

comfort  
mobility  
style  
energy  
accomplishment  
freedom

#### The benefits of a wireless headset from Plantronics

Most people start using a headset for a simple reason: it keeps your hands free. But the newest headsets from Plantronics—our growing family of wireless solutions—provide so much more.

A wireless headset increases mobility, comfort, and effectiveness in multiple ways. It lets you take that personal call into an empty conference room, for example. It helps you stay relaxed because you won't need to cradle your phone between your neck and shoulders. It enables you to get up from your desk—to pick up a document from the printer or to grab a cup of coffee—without interrupting your conversation or missing a call. Ultimately, a wireless headset can improve your energy level and even enhance the expressiveness of your voice. You'll work better. More important, you'll feel better.

People used to say, "I'm chained to my desk." A wireless headset from Plantronics can set you free.

# naturally comfortable



“I can easily forget that I’m wearing a headset, and my whole body—my whole being—is more relaxed.”



“My headset is invaluable because it keeps my hands free—and keeps me connected—whether I’m on-site or in the office.”



# enhanced mobility



# the importance of style



"I care about how I look. And I like the way my headset looks on me."



# stay energized

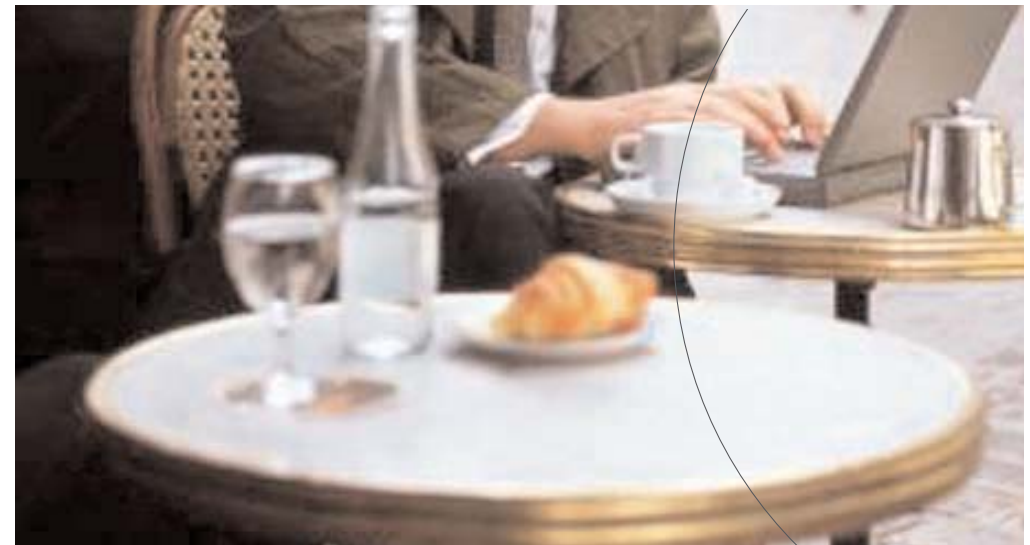
“When I can move and gesture while I talk, I feel more energetic and I come across with more assurance, confidence, and enthusiasm.”



# do more



"I'm on the phone a lot, and being more productive during that time helps me feel a greater sense of accomplishment by the end of the day."



# freedom



Dear Fellow Shareholders,

Wireless headsets offer so much more than most people expect. The benefits go well beyond mobility and “hands free” use of the phone. The average businessperson spends 500 hours each year—about three months of working days—using their office or cellular phone. We can make that time more comfortable and convenient. We can make it easier for you to get things done. We can help you feel relaxed and in control. We can give you the mobility to go to a private location as needed or just to walk around when you feel like it. Wireless headsets make you feel free.

Wireless headsets also generate more benefits than most businesses expect. People are not at their desks all the time. Seventy percent of business calls don't reach the other party. People often rush back to their desk to get a call only to find it is already in voice mail. Why did they rush? Because they know what happens. People play phone tag; and by the time all the information has been communicated, valuable cycle time is lost, and the competition may have reached the customer first. Or they stay at their desks, unable to do other tasks for fear of missing a call. Either way it increases stress and reduces productivity.

Fortunately, the number of people learning about the benefits of headsets is increasing each day, and tens of millions of people are buying them each year. Greater acceptance is leading people toward an increased desire for headsets with style, for headsets that fit their image.

For over forty years, Plantronics has focused on expanding headset adoption. Our business has been evolving at an ever faster pace—from corded to wireless, from low technology to high technology, from a few thousand call center managers to millions of individual users, from sales to marketing, and from longer development cycles to shorter ones. Going forward, we must become even more customer-centric, and we must work harder to understand and satisfy the emotional, behavioral, and fashion desires of our customers.

The challenge in front of us is to create products that fully realize the opportunity and are objects of desire, not just sensible accessories. One of our key strategic objectives is to create stunning designs that match the way you want to feel and look when you're talking on the phone, listening to music, or playing a game.

The keys to ensuring our success are the trust our customers place in us and the motivation and ability of our associates. Our customer satisfaction reached 99% this year. At 97%, our associate satisfaction is also very strong, and 98% of our associates have an optimistic view of our future.

We're optimistic because the opportunities in front of us are compelling. Last year our investments in new products increased revenues by 24% to \$417 million, leading to an increase in earnings per share of 47% to \$1.31. We still have much to do if we are going to turn more of our potential into revenues.

I would like to thank our associates for their commitment, our shareholders for their continued support, our suppliers for their contributions to improving our quality and cost competitiveness, our channel partners for their investments in growing our business, and, above all, our customers for giving us the opportunity to help them.

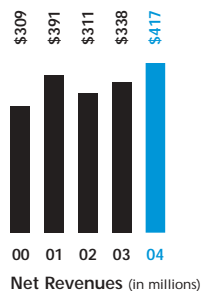
Yours truly,



Ken Kannappan  
President and Chief Executive Officer

## Financial Highlights

	2003	2004
Fiscal year ended March 31, in thousands, except per-share data		
<b>Operations</b>		
Revenue	\$ 337,508	\$ 416,965
Net income	\$ 41,476	\$ 62,279
Diluted earnings per common share	\$ 0.89	\$ 1.31
Shares used in diluted per-share calculations	46,584	47,492
<b>Financial Position</b>		
Total assets	\$ 205,209	\$ 368,252
Debt	—	—
Net working capital	\$ 103,605	\$ 249,397
Stockholders' equity	\$ 146,930	\$ 299,303
<b>Selected Ratios</b>		
Gross margin	50.1%	51.8%
Operating margin	16.1%	20.3%
Return on sales	12.3%	14.9%
Return on equity	28.7%	27.9%
Days sales outstanding	54	57
Inventory turns	5.0	4.9



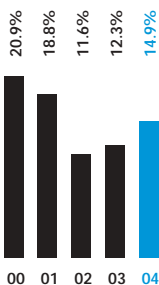
Net Revenues (in millions)



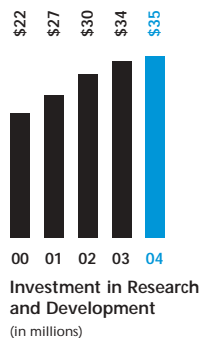
Total Operating Income (in millions)



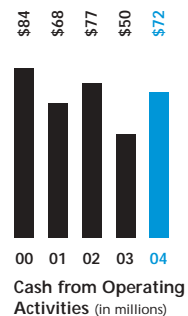
Diluted EPS



Return on Sales



Investment in Research and Development (in millions)



Cash from Operating Activities (in millions)

form 10-K

