

Plantronics to Acquire Polycom

March 28, 2018

For more information, please see <http://investor.plantronics.com>

Forward Looking Statements

This Press Release, together with other statements and information publicly disseminated by Plantronics, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to: (i) potential accretion from the transaction; (ii) expected synergies; (iii) benefits to our business that we expect from the combination; (iv) expectations regarding timing; and (v) expectations regarding debt repayments, in addition to other matters discussed in this press release that are not purely historical data. We do not assume any obligation to update or revise any such forward-looking statements, whether as the result of new developments or otherwise. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by such statements. Among the factors that could cause actual results to differ materially from those contemplated are:

- the ability to: (i) realize expected synergies or operating efficiencies in connection with the proposed transaction within the expected time-frames or not at all and (ii) integrate Polycom's business in a timely and cost-efficient manner without adversely impacting operations, including new product launches;
- the effect of the announcement of the proposed transaction on (i) Polycom's and Plantronics' relationships with their respective customers, suppliers and strategic partners and their operating results and businesses generally (including the diversion of management time on transaction-related issues) and (ii) Polycom's and Plantronics' ability to retain and hire key personnel;
- the possibility that legal and regulatory enforcement matters that are pending at Polycom may adversely impact the results of the combined company despite indemnification that Siris Capital is providing;
- the risk that the financing that Plantronics must receive to consummate the proposed transaction is not obtained on the terms that we anticipate or that it is not available at all, which is magnified by the absence of a financing condition, and the risks associated with the increased leverage that the company will have as a result of the transaction;
- the potential negative effects of the announcement of the proposed transaction on the market price of the company's common stock, particularly in light of the issuance of stock in the transaction;
- uncertainties associated with any aspect of the proposed transaction, including: (i) the risk that not all conditions to closing of the proposed transaction will be satisfied or waived; (ii) uncertainties related to transaction costs; (iii) uncertainties related to the anticipated timing of filings and approvals relating to the proposed transaction; and (iv) the possibility that the proposed transaction does not close when expected or at all;
- risks relating to our financial reporting including those resulting from the adoption of new accounting pronouncements and associated system implementation in the context of the transaction, our ability to forecast financial results of the combined company and the risk that reporting system integration could impact our ability to make timely and accurate SEC filings;
- the potential impact of the transaction on our future tax rate and payments based on the consolidation of the global group and our ability to quickly integrate foreign operations;
- the challenges of integrating the supply chains of the two companies;
- the potential that our due diligence did not uncover risks and potential liabilities associated with the acquired business;
- our ability to realize and achieve positive financial results projected to arise in the Enterprise market from UC adoption could be adversely affected by a variety of factors including the following: (i) as UC becomes more widely adopted, the risk that competitors will offer solutions that will effectively commoditize our headsets which, in turn, will reduce the sales prices for our headsets; (ii) our plans are dependent upon adoption of our UC solution by major platform providers and strategic partners such as Microsoft Corporation, Cisco Systems, Inc., Avaya, Inc., Alcatel-Lucent, and Huawei, and our influence over such providers with respect to the functionality of their platforms or their product offerings, their rate of deployment, and their willingness to integrate their platforms and product offerings with our solutions is limited; (iii) delays or limitations on our ability to timely introduce solutions that are cost effective, feature-rich, stable, and attractive to our customers within forecasted development budgets; (iv) our successful implementation and execution of new and different

processes involving the design, development, and manufacturing of complex electronic systems composed of hardware, firmware, and software that works seamlessly and continuously in a wide variety of environments and with multiple devices; (v) failure of UC solutions generally, or our solutions in particular, to be adopted with the breadth and speed we anticipate (vi) our sales model and expertise must successfully evolve to support complex integration of hardware and software with UC infrastructure consistent with changing customer purchasing expectations; (vii) as UC becomes more widely adopted we anticipate that competition for market share will increase, particularly given that some competitors may have superior technical and economic resources; (viii) sales cycles for more complex UC deployments are longer as compared to our traditional Enterprise products; (ix) our inability to timely and cost-effectively adapt to changing business requirements may impact our profitability in this market and our overall margins; and (x) our failure to expand our technical support capabilities to support the complex and proprietary platforms in which our UC products are and will be integrated;

- volatility in prices from our suppliers, including our manufacturers located in China, have in the past and could in the future negatively affect our profitability and/or market share;
- fluctuations in foreign exchange rates;
- the bankruptcy or financial weakness of distributors or key customers, or the bankruptcy of or reduction in capacity of our key suppliers;
- seasonality in one or more of our product categories;
- general global macroeconomic and geo-political conditions, including but not limited to, fluctuations in the stock markets generally; and
- slowdowns or downturns in economic conditions generally and in the market for consumer electronics, including voice, video and content solutions.

For more information concerning these and other possible risks, please refer to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 10, 2017 and other filings with the Securities and Exchange Commission, as well as recent press releases. The Securities and Exchange Commission filings can be accessed over the Internet at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

Frequently Asked Questions

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| 1. What are we announcing today? | Today, we begin a new chapter in Plantronics' history with our agreement to acquire Polycom to create the leading communications and collaboration access-points and services solutions for people, the room, in the building, and in the cloud. We are confident this transaction will bring new and unique opportunities for our customers, our shareholders, our partners, our Associates and our communities. |
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| 2. Why is Plantronics acquiring Polycom? | <p>For the last 27 years, Polycom and Plantronics have pursued complementary paths in the communications and collaboration industry. Polycom built voice and video solutions so that groups of people could collaborate, while Plantronics built communications devices to enable people to efficiently serve their customers and collaborate.</p> <p>As the unified communications market developed, Plantronics and Polycom extended their reach to new users who moved fluidly between home, the office, the conference room, and the board room. Both companies developed clear competitive differentiation in their markets and were embraced by loyal customers.</p> <p>Plantronics had a vision to grow and become more relevant to customers by becoming a "collaboration gold-standard" enabling good ideas to be effectively seen and heard. Plantronics could have pursued its vision independently, but it would have been a much more difficult and costly path. Quite simply, it makes sense to combine forces to provide better experiences for our customers, to create new business propositions for our partners and to build value for our shareholders.</p> |
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| 3. What are the benefits of the acquisition? | <p>This is an exciting opportunity that has benefits for all. For our customers, we can offer a complete communications and collaboration access-point strategy from the person, to the desk, to the room, all connected and managed through the cloud, and integrated through services. Our channel partners will have a more efficient commercial engagement with a single vendor that can provide an integrated product and service portfolio. Our alliance partners will see us as a neutral one-stop partner with gravitas to solve communications experience challenges across a range of voice and video access-points. Our Associates will have new opportunities to grow in a larger company, to expand personal capability, accept new challenges, and grow professionally. Our Investors will see an accretive strategy with an attractive investment that is now addressing larger, faster growing markets, and using synergies to fuel innovation.</p> |
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| 4. Where can Plantronics shareholders get more information about the transaction? | <p>Investors can learn more about the transaction at http://investor.plantronics.com</p> |
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| 5. How will the Board of Directors for the combined company be structured? | <p>Frank Baker, co-founder and managing partner, Siris Capital, and Daniel Moloney, executive partner, Siris Capital, will join Plantronics existing board of directors.</p> |
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6. What are the next steps in the process?
- Now that Plantronics has announced the intent to acquire Polycom, both Polycom and Plantronics will continue to operate independently as separate companies until all required approvals and conditions are met and the transaction is officially closed.
- For both Polycom and Plantronics, it is business-as-usual during the next several months. During this time, we will evaluate integration strategies with a defined set of teams from both companies. We will also prepare a focused set of activities to prepare for Day 1 after close, and to set us up for our future as a single company.
- More specifics will be available once we close the transaction and details have been finalized.
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7. What will U.S. Antitrust clearance entail?
- The U.S. regulatory review process will entail a review of the two businesses, including customary filings and disclosures to U.S. antitrust regulators.
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8. What are your long-term plans for the capital structure and capital allocation?
- Near-term we expect our top priority will be paying down debt. Leverage will be at a manageable level post-transaction, but getting leverage back down to historical levels will be a priority. We plan to maintain our dividend and may opportunistically repurchase shares periodically. For more information please see our Investor website at <http://investor.plantronics.com>.
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9. What is the customer profile of the combined company?
- Polycom and Plantronics have a marquee set of customers whose names will be familiar. We have each been serving these customers from our respective solution sets for more than 25 years. They range from almost all members of the Fortune 500, service providers, federal and regional government, and small to mid-sized businesses all around the world. There is some overlap in the customer base, but we expect significant opportunities to cross-sell.
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10. What is the total addressable market for the combined company?
- Today, Plantronics' total addressable market is approximately US\$1.4B. With this acquisition, it grows to approximately US\$4.6B immediately. Industry analysts forecast that combined markets we each serve are expected to see a 5-year CAGR of 8% year-over-year growing to \$6.4B by 2021. This acquisition creates compelling opportunities for our combined businesses, both in terms of the breadth of the portfolio and the value of the data insights that we can provide to our alliance partners, our channel partners, and our customers.
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11. How much product overlap currently exists between Plantronics' existing business and Polycom's?
- Today there is little overlap in our current product offerings. Plantronics gains immediate scale in video, desktop voice, and voice conferencing with upside from the incremental analytics opportunity that comes with having a much larger installed base. Our strategies have been converging as Plantronics saw the opportunity in desktop voice and Polycom began to focus on personal communication. The timing of the transaction is very compelling for both companies as well as the industry, which is evolving and asking for a combination like this.
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12. Please discuss the competitive landscape for Polycom products and others in video collaboration.	<p>Polycom is the leader in desktop voice and a strong player in medium-to-large room video collaboration.</p> <p>Innovation is reshaping the competitive landscape in video with an increased focus on solutions for smaller spaces – Polycom is well-positioned to grow its share in this area.</p> <p>Polycom’s open-architecture solutions give customers a choice in platform providers, allowing Polycom’s products to serve as a way to access next-generation video collaboration solutions without having to commit to custom-built, proprietary solutions.</p>
13. When will the transaction close?	The transaction is expected to close in the third calendar quarter after we have received appropriate regulatory approvals.
14. Can you outline the rest of the executive team at the combined company?	The new world-class management team will comprise executives from across both companies, under the leadership of Joe Burton, currently the CEO of Plantronics. We'll have more information about the rest of the team after the transaction closes.
15. When the transaction closes, what changes will be made to the Polycom management team?	Mary McDowell, CEO of Polycom, will continue to lead Polycom until the deal closes. Further details on the management team will be announced later.
16. Will the Plantronics or Polycom fiscal year change?	It is too early to comment on the changes to corporate or operating structure that may occur after Day 1.
17. Polycom has a substantial services business. How will the combined company leverage it?	One of the most exciting opportunities that we will see in the new company is to share best practices across our entire business. Plantronics has wanted to enter the services business for some time and this provides the best chance to do that quickly and successfully. Polycom already has a successful Care Services, Managed Services, and Professional Services business.
18. How are the Plantronics Consumer and Gaming divisions affected by this announcement?	There are no immediate plans to materially change either company’s product or services offerings, however, both companies continually adapt their offerings to meet their business needs, and those of their customers.
19. Will Plantronics or Polycom change or eliminate any available products or solutions?	There are no immediate plans to materially change either company’s product or services offerings, however, both companies continually adapt their offerings to meet their business needs, and those of their customers.
20. How does this impact Plantronics’s new product announced at Enterprise Connect?	The entire Polycom offering is complementary to the work being performed at Plantronics. We believe Plantronics’s organic efforts to develop and market new products will fit nicely into the combined portfolio. We are pleased with customer and partner reception and look forward to bringing the new mobile phone station to market.
21. What do you see as the key risks to integrating Polycom?	While combinations of this scale can be challenging, we are intently focused on making this a smooth transition for employees, partners and customers.



22. Will Plantronics make any other acquisitions this year? We continue to search the market for better ways to serve our customers and business partners. Internally, we expect to be focused in the near- to medium-term on integration, but we remain committed to assessing strategic opportunities that enhance shareholder value thoughtfully and deliberately.

23. I am a stockholder of Plantronics and have more questions, who should I contact? Please go to the Plantronics Investor Relations website at <http://investor.Plantronics.com> for investor contact information.
