

Accrued Liabilities:

(in thousands)	**March 31, 2017**	**September 30, 2017**
Employee compensation and benefits	$ 36,415	$ 22,278
Accrued interest on 5.50% Senior Notes	10,407	10,312
Warranty obligation	6,863	6,739
VAT/Sales tax payable	5,433	5,852
Derivative liabilities	1,323	4,588
Accrued other	13,844	18,665
Accrued liabilities	$ 74,285	$ 68,434

The Company's warranty obligation is included as a component of accrued liabilities on the condensed consolidated balance sheets. Changes in the warranty obligation during the six months ended September 30, 2016 and 2017 were as follows:

	Six Months Ended September 30,	
(in thousands)	**2016**	**2017**
Warranty obligation at beginning of period	$ 8,537	$ 8,697
Warranty provision related to products shipped	4,649	4,635
Deductions for warranty claims processed	(4,742)	(5,080)
Adjustments related to preexisting warranties	96	405
Warranty obligation at end of period[1]	$ 8,540	$ 8,657

[1] *Includes both short-term and long-term portion of warranty obligation; the prior table shows only the short-term portion included in accrued liabilities on our condensed consolidated balance sheet. The long-term portion is included in other long-term liabilities.*

6. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations

The Company purchases materials and services from a variety of suppliers and manufacturers. During the normal course of business and to manage manufacturing operations and general and administrative activities, the Company may enter into firm, non-cancelable, and unconditional purchase obligations for which amounts are not recorded on the consolidated balance sheets. As of September 30, 2017, the Company had outstanding off-balance sheet third-party manufacturing, component purchase, and other general and administrative commitments of $176.2 million.

Other Guarantees and Obligations

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, purchasers of assets or subsidiaries and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of agreements or representations and warranties made by the Company, services to be provided by the Company, intellectual property infringement claims made by third parties or, with respect to the sale of assets of a subsidiary, matters related to the Company's conduct of business and tax matters prior to the sale. From time to time, the Company indemnifies customers against combinations of loss, expense, or liability arising from various triggering events relating to the sale and use of its products and services.

In addition, the Company also provides indemnification to customers against claims related to undiscovered liabilities, additional product liability, or environmental obligations. The Company has also entered into indemnification agreements with its directors, officers and certain other personnel that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers of the Company or certain of its affiliated entities. The Company maintains director and officer liability insurance, which may cover certain liabilities arising from its obligation to indemnify its directors, officers and certain other personnel in certain circumstances. It is not possible to determine the aggregate maximum potential loss under these agreements due to the limited history of prior claims and the unique facts and circumstances involved in each particular claim. Such indemnification obligations might not be subject to maximum loss clauses. Historically, the Company has not incurred material costs as a result of obligations under these agreements and it has not accrued any liabilities related to such indemnification obligations in the condensed consolidated financial statements.

Claims and Litigation

On October 12, 2012, GN Netcom, Inc. ("GN") sued the Company in the United States ("U.S.") District Court for the District of Delaware, alleging violations of the Sherman Act, the Clayton Act, and Delaware common law. In its complaint, GN specifically alleged four causes of action: monopolization, attempted monopolization, concerted action in restraint of trade, and tortious interference with business relations. GN claimed that the Company dominates the market for headsets sold into contact centers in the U.S. and that a critical channel for sales of headsets to contact centers is through a limited network of specialized independent distributors ("SIDs"). GN asserted that the Company attracts SIDs through exclusive distributor agreements and alleged that the use of these agreements is illegal. On July 6, 2016, the Court in GN Netcom, Inc. v. Plantronics, Inc. ordered the following sanctions against the Company as they relate to certain discovery matters in the litigation: (1) monetary sanctions in the form of reasonable fees and costs incurred by GN in connection with the discovery disputes leading to the motion for sanctions; (2) punitive sanctions in the amount of $3 million; (3) possible evidentiary sanctions; and (4) instructions to the jury that it may draw an adverse inference that emails destroyed by the Company would have been favorable to GN's case and/or unfavorable to the Company's defense. As a result, during the three months ended June 30, 2016, the Company accrued $3 million for the punitive sanctions and an additional $2 million, representing the Company's best estimate of reasonable fees and costs incurred by GN in connection with the disputes leading to the motion for sanctions, for a total of $5 million. The Company paid the $3 million in punitive damages to GN on or about September 1, 2016 and paid the remaining balance, which was reduced to $1.9 million, on December 7, 2016.

The parties conducted fact and expert discovery through December 2016. In February 2017, the court granted the Company's request to file a summary judgment motion, which the Company subsequently filed in April 2017. The court denied that motion in August 2017. GN also filed a motion for sanctions, which the court denied in July 2017. Both sides also filed Daubert motions to exclude certain expert testimony; those motions were denied in August.

Trial of this matter commenced on October 11, 2017, subsequent to the Company's second quarter of Fiscal Year 2018. On October 18, 2017, the jury reached a verdict in favor of the Company on all counts, with no damages awarded to GN.

In a letter dated May 1, 2017, the Company received a Notice of Proposed Debarment from the General Services Administration ("GSA"). That matter was dismissed by the GSA upon a finding of no cause in August 2017.

In addition to the specific matter discussed above, the Company is involved in various legal proceedings arising in the normal course of conducting business. For such legal proceedings, where applicable, the Company has accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material to the Company's financial condition, results of operations, or cash flows. With respect to proceedings for which no accrual has been made, the Company is not able to estimate an amount or range of any reasonably possible additional losses because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the variable treatment of claims made in many of these proceedings, and the difficulty of predicting the settlement value of many of these proceedings. However, based upon the Company's historical experience, the resolution of these proceedings is not expected to have a material effect on the Company's financial condition, results of operations or cash flows. The Company may incur substantial legal fees, which are expensed as incurred, in defending against these legal proceedings.

7. DEBT

5.50% Senior Notes

In May 2015, the Company issued $500.0 million aggregate principal amount of 5.50% senior notes (the "5.50% Senior Notes"). The 5.50% Senior Notes mature on May 31, 2023, and bear interest at a rate of 5.50% per annum, payable semi-annually on May 15 and November 15, commencing on November 15, 2015. The Company received net proceeds of $488.4 million from the issuance of the 5.50% Senior Notes, net of issuance costs of $11.6 million which are being amortized to interest expense over the term of the 5.50% Senior Notes using the effective interest method. A portion of the proceeds was used to repay all then-outstanding amounts under our revolving line of credit agreement with Wells Fargo Bank and the remaining proceeds were used primarily for share repurchases.

The fair value of the 5.50% Senior Notes was determined based on inputs that were observable in the market, including the trading price of the 5.50% Senior Notes when available (Level 2). The estimated fair value and carrying value of the 5.50% Senior Notes were as follows:

	March 31, 2017		September 30, 2017	
(in thousands)	Fair Value	Carrying Value	Fair Value	Carrying Value
5.50% Senior Notes	$ 505,150	$ 491,059	$ 520,205	$ 491,784

The Company may redeem all or a part of the 5.50% Senior Notes, upon not less than 30 or more than a 60 day notice; however, the applicable redemption price will be determined as follows:

	Redemption Period Requiring Payment of:		Redemption Up To 35% Using Cash Proceeds From An Equity Offering[3]:	
	Make-Whole[1]	Premium[2]	Date	Specified Price
5.50% Senior Notes	Prior to May 15, 2018	On or after May 15, 2018	Prior to May 15, 2018	105.500%

[1] *If the Company redeems the notes prior to the applicable date, the redemption price is principal plus a make-whole premium equal to the present value of the remaining scheduled interest payments as described in the applicable indenture, together with accrued and unpaid interest.*

[2] *If the Company redeems the notes on or after the applicable date, the price is principal plus a premium which declines over time as specified in the applicable indenture, together with accrued and unpaid interest.*

[3] *If the Company redeems the notes prior to the applicable date with net cash proceeds of one or more equity offerings, the price is equal to the amount specified above, together with accrued and unpaid interest, subject to a maximum redemption of 35% of the aggregate principal amount of the respective note being redeemed.*

In addition, upon the occurrence of certain change of control triggering events, the Company may be required to repurchase the 5.50% Senior Notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The 5.50% Senior Notes contain restrictive covenants that, among other things, limit the Company's ability to create certain liens and enter into sale and leaseback transactions; create, assume, incur, or guarantee additional indebtedness of its subsidiaries without such subsidiary guaranteeing the 5.50% Senior Notes on an unsecured unsubordinated basis; and consolidate or merge with, or convey, transfer or lease all or substantially all of the assets of the Company and its subsidiaries to another person. As of September 30, 2017, the Company was in compliance with all covenants.

Revolving Credit Agreement

On May 9, 2011, the Company entered into a credit agreement with Wells Fargo Bank, National Association ("the Bank"), which was most recently amended on April 28, 2017 (as amended, the "Amended Credit Agreement") to extend the term of the Credit Agreement by one year to May 9, 2020, and to amend certain of the covenants, which are defined below.

The Amended Credit Agreement provides for a $100.0 million unsecured revolving credit facility. Revolving loans under the Credit Agreement will bear interest, at the Company's election, at (i) the Bank's announced prime rate less 1.20% per annum or (ii) a daily one-month LIBOR rate plus 1.40% per annum. Interest is payable quarterly in arrears on the first day of each of April, July, October and January. Principal, together with all accrued and unpaid interest, on the revolving loans is due and payable on May 9, 2020. The Company is also obligated to pay a commitment fee of 0.37% per annum on the average daily unused amount of the revolving line of credit, which fee shall be payable quarterly in arrears on the first day of each of April, July, October and January.

The Company may prepay the loans and terminate the commitments under the Credit Agreement at any time, without premium or penalty, subject to the reimbursement of certain costs. As of March 31, 2017 and September 30, 2017, the Company had no outstanding borrowings under the line of credit.

The Amended Credit Agreement contains customary affirmative and negative covenants, including, among other things, covenants limiting the ability of the Company to incur debt, make capital expenditures, grant liens, merge or consolidate, and make investments. The Amended Credit Agreement also requires the Company to comply with certain financial covenants, including (i) a maximum ratio of funded debt to EBITDA of 3.25:1 (previously 3:1) and (ii) a minimum EBITDA coverage ratio, in each case, tested as of each fiscal quarter and determined on a rolling four-quarter basis. In addition, the Company and its subsidiaries are required to maintain unrestricted cash, cash equivalents and marketable securities plus availability under the Amended Credit Agreement at the end of each fiscal quarter of at least $300.0 million. The Amended Credit Agreement contains customary events of default that include, among other things, payment defaults, covenant defaults, cross-defaults with certain other indebtedness, bankruptcy and insolvency defaults, and judgment defaults. The occurrence of an event of default could result in the acceleration of the obligations under the Amended Credit Agreement. As of March 31, 2017 and September 30, 2017, the Company was in compliance with all covenants.

8. RESTRUCTURING AND OTHER RELATED CHARGES (CREDITS)

During the first six months of Fiscal Year 2018 and as part of its ongoing effort to reduce costs, improve profitability, and focus on its key strategic initiatives, the Company executed an asset sale agreement to dispose of substantially all assets of its Clarity division, primarily inventories and tooling fixed assets, for an immaterial sales price. The buyer in this arrangement was a former employee of the Company, who acted as Clarity's President but who was not an executive officer or director of the Company. As part of the buyer's separation from Plantronics, the Company accelerated vesting on his outstanding restricted stock, resulting in an immaterial stock-compensation modification charge.

In connection with the sale, the Company is leasing the facility it owns in Chattanooga, Tennessee, to the buyer for a period of twelve months. The Company also entered into a transition services agreement with the buyer to provide customer support services on a cost-recovery basis, which are not expected to be material, for a period of one year. The Company also recorded immaterial impairment charges on assets previously used in Clarity operations that have no further value to the Company.

In addition to the sale of the Clarity division and the related restructuring actions, the Company reduced headcount in certain divisions and terminated a lease in the Netherlands before the end of its contractual term, resulting in a charge equal to the present value of the remaining future minimum lease payments. In connection with this exit, the Company wrote off certain fixed assets that will no longer be used. Finally, the Company reorganized its Brazilian operations and as a result, wrote off an unrecoverable indirect tax asset.

As of September 30, 2017, the remaining obligation related to severance amounts due is immaterial and will be settled within 12 months.

During the quarter ended September 30, 2017, we recorded an immaterial adjustment to restructuring and other related charges (credits) resulting from a change in estimate from amounts previously recorded.

The associated charges for the six months ended September 30, 2017 are recorded in restructuring and other related charges (credits), cost of revenues, and selling, general, and administrative expense in the condensed consolidated statements of operations, as follows:

	Six months ended September 30, 2017			
(in millions)	**Total Charges**	**Restructuring and Other Related Charges (Credits)**	**Cost of Revenues**	**Selling, General, and Administrative**
Severance benefits from reduction-in-force	$ 1.4	$ 1.4	$ —	$ —
Lease exit charge and asset impairments in Netherlands	0.7	0.7	—	—
Write-off of unrecoverable indirect tax asset in Brazil	0.7	—	0.7	—
Asset impairments related to previous Clarity operations	0.4	0.4	—	—
Loss on Clarity asset sale	0.9	—	0.9	—
Accelerated vesting of restricted stock	0.2	—	—	0.2
Totals	$ 4.3	$ 2.5	$ 1.6	$ 0.2

9. STOCK-BASED COMPENSATION

The Company recognizes the grant-date fair value of stock-based compensation as compensation expense using the straight-line attribution approach over the service period for which the stock-based compensation is expected to vest. The following table summarizes the amount of stock-based compensation included in the condensed consolidated statements of operations:

(in thousands)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2017	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017
Cost of revenues	$ 778	$ 890	$ 1,620	$ 1,792
Research, development, and engineering	2,408	2,008	4,892	4,109
Selling, general, and administrative	4,717	5,864	9,804	12,117
Stock-based compensation included in operating expenses	7,125	7,872	14,696	16,226
Total stock-based compensation	7,903	8,762	16,316	18,018
Income tax benefit	(2,877)	(2,840)	(5,649)	(7,689)
Total stock-based compensation, net of tax	$ 5,026	$ 5,922	$ 10,667	$ 10,329

10. COMMON STOCK REPURCHASES

From time to time, the Company's Board of Directors (the "Board") has authorized programs under which the Company may repurchase shares of its common stock, depending on market conditions, in the open market or through privately negotiated transactions. Repurchased shares are held as treasury stock until they are retired or re-issued. Repurchases by the Company pursuant to Board-authorized programs during the six months ended September 30, 2016 and 2017 are discussed below. As of September 30, 2017, there remained 1,028,586 shares authorized for repurchase under the repurchase programs approved by the Board on July 29, 2016 and July 27, 2017. There were no remaining shares authorized under previously approved programs.

In the six months ended September 30, 2016 and 2017, the Company repurchased 613,021 shares and 841,249 shares, respectively, of its common stock in the open market for a total cost of $26.8 million and $39.2 million, respectively, and at an average price per share of $43.76 and $46.62, respectively. In addition, the Company withheld shares valued at $9.1 million and $10.8 million in the six months ended September 30, 2016 and 2017, respectively, in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under the Company's stock plans. The amounts withheld were equivalent to the employees' minimum statutory tax withholding requirements and are reflected as a financing activity within the Company's condensed consolidated statements of cash flows. These share withholdings have the same effect as share repurchases by the Company as they reduce the number of shares that would have otherwise been issued in connection with the vesting of shares subject to the restricted stock grants.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated other comprehensive income ("AOCI"), net of immaterial tax effects, are as follows:

(in thousands)	March 31, 2017	September 30, 2017
Accumulated unrealized gain (loss) on cash flow hedges [(1)]	$ 529	$ (3,039)
Accumulated foreign currency translation adjustments	4,428	4,685
Accumulated unrealized gain (loss) on investments	(263)	(115)
Accumulated other comprehensive income	$ 4,694	$ 1,531

[(1)] *Refer to Note 12, Foreign Currency Derivatives, which discloses the nature of the Company's derivative assets and liabilities as of March 31, 2017 and September 30, 2017.*

12. FOREIGN CURRENCY DERIVATIVES

The Company's foreign currency derivatives consist primarily of foreign currency forward exchange contracts, option contracts, and cross-currency swaps. The Company does not purchase derivative financial instruments for speculative trading purposes. The derivatives expose the Company to credit risk to the extent the counterparties may be unable to meet the terms of the derivative instrument. The Company's maximum exposure to loss that it would incur due to credit risk if parties to derivative contracts failed completely to perform according to the terms of the contracts was equal to the carrying value of the Company's derivative assets as of September 30, 2017. The Company seeks to mitigate such risk by limiting its counterparties to large financial institutions. In addition, the Company monitors the potential risk of loss with any one counterparty resulting from this type of credit risk on an ongoing basis.

The Company enters into master netting arrangements with counterparties when possible to mitigate credit risk in derivative transactions. A master netting arrangement may allow each counterparty to net settle amounts owed between the Company and the counterparty as a result of multiple, separate derivative transactions. As of September 30, 2017, the Company had International Swaps and Derivatives Association (ISDA) agreements with four applicable banks and financial institutions which contained netting provisions. Plantronics has elected to present the fair value of derivative assets and liabilities on the Company's condensed consolidated balance sheet on a gross basis even when derivative transactions are subject to master netting arrangements and may otherwise qualify for net presentation. For each counterparty, if netted, the Company would offset the asset and liability balances of all derivatives at the end of the reporting period. Derivatives not subject to master netting agreements are not eligible for net presentation. As of March 31, 2017 and September 30, 2017, no cash collateral had been received or pledged related to these derivative instruments.

The gross fair value of the Company's outstanding derivative contracts at the end of each period was as follows:

(in thousands)	March 31, 2017	September 30, 2017
Derivative Assets[(1)]		
Non-designated hedges	$ 86	$ 310
Cash flow hedges	2,034	505
Total Derivative Assets	$ 2,120	$ 815
Derivative Liabilities[(2)]		
Non-designated hedges	$ 286	$ 339
Cash flow hedges	1,109	4,346
Total Derivative Liabilities	$ 1,395	$ 4,685

[(1)] *Short-term derivative assets are recorded in "other current assets" and long-term derivative assets are recorded in "deferred tax and other assets". As of September 30, 2017 the portion of derivative assets classified as long-term was immaterial.*
[(2)] *Short-term derivative liabilities are recorded in "accrued liabilities" and long-term derivative liabilities are recorded in "other long-term liabilities". As of September 30, 2017 the portion of derivative liabilities classified as long-term was immaterial.*

Non-Designated Hedges

As of September 30, 2017, the Company had foreign currency forward contracts denominated in Euros ("EUR"), British Pound Sterling ("GBP"), Australian Dollars ("AUD"), and Canadian Dollars ("CAD"). The Company does not elect to obtain hedge accounting for these forward contracts. These forward contracts hedge against a portion of the Company's foreign currency-denominated cash balances, receivables, and payables. The following table summarizes the notional value of the Company's outstanding foreign exchange currency contracts and approximate U.S. Dollar ("USD") equivalent at September 30, 2017:

(in thousands)	Local Currency	USD Equivalent	Position	Maturity
EUR	€ 33,900	$ 28,650	Sell EUR	1 month
GBP	£ 5,000	$ 6,710	Sell GBP	1 month
AUD	A$ 13,200	$ 10,352	Sell AUD	1 month
CAD	C$ 2,700	$ 2,161	Sell CAD	1 month

Effect of Non-Designated Derivative Contracts on the Condensed Consolidated Statements of Operations

The effect of non-designated derivative contracts recognized in other non-operating income and (expense), net in the condensed consolidated statements of operations was as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands)	**2016**	**2017**	**2016**	**2017**
Gain (loss) on foreign exchange contracts	$ (193)	$ 2,102	$ 1,750	$ 5,236

Cash Flow Hedges

Costless Collars

The Company hedges a portion of the forecasted EUR and GBP denominated revenues with costless collars. On a monthly basis, the Company enters into option contracts with a six to eleven month term. Collar contracts are scheduled to mature at the beginning of each fiscal quarter, at which time the instruments convert to forward contracts. The Company also enters into cash flow forwards with a three month term. Once the hedged revenues are recognized, the forward contracts become non-designated hedges to protect the resulting foreign monetary asset position for the Company.

The notional value of the Company's outstanding EUR and GBP option and forward contracts at the end of each period was as follows:

	March 31, 2017		September 30, 2017	
(in millions)	**EUR**	**GBP**	**EUR**	**GBP**
Option contracts	€73.5	£23.9	€81.7	£23.9
Forward contracts	€11.2	£3.3	€13.4	£3.6

The Company will reclassify all amounts accumulated in other comprehensive income into earnings within the next twelve months.

Cross-currency Swaps

The Company hedges a portion of the forecasted Mexican Peso ("MXN") denominated expenditures with a cross-currency swap. As of March 31, 2017 and September 30, 2017, the Company had foreign currency swap contracts of approximately MXN 287.2 million and MXN 134.2 million, respectively.

The following table summarizes the notional value of the Company's outstanding MXN cross-currency swaps and approximate USD Equivalent at September 30, 2017:

(in thousands)	**Local Currency**	**USD Equivalent**	**Position**	**Maturity**
MXN	$ 134,150	$ 6,978	Buy MXN	Monthly over 9 months

Effect of Designated Derivative Contracts on AOCI and Condensed Consolidated Statements of Operations

The following table presents the pre-tax effects of derivative instruments designated as cash flow hedges on accumulated other comprehensive income and the condensed consolidated statements of operations for the three and six months ended September 30, 2016 and 2017:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands)	**2016**	**2017**	**2016**	**2017**
Gain (loss) included in AOCI as of beginning of period	$ 415	$ (1,744)	$ (1,106)	$ 541
Amount of gain (loss) recognized in other comprehensive income ("OCI") (effective portion)	(650)	(2,302)	304	(4,647)
Amount of gain (loss) reclassified from OCI into net revenues (effective portion)	825	1,131	985	1,149
Amount of gain (loss) reclassified from OCI into cost of revenues (effective portion)	(589)	(174)	(1,316)	(132)
Total amount of gain (loss) reclassified from AOCI to income (loss) (effective portion)	236	957	(331)	1,017
Gain (loss) included in AOCI as of end of period	$ (471)	$ (3,089)	$ (471)	$ (3,089)

During the three and six months ended September 30, 2016 and 2017 the Company recognized an immaterial gain and immaterial loss on the ineffective portion of its cash flow hedges, respectively, which is reported in other non-operating income and (expense), net in the condensed consolidated statements of operations.

13. INCOME TAXES

The Company and its subsidiaries are subject to taxation in the U.S. and in various foreign and state jurisdictions. The effective tax rates for the three months ended September 30, 2016 and 2017 were 21.4% and 19.3%, respectively. The effective tax rates for the six months ended September 30, 2016 and 2017 were 22.0% and 7.2%, respectively.

The decrease in the effective tax rates for the three and six months ended September 30, 2017 is due primarily to a shift in geographic mix of taxable income from higher tax jurisdictions to lower tax jurisdictions. The effective tax rate for the six months ended September 30, 2017 further decreased due to the adoption of new guidance related to stock-based compensation.

The Company recorded a correction to the geographic mix of income during the three months ended June 30, 2017 related to Fiscal Year 2017 which reduced income in a high tax jurisdiction and increased income in a low tax jurisdiction. This correction resulted in a reduction to the Company's effective tax rate by 6.6 percentage points for the six months ended September 30, 2017 as compared to the prior year period. It had no impact on the three months ended September 30, 2017. For additional details regarding this correction refer to Note 1, *Basis of Presentation*.

The Company adopted new stock-based compensation accounting guidance effective the beginning of Fiscal Year 2018. Excess tax benefits associated with employee equity plans were previously recorded in additional paid-in capital and the adoption of this guidance resulted in a reduction to the Company's effective tax rate by 0.3 and 4.8 percentage points for the three and six months ended September 30, 2017, respectively. The amount of excess tax benefits or deficiencies will fluctuate from period-to-period based on the price of the Company's stock, the volume of share-based instruments settled or vested, and the value assigned to employee equity awards under U.S. GAAP.

Included in long-term income taxes payable in the condensed consolidated balance sheets as of March 31, 2017 and September 30, 2017 were unrecognized tax benefits of $12.9 million and $13.4 million, respectively, which would favorably impact the effective tax rate in future periods if recognized. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense in the condensed consolidated statements of operations. The accrued interest related to unrecognized tax benefits was $1.7 million and $1.6 million as of March 31, 2017 and September 30, 2017, respectively. No penalties have been accrued.

The Company and its subsidiaries are subject to taxation in the U.S. federal and various foreign and state jurisdictions. The Company's Fiscal Year 2016 federal income tax return is currently under examination by the Internal Revenue Service. Foreign income tax matters for material tax jurisdictions have been concluded for tax years prior to Fiscal Year 2012.

The Company believes that an adequate provision has been made for any adjustments that may result from tax examinations; however, the outcome of such examinations cannot be predicted with certainty. If any issues addressed in the tax examinations are resolved in a manner inconsistent with the Company's expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs. The timing of any resolution and/or closure of tax examinations is not certain.

14. COMPUTATION OF EARNINGS PER COMMON SHARE

Basic and diluted earnings per share are computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income attributable to common shareholders by the weighted average shares outstanding during each period.

The Company has a share-based compensation plan under which employees, non-employee directors, and consultants may be granted share-based awards, including shares of restricted stock on which non-forfeitable dividends are paid on unvested shares. As such, shares of restricted stock are considered participating securities under the two-class method of calculating earnings per share. Prior to the second quarter of Fiscal Year 2018, the impact of the two-class method was not considered material and therefore, earnings per share was reported as calculated under the treasury stock method. Had the Company reported earnings per share under the two-class method, basic and diluted earnings per share would have been $0.62 and $0.61, respectively, for the three months ended September 30, 2016 instead of the reported amounts of $0.63 and $0.63, respectively. For the six months ended September 30, 2016, basic and diluted earnings per share would have been $1.23 and $1.21, respectively, instead of the the reported amounts of $1.27 and $1.24, respectively.

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended September 30, 2016 and 2017:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands, except per share data)	2016[1]	2017	2016[1]	2017
Basic earnings per common share:				
Numerator:				
Net income	$ 20,474	$ 19,953	$ 40,861	$ 38,781
Income allocated to participating securities, basic	n/a	(597)	n/a	(1,169)
Net income attributable to common shareholders, basic	$ 20,474	$ 19,356	$ 40,861	$ 37,612
Denominator:				
Weighted average common shares, basic	32,281	32,570	32,269	32,538
Basic earnings per common share	$ 0.63	$ 0.59	$ 1.27	$ 1.16
Diluted earnings per common share:				
Numerator:				
Net income attributable to common shareholders, basic	$ 20,474	$ 19,356	$ 40,861	$ 37,612
Net effect of reallocating undistributed earnings of unvested shareholders	n/a	3	n/a	15
Net income attributable to common shareholders, diluted	$ 20,474	$ 19,359	$ 40,861	$ 37,627
Denominator:				
Weighted average common shares-basic	32,281	32,570	32,269	32,538
Dilutive effect of employee equity incentive plans	445	239	596	573
Weighted average common shares, diluted	32,726	32,809	32,865	33,111
Diluted earnings per common share	$ 0.63	$ 0.59	$ 1.24	$ 1.14
Potentially dilutive securities excluded from diluted earnings per common share because their effect is anti-dilutive	543	1,389	634	959

[1] As previously disclosed in forms 10-Q and 10-K for Fiscal Year 2017, the two-class method of calculating earnings per share did not have a material impact on the Company's earnings per share calculation for the three and six months ended September 30. 2016; as such, these periods have not been adjusted to reflect the two-class method of calculating earnings per share in the above table.

15. REVENUE AND MAJOR CUSTOMERS

The Company designs, manufactures, markets, and sells headsets for business and consumer applications. With respect to headsets, the Company makes products for use in offices and contact centers and, with mobile devices, cordless phones, computers, and gaming consoles.

The following table presents net revenues by product group for the three and six months ended September 30, 2016 and 2017:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands)	2016	2017	2016	2017
Net revenues from unaffiliated customers:				
Enterprise	$ 154,542	$ 162,907	$ 310,439	$ 317,512
Consumer	61,641	47,393	128,850	96,714
Total net revenues	$ 216,183	$ 210,300	$ 439,289	$ 414,226

For reporting purposes, revenue is attributed to each geographic region based on the location of the customer. Other than the U.S., no country accounted for 10% or more of the Company's net revenues for the three and six months ended September 30, 2016 and 2017. The following table presents net revenues by geography:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands)	2016	2017	2016	2017
Net revenues from unaffiliated customers:				
U.S.	$ 119,062	$ 111,095	$ 247,300	$ 219,905
Europe and Africa	51,422	56,325	105,489	111,141
Asia Pacific	28,588	24,227	54,815	48,111
Americas, excluding U.S.	17,111	18,653	31,685	35,069
Total international net revenues	97,121	99,205	191,989	194,321
Total net revenues	$ 216,183	$ 210,300	$ 439,289	$ 414,226

One customer, Ingram Micro Group, accounted for 10.7% and 10.4% of net revenues for the three and six months ended September 30, 2016. One customer, Ingram Micro Group, accounted for 12.4% and 12.2% of net revenues for the three and six months ended September 30, 2017, respectively.

One customer, Ingram Micro Group, accounted for 17.6% of total net accounts receivable at March 31, 2017. Two customers, Ingram Micro Group and D&H Distributors, accounted for 15.4% and 11.5%, respectively, of total net accounts receivable at September 30, 2017.

16. SUBSEQUENT EVENTS

On October 31, 2017, the Company announced that its Audit Committee had declared and approved the payment of a dividend of $0.15 per share on December 8, 2017 to holders of record on November 20, 2017.

On October 18, 2017, the Company received a favorable verdict in the antitrust action brought by GN Netcom, Inc. in the U.S. District Court for the District of Delaware. For additional details, refer to Note 6, *Commitments and Contingencies*.

Quantitative and Qualitative Disclosures About Market Risk

The discussion of our exposure to market risk related to changes in interest rates and foreign currency exchange rates contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on May 10, 2017.

INTEREST RATE RISK

We reported the following balances in cash and cash equivalents, short-term investments, and long-term investments as follows:

(in millions)	March 31, 2017		September 30, 2017	
Cash and cash equivalents	$	302.0	$	303.1
Short-term investments	$	178.2	$	197.3
Long-term investments	$	127.2	$	105.3

As of September 30, 2017, our investments were composed of Mutual Funds, US Treasury Notes, Government Agency Securities, Commercial Paper, Corporate Bonds, and Certificates of Deposits ("CDs").

Our investment policy and strategy are focused on preservation of capital and supporting our liquidity requirements. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. Our investment policy generally limits the amount of credit exposure to any one issuer and requires investments to be high credit quality, primarily rated A or A2 and above, with the objective of minimizing the potential risk of principal loss. All highly liquid investments with initial maturities of three months or less at the date of purchase are classified as cash equivalents. We classify our investments as either short-term or long-term based on each instrument's underlying effective maturity date. All short-term investments have effective maturities of less than 12 months, while all long-term investments have effective maturities greater than 12 months or we do not currently have the ability to liquidate the investment. We may sell our investments prior to their stated maturities for strategic purposes, in anticipation of credit deterioration, or for duration management. No material realized or unrealized gains or losses were recognized during the three and six months ended September 30, 2016 and 2017.

Interest rates were relatively unchanged in the three and six months ended September 30, 2017 compared to the same period in the prior year. We generated $0.8 million and $1.7 million compared to $1.0 million and $2.0 million in interest income in the three and six months ended September 30, 2016 and 2017, respectively. We incurred no significant interest expense from our revolving line of credit in the three and six months ended September 30, 2017. The 5.50% Senior Notes are at a fixed interest rate and we have not elected the fair value option for these instruments; accordingly we are not exposed to any economic interest rate risk related to this indebtedness; however, the fair value of this instrument fluctuates as market interest rates change. The increase in interest expense caused by a 10 basis point increase in the interest rates of our variable-rate revolving line of credit indebtedness would not be significant. A hypothetical 10 basis points increase or decrease on market interest rates related to our investment portfolio would have an immaterial impact on our results of operations.

FOREIGN CURRENCY EXCHANGE RATE RISK

We are a net receiver of currencies other than the USD. Accordingly, changes in exchange rates, and in particular a strengthening of the USD, could negatively affect our net revenues and gross margins as expressed in USD. There is a risk that we will have to adjust local currency product pricing due to competitive pressures if there is significant volatility in foreign currency exchange rates.

The primary currency fluctuations to which we are exposed are the Euro ("EUR"), British Pound Sterling ("GBP"), Australian Dollar ("AUD"), Canadian Dollar ("CAD"), Mexican Peso ("MXN"), and the Chinese Renminbi ("RMB"). We use a hedging strategy to diminish, and make more predictable, the effect of currency fluctuations. All of our hedging activities are entered into with large financial institutions, which we periodically evaluate for credit risks. We hedge our balance sheet exposure by hedging EUR, GBP, AUD, and CAD denominated cash, accounts receivable, and accounts payable balances, and our economic exposure by hedging a portion of anticipated EUR and GBP denominated sales and our MXN denominated expenditures. We can provide no assurance that our strategy will be successful in the future or that exchange rate fluctuations will not materially adversely affect our business. We do not hold or issue derivative financial instruments for speculative trading purposes.

The impact of changes in foreign currency rates recognized in other income and (expense), net was immaterial in both the three and six months ended September 30, 2016 and 2017. Although we hedge a portion of our foreign currency exchange exposure, the weakening of certain foreign currencies, particularly the EUR and GBP in comparison to the USD, could result in material foreign exchange losses in future periods.

Non-designated Hedges

We hedge our EUR, GBP, AUD, and CAD denominated cash, accounts receivable, and accounts payable balances by entering into foreign exchange forward contracts. The table below presents the impact on the foreign exchange gain (loss) of a hypothetical 10% appreciation and a 10% depreciation of the USD against the forward currency contracts as of September 30, 2017 (in millions):

Currency - forward contracts	Position	USD Value of Net Foreign Exchange Contracts	Foreign Exchange Gain From 10% Appreciation of USD	Foreign Exchange Loss From 10% Depreciation of USD
EUR	Sell EUR	$ 28.7	$ 3.4	$ (3.4)
GBP	Sell GBP	$ 6.7	$ 0.7	$ (0.7)
AUD	Sell AUD	$ 10.4	$ 1.0	$ (1.0)
CAD	Sell CAD	$ 2.2	$ 0.2	$ (0.2)

Cash Flow Hedges

In the six months ended September 30, 2017, 47% of our net revenues were derived from sales outside of the U.S. and denominated primarily in EUR and GBP.

As of September 30, 2017, we had foreign currency put and call option contracts with notional amounts of approximately €81.7 million and £23.9 million denominated in EUR and GBP, respectively. Collectively, our option contracts hedge against a portion of our forecasted foreign currency denominated sales. If the USD is subjected to either a 10% appreciation or 10% depreciation versus these net exposed currency positions, we could realize a gain of $8.5 million or incur a loss of $10.5 million, respectively.

The table below presents the impact on the Black-Scholes valuation of our currency option contracts of a hypothetical 10% appreciation and a 10% depreciation of the USD against the indicated open option contract type for cash flow hedges as of September 30, 2017 (in millions):

Currency - option contracts	USD Value of Net Foreign Exchange Contracts	Foreign Exchange Gain From 10% Appreciation of USD	Foreign Exchange Loss From 10% Depreciation of USD
Call options	$ 127.5	$ 6.0	$ (10.1)
Put options	$ 117.5	$ 2.5	$ (0.4)
Forwards	$ 20.2	$ 2.1	$ (2.0)

Collectively, our swap contracts hedge against a portion of our forecasted MXN denominated expenditures. As of September 30, 2017, we had cross-currency swap contracts with notional amounts of approximately MXN 134.2 million.

The table below presents the impact on the valuation of our cross-currency swap contracts of a hypothetical 10% appreciation and a 10% depreciation of the USD as of September 30, 2017 (in millions):

Currency - cross-currency swap contracts	Position	USD Value of Net Foreign Exchange Contracts	Foreign Exchange Loss From 10% Appreciation of USD	Foreign Exchange Gain From 10% Depreciation of USD
MXN	Buy MXN	$ 7.0	$ (0.9)	$ 0.5

Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting

There have not been any changes in the Company's internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II -- OTHER INFORMATION

LEGAL PROCEEDINGS

We are presently engaged in various legal actions arising in the normal course of business. We believe that it is unlikely that any of these actions will have a material adverse impact on our operating results; however, because of the inherent uncertainties of litigation, the outcome of any of these actions could be unfavorable and could have a material adverse effect on our financial condition, results of operations or cash flows. For additional information about our material legal proceedings, please see Note 6, *Commitments and Contingencies*, of the accompanying notes to the condensed consolidated financial statements.

RISK FACTORS

You should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on May 10, 2017, each of which could materially affect our business, financial position, or future results of operations.

The risks described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial position, or future results of operations.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchase Programs

The following table presents a month-to-month summary of the stock purchase activity in the second quarter of fiscal year 2018:

	Total Number of Shares Purchased [1]	Average Price Paid per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [6]
July 2, 2017 to July 28, 2017	11,024 [3]	$ 51.51	7,776	1,609,352
July 29, 2017 to August 25, 2017	305,380 [4]	$ 44.30	304,262	1,305,090
August 26, 2017 to September 30, 2017	278,426 [5]	$ 42.86	276,504	1,028,586

1 On July 29, 2016 and July 27, 2017, respectively, the Board of Directors authorized programs to repurchase 1,000,000 shares of our common stock from time to time in the market or in privately negotiated repurchases as determined by management.

2 "Average Price Paid per Share" reflects open market repurchases of common stock only.

3 Includes 3,248 shares that were tendered to us in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under our stock plans.

4 Includes 1,118 shares that were tendered to us in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under our stock plans.

5 Includes 1,922 shares that were tendered to us in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under our stock plans.

6 These shares reflect the available shares authorized for repurchase under the programs approved by the Board on July 29, 2016 and July 27, 2017.

EXHIBITS

We have filed the following documents as Exhibits to this Form 10-Q:

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
31.1	Certification of the President and CEO Pursuant to Rule 13a-14(a)/15d-14(a).					X
31.2	Certification of Senior Vice President and CFO Pursuant to Rule 13a-14(a)/15d-14(a).					X
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.					X
10.1*	Severance Agreement between Plantronics, Inc. and Don Houston dated August 14, 2017.					X
10.2	Plantronics, Inc. 2003 Stock Plan, as amended and restated	8-K	001-12696	10.1	8/4/2017	
10.3	Plantronics, Inc. Executive Incentive Plan	8-K	001-12696	10.2	8/4/2017	
10.4*	Employment Agreement dated September 15, 2017 between Registrant and Jeff Loebbaka					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
101.DEF	XBRL Taxonomy Definition Linkbase Document					X

* Indicates a management contract or compensatory plan, contract or arrangement in which any director or any executive officer participates.

Plantronics, Inc.
FORM 10-Q
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SIGNATURES

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 thereunto duly authorized.

PLANTRONICS, INC.

Date:	October 31, 2017	By:	/s/ Pamela Strayer
		Name:	Pamela Strayer
		Title:	Senior Vice President and Chief Financial Officer

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Section 2: EX-10.1 (EXHIBIT 10.1)

Donald Houston
345 Encinal Street
Santa Cruz, CA 95060

Re: Severance Agreement and Release

Dear Don:

This letter summarizes the terms of your separation from employment with Plantronics, Inc. ("Company") and the severance agreement and release between you and the Company ("Agreement"). The purpose of this Agreement is to establish an amicable arrangement for ending your employment relationship, for you to release the Company of any claims and to resolve any disputes you may have with the Company regarding your employment or separation from that employment, and to permit you to receive severance pay and related benefits to the extent specified below. With these understandings and in exchange for the promises of you and the Company as set forth below, you and the Company agree as follows:

1. **Employment Status:** Your employment will end on July 17, 2017 ("Separation Date"). On the Separation Date you will be paid all of your wages earned, but unpaid, through the Separation Date. Your health insurance benefits will continue until the end of the month in which your Separation Date occurs, subject to any right to continue your health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). All other benefits will cease on Separation Date.

2. **Consideration:** In exchange for, and in consideration of, your full execution and return of this Agreement within 21 days from the date of this letter, and provided that you do not revoke the Agreement under Section 6(d) below, the Company agrees as follows:

(a) Severance Pay: Although you are not otherwise entitled to receive any severance pay from the Company, the Company will pay you a lump-sum severance amount of $412,000.00 less all legally required and permitted payroll deductions and withholdings, within 60 days following the Separation Date.

(a) EIP payment: Although you are not otherwise entitled to receive any EIP bonus payment from the Company, the Company will pay you a lump-sum severance amount of $78,198.00 less all legally required and permitted payroll deductions and withholdings, within 60 days following the Separation Date.

(b) COBRA: The Company will pay you a lump-sum severance amount of $38,595.54, which represents the COBRA premiums that you would have had to pay to continue the health benefits for you and all of your eligible dependents for twelve (12) months, less all legally required and permitted payroll deductions and withholdings, within 60 days following the Separation Date.

(c) Outplacement: The Company agrees to provide you outplacement assistance through Lee Hecht Harrison for a three month period of time. This benefit must be initiated within three months of signing this Agreement.

(d) Company 401-k match: The Company will pay you a lump-sum severance amount of $12,360 which represents the Company matching portion of the 401-k plan for twelve (12) months.

3. **Government Agency Claims:** Nothing in this Agreement, including the Release, Nondisparagement or Confidentiality provisions, restricts or prohibits you from initiating communications directly with, responding to any inquiries from, providing testimony before, providing

confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. However, to the maximum extent permitted by law, you are waiving your right to receive any individual monetary relief from the Company or any others covered by the Release resulting from such claims or conduct, regardless of whether you or another party has filed them, and in the event you obtain such monetary relief the Company will be entitled to an offset for the payments made pursuant to this Agreement. This Agreement does not limit your right to receive an award from any Regulator that provides awards for providing information relating to a potential violation of law. You do not need the prior authorization of the Company to engage in conduct protected by this paragraph, and you do not need to notify the Company that you have engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for

trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

4. **Release:**

(a) Except as described in Section 3, in exchange for the consideration described in Section 2 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and your representatives, agents, estate, heirs, successors and assigns, absolutely and unconditionally hereby release, remise, discharge, and hold harmless the Company Releasees ("Company Releasees" defined to include the Company and/or any of its parents, subsidiaries or affiliates, predecessors, successors or assigns, and its and their respective current and/or former partners, directors, shareholders/stockholders, officers, employees, employee benefit plans, insurers, attorneys and/or agents, all both individually and in their official capacities), from any and all legally waivable actions or causes of action, suits, claims, complaints, contracts, liabilities, agreements, promises, contracts, torts, debts, damages, controversies, judgments, rights and demands, whether existing or contingent, known or unknown, suspected or unsuspected, which arise out of your employment with, change in employment status with, and/or separation of employment from, the Company. This release is intended by you to be all-encompassing and to act as a full and total release of any legally waivable claims, whether specifically enumerated herein or not, that you may have or have had against the Company Releasees arising from conduct occurring up to and through the date of this Agreement, including, but not limited to, any legally waivable claims arising from any federal, state or local law, regulation or constitution dealing with either employment, employment benefits or employment discrimination including any claims or causes of action you have or may have relating to discrimination under federal, state or local statutes including, but not limited to, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, all as amended from time to time, any contract, whether oral or written, express or implied; any tort; any claim for equity or other benefits; or any other statutory and/or common law claim.

(b) You acknowledge that your execution of this Agreement shall be effective as a bar to each and every claim specified in Section 4(a) of this Agreement. Accordingly, you hereby expressly waive any and all rights and benefits conferred upon you by the provisions of Section 1542 of the California Civil Code (or analogous statute(s) from any other state) and expressly consent that this Agreement shall be given full force and effect with respect to each and all of its express terms and provisions, including those related to unknown and/or unsuspected claims, if any, as well as those relating to any other claims specified in Section 4(a) of this Agreement. Section 1542 provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

You further represent that you understand and acknowledge the significance and consequence of such release as well as the specific waiver of Section 1542.

(c) The only exceptions to this release are any claim(s) you may have for:

(i) Unemployment benefits pursuant to the terms of applicable law (to the extent available to you under applicable law);
(ii) Workers' compensation insurance benefits pursuant to Division 4 of the California Labor Code or a comparable and applicable state law, under the terms of any workers' compensation insurance policy or fund of the Company(for which you represent that you have reported all work-related injuries, if any, that you have suffered or sustained during your employment with the company);
(iii) Continued participation in certain of the Company's medical, dental, vision health benefit plans pursuant to the terms and conditions of COBRA, if applicable, and/or any applicable state law counterpart to COBRA;
(iv) Any benefit entitlements vested as of your Separation Date, pursuant to written terms of any applicable employee benefit plan sponsored by the Company; and
(v) Any claims that, as a matter of applicable law, are not waivable.

(d) The release in Section 4(a) of this Agreement does not include any claim which, as a matter of law, cannot be released by private agreement nor, as described in Section 3, does this release prevent or prohibit you from filing a claim with a federal, state or local government agency that is responsible for enforcing a law on behalf of the government.

5. **Full Payment:** The amounts set forth above in Section 2 shall be complete and unconditional payment, settlement, accord and/or satisfaction with respect to all obligations and liabilities of the Company Releasees to you, including, without limitation, all claims for disputed compensation or benefits, including bonuses, stock and stock options, commissions, severance pay, reimbursement of expenses or other costs or sums.

6. **Waiver of Rights and Claims Under the Age Discrimination in Employment Act of 1967:**

As required by federal law, you are being informed that you have or may have specific rights under the Age Discrimination in Employment Act of 1967 (ADEA) and you agree that:

(a) in consideration for the money and benefits described in Section 2 of this Agreement, which you are not otherwise entitled to receive, you specifically and voluntarily waive all rights and claims under the ADEA you might have against the Company Releasees to the extent such rights and/or claims arose prior to the date this Agreement was executed;

(b) you are advised that you have 21 days within which to consider the terms of this Agreement and to consult with or seek advice from an attorney of your choice or any other person of your choosing prior to executing this Agreement. The 21-day review period will not be affected or extended by any revisions, whether material or immaterial, that might be made to this Agreement;

(c) you have carefully read and fully understand all of the provisions of this Agreement, and you knowingly and voluntarily agree to all of the terms set forth in this Agreement;

(d) you have seven (7) days after you sign this Agreement to revoke your acceptance of it ("Revocation Period"). If you choose to revoke it timely, the Agreement will be null and void and the Agreement shall not be valid or enforceable. To revoke, you must deliver a signed writing stating your intention to revoke the Agreement and the writing must be delivered to NAME OF HR REP by or before the end of the Revocation Period; and

(f) in entering into this Agreement you are not relying on any representation, promise or inducement made by the Company or its attorneys with the exception of those promises described in this document.

7. **Company Files, Documents and Other Property:** You agree that on or before the Separation Date you will return to the Company all Company property and materials, including but not limited to (if applicable), personal computers, laptops, fax machines, scanners, copiers, cellular phones, Company credit cards and telephone charge cards, manuals, building keys and passes, courtesy parking passes, diskettes, intangible information stored on diskettes, software programs and data compiled with the use of those programs, software passwords or codes, tangible copies of trade secrets and confidential information, sales forecasts, names and addresses of Company customers and potential customers, customer lists, customer contacts, sales information, sales forecasts, memoranda, sales brochures, business or marketing plans, reports, projections, and any and all other information or property previously or currently held or used by you that is or was related to your employment with the Company ("Company Property"). You agree that in the event that you discover any other Company Property in your possession after your Separation Date, you will immediately return such materials to the Company.

8. **Final Expense Reimbursement Request:** You agree that on or before July 11, 2017 you will submit to the Company all final requests for reimbursement of any business expenses you were required to incur in performing your job for the Company prior to that date. You understand and agree that all such reimbursements will be subject to the terms and conditions of the Company's then current Travel and Expense Reimbursement policy and other applicable policies and procedures.

9. **Nondisparagement:** Except as described in Section 3, and not including any testimony given truthfully under oath or as required by any other legal proceeding, you agree not to make disparaging, critical or otherwise detrimental comments to any person or entity concerning the Company, its officers, directors or employees; the products, services or programs provided or to be provided by the Company; the business affairs, operation, management or the financial condition of the Company; or the circumstances surrounding your employment and/or separation of employment from the Company. The Company's officers and directors agree to mutual non-disparagement terms.

10. **Equity:** To the extent that you hold any Company equity awards, such as stock options or restricted stock units or any underlying shares of Company stock, these equity awards remain subject to the terms and conditions of the applicable agreement(s) signed by you and the terms and conditions of the Company's 2003 Stock Plan ("Equity Agreements").

Please see the Stock Closing Statement contained in your exit packet for a report regarding the status of your equity awards.

11. **Stock Trading:** You may continue to sell vested restricted stock shares or ESPP shares through your E*Trade account at www.etrade.com/stockplans. If you need phone assistance with your transaction, you may reach E*Trade at (800) 838-0908 or (650) 599-0125. If you do not need preclearance to sell shares, you may sell any time after your termination as long as you are not in possession of material non-public information about the Company. The rest of this Section 11 does not apply to you. If you require pre-clearance to sell PLT Stock, you should continue to obtain pre-clearance for 3 months after your last day of employment. You may sell during open window periods as long as you are not in possession of material non-public information during the open window periods. You may not sell during our closed windows during this 3 month time period. After the 3 months expires, you may sell during any open or closed window period as long as you are not in possession of material non-public information.

12. **Prior Agreement:** You understand and agree that you have continuing obligations under the Employee Patent, Secrecy and Invention Agreement (EPSIA) and any other agreements you have with the Company. You reaffirm your commitment under the EPSIA in this Agreement, and agree that, as part of this Agreement, you will comply fully with the terms of the EPSIA. This includes, but is not limited to, your express agreement not to use or disclose any of the Company's confidential, proprietary, or trade secret information following your Separation Date, with your acknowledgment that all such information (including but not limited to proprietary information regarding the Company's past, present, and prospective customers, customer contact information, pipeline data, and markets) belongs to the Company in accordance with the EPSIA. You also confirm that you have not violated the EPSIA.

13. **Non-Solicitation:** For a period of twelve (12) months immediately following the Separation Date, you agree that you shall not, directly or indirectly, solicit any of the Company's employees to terminate their employment with the Company.

14. **Confidentiality:** Except as described in Section 3, you agree that you will not disclose to others the fact or terms of this Agreement, except that you may disclose such information to your attorney or accountant in order for such individuals to render services to you.

15. **Cooperation:** Except as described in Section 3, you agree to make yourself reasonably available to the Company to respond to requests by the Company for information pertaining to or relating to the Company and/or its subsidiaries, affiliates, partners, directors, officers, agents or employees that may be within your knowledge. Moreover, you agree to cooperate fully with the Company in connection with any and all existing or future litigation or investigations brought by or against the Company or any of its subsidiaries, affiliates, partners, directors, officers, agents or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems your cooperation necessary.

16. **No Filing of Claims:** You represent and warrant that you do not presently have on file any claims, charges, grievances, actions, appeals or complaints against Company Releasees in or with any administrative, state, federal or governmental entity, agency, board or court, or before any other tribunal or arbitrator(s), public or private, based upon any actions occurring prior to the date of this Agreement.

17. **Tax Compliance:** Notwithstanding anything to the contrary herein, the following provisions apply to the extent payments provided herein are subject to section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance thereunder and any state law of similar effect (collectively, "Section 409A"). Payments that are payable upon your termination of employment, if any, shall not commence until you have a "separation from service" for purposes of Section 409A. Each installment of payments hereunder is a separate "payment" for purposes of Section 409A, and the benefits payable under this Agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). However, if such exemptions are not available and you are, upon separation from service, a "specified employee" for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the payments shall be delayed until the earlier of (a) six months and one day after your separation from service, or (b) your death. Except to the minimum extent that payments must be delayed because you are a "specified employee," all amounts will be paid as soon as practicable in accordance with the Company's normal payroll practices pursuant to the payment schedule set forth in this Agreement. If and to the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, such reimbursements or other in-kind benefits shall be made or provided in accordance with the requirements of Section 409A. You will be solely responsible for any tax imposed under Section 409A and in no event will the Company have any liability with respect to any tax, interest or other penalty imposed under Section 409A.

18. **Unemployment Application:** The Company agrees it does not plan to opposed an unemployment application related to employment with the Company.

19. **Certain Covenants and Representations; Governing Law:**

(a) Except as explicitly provided herein, this Agreement sets forth the complete and sole agreement between the parties and supersedes any and all other agreements or understandings, whether oral or written, between you and the Company. As such, the EPSIA and the Equity Agreements referenced herein shall remain in full force and effect in accordance with their respective terms. This Agreement may not be changed, amended, modified, altered or rescinded except upon the express written consent of both the CEO of the Company and you.

(b) If any provision of this Agreement, or part thereof, is held invalid, void or voidable as against public policy or otherwise, the invalidity shall not affect other provisions, or parts thereof, which may be given effect without the invalid provision or part. To this extent, the provisions and parts thereof of this Agreement are declared to be severable. Any waiver of any provision of this Agreement shall not constitute a waiver of any other provision of this Agreement unless expressly so indicated otherwise. The language of all parts of this Agreement shall in all cases be construed according to its fair meaning and not strictly for or against either of the parties.

(c) Any claims arising out of this Agreement (or any other claims arising out of the relationship between the parties) shall be governed by and construed in accordance with the laws of the State of California and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of California, without giving effect to the principles of conflicts of laws of such state.

(d) **Arbitration. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO BINDING ARBITRATION BEFORE JAMS PURSUANT TO THE THEN CURRENT EXPEDITED RULES OF JAMS UNDER ITS RULE FOR RESOLUTION OF EMPLOYMENT DISPUTES. THE RULES OF JAMS CAN BE FOUND AT www.jamsadr.org. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. HOWEVER, EITHER PARTY MAY BRING A CLAIM IN COURT FOR PRELIMINARY INJUNCTIVE RELIEF ONLY ARISING OUT OF A BREACH BY THE OTHER PARTY OF THE EMPLOYEE PATENT SECRECY AGREEMENT SIGNED BY YOU.**

(e) This Agreement shall not be construed as an admission by you or the Company of any wrongful act, unlawful discrimination, or breach of contract.

(f) You acknowledge that, together with damages and any other relief that may be appropriate, you will be subject to a permanent injunction and/or temporary restraining order for any violations of this Agreement, including any violations of the EPSIA or any breach of Sections 7, 9, 12, 13, and 14. In the event that the Company prevails in any action brought by the Company to enforce any provision of this Agreement or the EPSIA (including but not limited to an action for a permanent injunction or a temporary restraining order), you agree that you will pay the Company’s costs, including attorneys’ fees, in addition to any other damages or amounts that may be awarded.

(g) You may not assign any of your rights or delegate any of your duties under this Agreement. The rights and obligations of the Company shall inure to the benefit of the Company’s successors and assigns.

(h) The failure or any delay on the part of the Company to exercise any right, remedy, power or privilege under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise of the same or of any other right, nor shall any waiver of any right with respect to any occurrence be construed as a waiver of such right with respect to any other occurrence.

(i) This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

[continued on next page]

If this letter correctly states the agreement and understanding we have reached, please indicate your acceptance by countersigning the enclosed copy and returning it to Layne Buckley **no later than 21 days from the date of this letter**.

Plantronics, Inc.

By: */s/ InaMarie Johnson*

Name: InaMarie Johnson

Title: Senior Vice President, Chief Human Resources Officer

I REPRESENT THAT I HAVE READ THE FOREGOING AGREEMENT, THAT I FULLY UNDERSTAND THE TERMS AND CONDITIONS OF SUCH AGREEMENT AND THAT I AM KNOWINGLY AND VOLUNTARILY EXECUTING THE SAME WITHOUT DURESS OR COERCION FROM ANY SOURCE. IN ENTERING INTO THIS AGREEMENT, I DO NOT RELY ON ANY REPRESENTATION, PROMISE OR INDUCEMENT MADE BY THE COMPANY OR ITS REPRESENTATIVES WITH THE EXCEPTION OF THE CONSIDERATION DESCRIBED IN THIS DOCUMENT.

Accepted and Agreed to:

/s/ Don Houston

Don Houston

Employee Name

Date: 8/14/17

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Section 3: EX-10.4 (EXHIBIT 10.4)

345 Encinal Street | Santa Cruz | CA | 95060

September 15, 2017

Dear Jeff,

On behalf of Plantronics, Inc., the "Company" I am pleased to offer you the position of **Senior Vice President, Sales** reporting to me. Should you accept this offer of employment, your first day of employment is anticipated to be on or about **Monday, October 9, 2017** (your actual first day of employment is referred to as the "start date").

This letter outlines the terms of your employment with the Company as of your start date, including your compensation and benefits, as set forth below:

Annualized Base Salary	$380,000 per year, payable biweekly in accordance with our standard payroll practices and less applicable tax withholding.
Executive Incentive Plan	70% of your Annual Base Salary or $266,000, at target performance. The purpose of the Plantronics, Inc. Executive Incentive Plan ("EIP" or the "Plan") is to focus participants on achieving annual Company-wide financial performance goals as well as product group, segment, or functional objectives and individual performance goals by providing the opportunity to receive annual cash payments based on accomplishments during the year. Please refer to the Executive Incentive Plan "Administrative Guidelines" for further details on how bonuses may be earned.
Target Total Cash Compensation	$646,000 per year based on the compensation elements shown above assuming at target performance.

Auto Allowance	You are eligible to receive an auto allowance of $8,280 per year. This amount will be paid *prorata* during each bi-weekly payroll. The gross amount will be listed as a separate income item and appropriate taxes withheld. You will not be reimbursed for business miles driven or car expenses.
New Hire Restricted Stock Units	34,000 shares of the Company's common stock in the form of a restricted stock unit award ("restricted stock units"). It will be recommended to the Company's Board of Directors or a sub-committee thereof that you receive an award for the restricted stock units. If approved, the price to you of the restricted stock units will be $0.00. Moreover, the award will be granted on the fifteenth day of the calendar month after both (i) approval by the Board of Directors or a sub-committee thereof, and (ii) your actual start date (or the next trading day of the Company's common stock on the New York Stock Exchange if the fifteenth day is not a trading day) ("Award Date"). If approved, the restricted stock units will vest and be released from escrow or settled in three equal annual installments with the installments vesting on the last calendar day of the month following each of the first, second and third anniversaries of the Award Date, respectively; provided, however, any shares that would otherwise vest and be released from escrow or settled on December 31st of any year shall instead vest on January 2nd of the succeeding year. All vesting is subject to your continued employment on each applicable vesting date.
Annual Refresher Stock	You also will be eligible to receive additional equity awards typically on an annual basis at the same time awards are granted to other senior executive officers of the Company, with the terms and conditions of any awards actually granted to be determined in the discretion of the Company's Compensation Committee.

General Benefits

You will be eligible to participate in Company benefit programs as available or that become available to other similarly situated associates of the Company, subject to the generally applicable terms and conditions of each program. The continuation or termination of each program will be at the discretion of the Company. Life, Medical, Dental and Disability coverage will begin on your start date.

Initial Period Remote Office Worker Status

For purposes of internal classification and application of Plantronics' internal travel policies, you will be classified as a "Remote Worker" for your first six months of employment. During that time, your "home office" will be your place of residence. After that time, your work location will be classified as Santa Cruz, CA. During that six-month period, you will be entitled to charge Plantronics for your travel and temporary lodging in Santa Cruz. After that period, all such expenses will be considered personal commuting costs and will not be reimbursed.

Change of Control Severance Agreement

As of your start date, you will be provided with change of control severance protection under the same form of agreement provided to our other senior officers (other than the CEO and CFO).

After employment by Plantronics for more than six months, if you a terminated other than for cause, you will be entitled to nine months of severance equal to nine months of your base salary only. Plantronics is currently undergoing a review of such provisions for senior executives, and if the Board of Directors determines that senior executives are entitled to less than nine months of severance, you will be entitled to that amount only, but no less than six months.

Executive Benefit Program

Executive Physical Program

You will be automatically enrolled in our Executive Health Exam Program. You will be eligible to receive one exam and personalized health guidance from a board certified doctor, at the company's expense. This screening will give you guidance and direction on further health items to follow up on. To qualify you must schedule the appointment through the pre-identified network of doctors.

Designed Compensation Program

The Designed Compensation Program is designed to meet the needs of senior executives by complementing the benefit programs offered to all associates. This supplemental program takes into consideration the needs and differences that result from your key management role with the Company. Participants selected by the CEO and approved by the Committee will be eligible. The Committee reserves the right to remove any Participant from the Program at any time. Program participation in one year does not guarantee participation in subsequent years.

Financial, Estate and Tax Planning/Tax Preparation Services. We provide 75% reimbursement up to $2,000 per year for the services of a CPA, attorney, or other financial consultant to assist with the planning and execution of tax and estate planning and preparation. This income is considered taxable and appropriate taxes will be withheld. Plantronics takes no responsibility for selecting and retaining such services, and the consequences of the resulting advice.

Business Club Membership. We provide reimbursement of up to $1,500 per year for membership(s) in business, travel, or trade organizations. Social, luncheon, golf or athletic club memberships do not apply. This income is considered taxable and reimbursement will be provided through payroll, following the deduction of appropriate taxes.

Personal Liability Insurance. We provide reimbursement of up to $500 per year for personal liability umbrella insurance coverage. This must be a separate policy from your regular auto and homeowner's liability coverage. This income is considered taxable and reimbursement will be provided through payroll, following the deduction of appropriate taxes.

401(k)

You are eligible to join the Plantronics, Inc. 401(k). You automatically become a participant for purposes of the discretionary employer contribution as soon as you receive your first pay check from Plantronics. Plantronics, Inc. makes a discretionary employer contribution of 3% of your base salary on a bi-weekly basis to the 401(k). You may also contribute, as pre-tax or Roth contributions, between 1% and 50% of your eligible compensation each pay period, up to the annual IRS maximum ($18,000 in 2017) once you have enrolled. If you are over age 50 or will be turning 50 in this calendar year you may also contribute an additional "catch up contribution" amount ($6,000 for 2017) up to the annual IRS maximum ($24,000 in 2017). You may enroll by calling the MassMutual FLASH Line at (800) 74FLASH (35274) or by visiting www.massmutual.com/retire/ and proceeding to The Journey link. Plantronics will match 50 cents for every $1.00 you contribute up to a maximum of 6% of your eligible compensation each pay period. The matching contribution is 100% vested immediately. If after 45 days from your date of hire you have not actively selected a contribution amount to set aside each pay period, Plantronics will automatically enroll you at a discretionary employee contribution of 3% of your eligible earnings on a bi-weekly basis to the 401(k). Please note that if you are classified as a part-time employee, you must be regularly scheduled to work at least twenty (20) hours per week to participate (if you are regularly scheduled to work less than 20 hours you will be eligible to participate when you actually work 1,000 hours in a year).

Non-Qualified Deferred Compensation Plan

You may be eligible to participate in a non-qualified deferred compensation plan, subject to the terms and conditions of the Plan Document. An eligible participant may elect to defer prospective compensation not yet earned by submitting a Compensation Deferral Agreement during the enrollment periods. Under the terms of the current plan, you may elect to defer up to 100% of your base salary (subject to limitation in order to meet FICA withholding and Section 125 deduction requirements on all W-2 compensation), up to 100% of your bonus earned during the coming year and paid the following year, and/or up to 100% of your eligible commissions. For more information regarding the Plantronics, Inc. Deferred Compensation Plan, please see the Prospectus.

This formal notification of our offer of employment is subject to the terms set forth in your Employment Application which you have submitted to Plantronics and is contingent upon satisfactory background verification, receipt of an original application, a final review of references, and the approval of the Compensation Committee of the Board of Directors.

For purposes of stock ownership, please be advised that Executive Officers are expected to meet certain requirements. At present, “Executive Officers” are defined as those executives who the Board of Directors has determined are Section 16 Officers in accordance with the Securities Exchange Act of 1934, as amended. The Board of Directors may modify this requirement on a case by case if compliance reasonably creates a hardship for any such Executive Officer. Plantronics’ Board of Directors may furthermore modify these stock ownership requirements at their discretion, including expanding the executives deemed to be Executive Officers under this policy.

For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to the Company within 3 business days of your start date, or our employment relationship with you may be immediately terminated.

Before releasing certain export-controlled technology and software to you during your employment at Plantronics, Plantronics may be required to obtain an export license in accordance with United States law. Plantronics will inform you if an export license is needed. If an export license is required, then this offer of employment and/or your continued employment (if applicable) with Plantronics is contingent upon receipt of the export license or authorization, and Plantronics will have no obligation to employ you or provide you with any compensation or benefits until the export license or authorization is secure.

Please be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice. We request that, in the event of resignation, you give the Company at least two weeks’ prior notice.

You agree that, during the term of your employment with the Company, you will devote substantially all of your professional time to your responsibilities at Plantronics, and you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company.

As a Company associate, you will be expected to abide by company rules and standards as presented in our Associate Handbook and our World Wide Code of Business Conduct and Ethics.

As a condition of your employment, you will also be required to sign and comply with:

Employee, Confidential Information, and Invention Assignment Agreement which requires, among other provisions, (i) the assignment of patent, copyright and other intellectual property rights to any invention made during your employment at the Company, and (ii) non-disclosure of proprietary information.

Export Compliance: Before releasing certain export-controlled technology and software to you during your employment at Plantronics, Plantronics may be required to obtain an export license in accordance with United States law. Plantronics will inform you if an export license is needed. If an export license is required, then this offer of employment and/or your continued employment (if applicable) with Plantronics is contingent upon receipt of the export license or authorization, and Plantronics will have no obligation to employ you or provide you with any compensation or benefits until the export license or authorization is secure..

All payments and benefits under this letter are subject to applicable tax and other withholdings. To the extent that reimbursements or other in-kind benefits under this letter constitute “nonqualified deferred compensation” for purposes of Internal Revenue Code section 409A, (i) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by you, (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iv) except as specifically provided herein or in the applicable reimbursement arrangement, any such reimbursements or in-kind benefits must be for expenses incurred and benefits provided during the your lifetime. In no event will the Company shall not be held liable for any taxes, interest, penalties or other amounts owed by Employee under Code Section 409A.

To indicate your acceptance of the Company’s offer of employment as stated above, please sign and date this letter in the space provided below. A duplicate original is enclosed for your records. This letter sets forth the terms of your employment with the Company and supersedes any prior representations or agreements, whether written or oral. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by Plantronics’ CEO and you.

Jeff, I look forward to working with you and having you as a member of the team!

Sincerely,

PLANTRONICS, INC.

/s/ Joe Burton

Joe Burton

President & Chief Executive Officer

Agreed to and accepted:

Signature: */s/ Jeff Loebbaka*

Printed Name: Jeff Loebbaka

Received Offer Date: 9/15/17

Confirmed Start Date: 10/9/17

This offer expires one week from the date listed on the first page.

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Section 4: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Certification of the President and CEO

I, Joe Burton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plantronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most

recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2017

/s/ Joe Burton

Joe Burton

President, Chief Executive Officer and Director

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Section 5: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Certification of Senior Vice President and CFO

I, Pamela Strayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plantronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2017

/s/ Pamela Strayer
Pamela Strayer
Senior Vice President and Chief Financial Officer

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Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joe Burton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Plantronics, Inc. on Form 10-Q for the three months ended September 30, 2017 fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Plantronics, Inc.

By:	/s/ Joe Burton
Name:	Joe Burton
Title:	President, Chief Executive Officer and Director
Date:	October 31, 2017

I, Pamela Strayer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Plantronics, Inc. on Form 10-Q for the three months ended September 30, 2017 fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Plantronics, Inc.

By:	/s/ Pamela Strayer
Name:	Pamela Strayer
Title:	Senior Vice President and Chief Financial Officer
Date:	October 31, 2017

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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