Information Technology at Plantronics

Tom Gill, VP and CIO

October 7, 2010
Agenda

• Business Highlights

• Unified Communications Opportunity

• Bluetooth Headsets

• Financials

• IT Makes it Happen
Business Highlights (June Quarter)

**Corporate**
- Revenue, operating income and EPS above guidance
- Gross & operating margin improvement (YOY)
- Cash flow from operations: $32M
- Demand improved in APAC, mixed in EMEA
- $363M in cash & equivalents

**Office & Contact Center: long-term prospects remain strong**
- Office & Contact Center (OCC) demand improved
- Unified Communications (UC) growing
  - UC product sales approx. $10M; est. over 10% of Office
- Robust product pipeline

**Bluetooth**
- Focus on maintaining share & profitability
UC Provides An Opportunity Unlike Any Other In Our History

We Deliver the Audio Solutions That Allow You To Communicate Naturally
100% of Fortune 100 Companies Use Plantronics
Unified Communications (UC)

- Significantly higher headset attach rates
- Doubles addressable office headset opportunity
- Shorter replacement cycle
- Increases Plantronics secular growth rate
- $350M in incremental revenue expected by FY15
Unified Communications is About a New Way of Working

The portfolio of personal working spaces is increasing

Audio/voice application and integration is becoming more complex
Unified Communications Provides A New Set of Tools

Key to all Unified Communications Solutions

Video  Voice  IM  Presence
# UC Provides Enterprises a Competitive Advantage

98% of the Fortune 1000 are Considering UC

## Key Benefits Expected

<table>
<thead>
<tr>
<th>Benefit</th>
<th>IT Decision Maker</th>
<th>Business Decision Makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost savings (equipment, service fees)</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Better collaboration</td>
<td>46%</td>
<td>56%</td>
</tr>
<tr>
<td>Lower travel/real estate expenses</td>
<td>46%</td>
<td>61%</td>
</tr>
<tr>
<td>Enhanced business processes</td>
<td>43%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: PLT UC Gatekeeper Study, Dec 2009
Plantronics UC Strategy

- Continue to deliver a superb user experience
- Compatibility with major UC vendors
- R&D Investment in products & platform value-add
- Sales focus on IT departments
- Partnering with UC Vendors & Systems Integrators
- Help desk support
Higher Investment = Strong UC Product Pipeline

- Intelligence:
  - User State Information

- Ease of Use:
  - Cross-System Integration

- Control:
  - Unified Call Management

- Quality:
  - Audio Clarity & Reliability

Brands:
- Alcatel-Lucent
- Microsoft
- Cisco
- Avaya
- IBM
Our UC Product Lines

Voyager  Savi
Calisto  Blackwire
Success in the UC Headset Market

- Audio quality, ergonomics and user experience are critical to win

- Broad portfolio: Office space and communication tools are evolving

- Headset goes from accessory to core equipment

- Plantronics product portfolio addresses the new opportunity
Plantronics Provides the High Quality Endpoint

“Once you’ve solved quality of service in the network, it’s the Plantronics headset that delivers the fidelity of the conversation.”

- Senior Vice President, IT, Fortune 100 Company - Banking
The UC Market Opportunity

- Significantly higher headset attach rates
- Shorter replacement cycle
- Increases Plantronics secular growth rate
- $350M in incremental revenue expected by FY15
- Doubles addressable office headset opportunity
Market Growth Opportunities

### WW Industry Revenue ($M)

<table>
<thead>
<tr>
<th></th>
<th>CY09E</th>
<th>CY14E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Center</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>191</td>
<td>300</td>
</tr>
<tr>
<td>Mobile</td>
<td>717</td>
<td>1,100</td>
</tr>
<tr>
<td>Computer &amp; Gaming</td>
<td>455</td>
<td>1,533</td>
</tr>
<tr>
<td>Specialty</td>
<td>229</td>
<td></td>
</tr>
</tbody>
</table>

- **Office**: 20%+
- **Contact Center**: 4%-6%
- **Mobile**: 8%-12%
- **Computer & Gaming**: 12%-18%
- **Specialty**: 3%-5%

**Overall ~15%**

*Industry 5 Year CAGR’s higher than typical due to CY09 recessionary base*
UC Increases Enterprise Headset Secular Growth Rate

Plantronics Expects $350M in Incremental Revenue by CY 2014

Growth rates vary with economy, consumer adoption rates, competition and resulting price levels, and other factors.

Financials
# Revenue by Product Group & Geography

<table>
<thead>
<tr>
<th>($Millions)</th>
<th>Q1 FY10</th>
<th>Q4 FY10</th>
<th>Q1 FY11</th>
<th>Q4-Q1 % Change</th>
<th>YoY % Change</th>
<th>YoY $ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCC</td>
<td>$95.9</td>
<td>$111.9</td>
<td>$117.6</td>
<td>5.1%</td>
<td>22.6%</td>
<td>$21.7</td>
</tr>
<tr>
<td>Mobile</td>
<td>$32.3</td>
<td>$35.8</td>
<td>$38.7</td>
<td>7.9%</td>
<td>19.6%</td>
<td>$6.3</td>
</tr>
<tr>
<td>Gaming/Comp</td>
<td>$8.8</td>
<td>$10.4</td>
<td>$9.3</td>
<td>-10.0%</td>
<td>5.8%</td>
<td>$0.5</td>
</tr>
<tr>
<td>Clarity</td>
<td>$4.1</td>
<td>$4.2</td>
<td>$5.1</td>
<td>21.6%</td>
<td>24.4%</td>
<td>$1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$141.2</td>
<td>$162.3</td>
<td>$170.7</td>
<td>5.2%</td>
<td>20.9%</td>
<td>$29.5</td>
</tr>
<tr>
<td><strong>Geography</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>$98.1</td>
<td>$108.2</td>
<td>$115.6</td>
<td>6.8%</td>
<td>17.9%</td>
<td>$17.5</td>
</tr>
<tr>
<td>EMEA</td>
<td>$34.3</td>
<td>$41.0</td>
<td>$38.8</td>
<td>-5.4%</td>
<td>13.0%</td>
<td>$4.5</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>$8.7</td>
<td>$13.1</td>
<td>$16.3</td>
<td>24.0%</td>
<td>86.2%</td>
<td>$7.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$141.2</td>
<td>$162.3</td>
<td>$170.7</td>
<td>5.2%</td>
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Use of Non-GAAP Financial Information

To supplement our consolidated financial statements presented on a GAAP basis, Plantronics uses non-GAAP measures of operating results from continuing operations, which are adjusted to exclude non-recurring and non-cash expenses and charges, such as restructuring and other related charges, certain tax credits and the release of certain tax reserves, stock-based compensation expenses related to stock options, restricted stock and employee stock purchases, purchase accounting amortization and impairment of goodwill and long-lived assets. Plantronics does not believe these expenses and charges are reflective of ongoing operating results and are not part of our target operating model. We have presented non-GAAP statements that only show our results to the income from continuing operations after tax line. The non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and the reconciliations to those financial statements should be carefully evaluated. The non-GAAP financial measures used by Plantronics may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.
Operating Margin

Non-GAAP, Continuing Operations

Target Range: 18% - 20%

Percent

22.8%
16.2%
14.8%
17.6%
13.2%
19.5%
23.4%
Long-Term Target Operating Model

<table>
<thead>
<tr>
<th>Target Model* Cont. Ops. Non-GAAP</th>
<th>Q1FY11 Non-GAAP**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>45 - 48%</td>
</tr>
<tr>
<td>R &amp; D</td>
<td>7 – 9%</td>
</tr>
<tr>
<td>S, G &amp; A</td>
<td>19 – 21%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>18 – 20%</td>
</tr>
</tbody>
</table>

*This target model is not a projection for FY11 or any other particular fiscal period.

**Non-GAAP does not include stock compensation expenses, purchase accounting amortization and restructuring and other related charges.
Q2 FY11 Guidance as of July 26, 2010

- Revenues: $158 to $163 million
- Non-GAAP operating income of $32.5 million to $35.0 million
- Non-GAAP diluted EPS on continuing operations: $0.48 to $0.52
- Non-GAAP tax rate: 27%
- The EPS cost of stock-based compensation to be approximately $0.06; and
- GAAP diluted EPS of $0.42 to $0.46

Plantronics does not intend to update these targets during the quarter or to report on its progress toward these targets. Plantronics will not comment on these targets to analysts or investors except by its press release announcing its second quarter fiscal year 2011 results or by other public disclosure. Any statements by persons outside Plantronics speculating on the progress of the second quarter fiscal year 2011 will not be based on internal company information and should be assessed accordingly by investors.
2011 Focus Areas

✓ Invest for UC leadership and a high return on investment
✓ Maintain profitability in the Bluetooth headset market
✓ Achieve strong returns on invested capital
IT Makes it Happen!
IT Overview

• 90+ Employees in six locations

• Key Locations

  – Santa Cruz Corporate Headquarters
  – Tijuana Factory, Design Center and Contact Center
  – Suzhou China APAC Hub
  – Swindon UK EMEA Hub
Managing Plantronics Global Technology Investment

- Networks and connectivity
- Voice communication
- Email and messaging
- Servers and storage
- Desktop, notebooks, mobile devices
- Business systems and process optimization
- Service desks and support
Key IT Roles

Business Analysts
Application Developers
Database Administrators
Project Managers
System and Storage Administrators
Network Engineers
UC Administrators
Service Desk Specialists
Key Competencies

Project management
Security and compliance
Network architecture
Security
Virtualization
Vendor management
Business process optimization
Oracle applications management
Critical Applications

Oracle E-Business Suite – Financials, Manufacturing, Supply Chain, HR

Salesforce.com – Sales and Customer Support

Microsoft Stack – XP/Win7, Office, Sharepoint, Exchange, Project Server, Office Communicator, SQLServer and more

Business Intelligence – Oracle BI, Hyperion and Business Objects

Plantronics.com

+ 100 other important apps
Key Infrastructure Technologies

**Network (WAN and LAN)**
- Masergy MPLS Network
- Cisco routers, switches and WiFi

**Servers – Windows, Linux and Sun Solaris**

**VMWare and Oracle VM virtualization platforms**

**EMC Storage Area Networks and data duplication platform**

**Dell and HP notebooks**

**Mobility devices keep us connected 24x7**
- Smartphones (iPhone, Blackberry, Android, Windows)
- Tablets (iPad, Flare, Playbook, Cius)
Tools

- Enable reliability, scalability and security
- Network and server monitoring
- Asset management
- Systems management / host and client imaging
- Intrusion detection
- Digital loss prevention
Cloud Computing Has Arrived

Internal clouds
- Application development and test environments
- UC labs running multiple versions of leading apps from IBM, Cisco, Avaya, Microsoft and more

External Clouds
- 20+ SaaS applications and services
- Taleo applicant tracking
- Salesforce.com for marketing, sales and support
- Salary.com for comp planning and reviews
- Right Now Technology customer support knowledge base
- Iron Mountain Connected backs up client system files
- Dell Message One high availability Exchange system for email business continuity
IT Challenges

Consumerization of IT

Change Management

Meeting high demand for services within budget