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Polycom Reports Fourth Quarter and Fiscal Year 2009 Earnings

Consolidated Fourth Quarter Revenues Return to Year-Over-Year Growth at \$268 Million;
Revenue Growth of 10 Percent Quarter-to-Quarter;
Record Quarterly Operating Cash Flow of \$68 Million

LONDON/SLOUGH, UK and PLEASANTON, U.S. – Jan. 26, 2010 – Polycom, Inc. (Nasdaq: PLCM), the global leader in telepresence, video and voice communications solutions, today reported its earnings for the fourth quarter ended Dec. 31, 2009.

Fourth quarter 2009 consolidated net revenues were \$268 million, compared to \$263 million for the fourth quarter of 2008. Non-GAAP net income for the fourth quarter of 2009 was \$28 million, or 33 cents per diluted share. This compares to Non-GAAP net income of \$35 million, or 42 cents per diluted share, for the fourth quarter of 2008. GAAP net income for the fourth quarter of 2009 was \$13 million, or 15 cents per diluted share, compared to \$26 million, or 30 cents per diluted share, for the same period last year.

For the year ended Dec. 31, 2009, net revenues were \$967 million, compared to \$1,069 million for the year ended Dec. 31, 2008. Non-GAAP net income for the year ended Dec. 31, 2009 was \$102 million, or \$1.19 per diluted share, compared to \$130 million, or \$1.49 per diluted share, for the comparable period of 2008. GAAP net income for the year ended Dec. 31, 2009 was \$50 million, or 58 cents per diluted share, compared to GAAP net income of \$76 million, or 87 cents per diluted share, for the same period last year.

The reconciliation between GAAP net income and Non-GAAP net income is provided in the tables at the end of this release.

On a product line basis, consolidated net revenues for the fourth quarter of 2009 were comprised of:

- 70 percent video solutions, or \$187 million (53 percent video communications, or \$143 million, and 17 percent network systems, or \$44 million); and
- 30 percent voice communications, or \$81 million.

On a product line basis, consolidated net revenues for the fourth quarter of 2008 were comprised of:

- 67 percent video solutions, or \$176 million (54 percent video communications, or \$142 million, and 13 percent network systems, or \$34 million); and
- 33 percent voice communications, or \$87 million.

“Polycom’s strategic investment plan announced last quarter has already yielded positive results, evidenced by double-digit sequential revenue growth and record backlog during the fourth quarter,” said Robert Hagerty, Polycom chairman and CEO. “We added go-to-market coverage in key geographies and verticals and deepened our strategic partnerships, all of which helped to accelerate broad-based improvements in our revenue engine and solutions-selling capability. With our thriving go-to-market team and best of breed product portfolio, we are enabling our growing customer base to capture the benefits of Unified Collaboration in meeting rooms, at the desktop, and while mobile.”

“A critical component of our investment plan is building an ecosystem of strategic partners to deliver customers the best and most integrated collaboration solutions. This increased investment in time and resources has resulted in several powerful partnerships, including Avaya, BT, IBM, Juniper and Siemens. In combination with our improved go-to-market capability, our strategic partnerships are enabling Polycom to deliver an open architecture solution that is easy to adopt and use. As the largest pure play Unified Collaboration company with an open platform, we are solidifying our role as the ecosystem’s partner of choice,” Hagerty concluded.

“Strong customer demand, supported by our investment plan, fueled our revenue growth and drove record order backlog and deferred revenues,” said Michael Kourey, Polycom senior vice president, finance and administration, and CFO. “As a result of this operating performance and working capital management, we generated a record positive operating cash flow of \$68 million, representing Polycom’s 48th consecutive quarter of positive operating cash flow. We exited the quarter with \$467 million in cash and investments and no debt.”

About Polycom

Polycom, Inc. (Nasdaq: PLCM) is the global leader in telepresence, video, and voice solutions and a visionary in communications that empower people to connect and collaborate everywhere. Please visit www.polycom.com for more information.

This release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 regarding future events, future demand for our products, and the future performance of the Company, including statements regarding the results yielded by the Company’s strategic investment plan and the Company’s future role as the ecosystem’s partner of choice. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the fact that the Company’s strategic investment plan may not yield the intended results or may take longer than originally anticipated to achieve such results, the impact of competition on our product sales and for our customers and partners, the impact of increased competition due to consolidation in our industry or competition from companies that are larger or that have greater resources than we do, potential fluctuations in results and future growth rates, risks associated with general economic conditions, including the continuation and prolonged impact of the crisis in the worldwide financial markets and the global recession, the market acceptance of Polycom’s products and changing market demands, including demands for differing technologies or product and services offerings, possible delays in the development, availability and shipment of new products, increasing costs and differing uses of capital, changes in key personnel and our sales organization that may cause disruption to the business, the impact of

recent restructuring actions, and the impact of global conflicts such as those in the Middle East that may adversely impact our business. Many of these risks and uncertainties are discussed in the Company's Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2009, and in other reports filed by Polycom with the SEC. Polycom disclaims any intent or obligations to update these forward-looking statements.

As has been noted on the Company's web site since Jan. 25, 2010, Polycom will hold a conference call today, Jan. 26, 2010, at 23:00 CET / 10pm GMT to discuss its fourth quarter earnings. Robert Hagerty, chairman, president and CEO, and Michael Kourey, chief financial officer, will host the conference call. You may participate by viewing the webcast at www.polycom.com or, for callers outside of the US and Canada, by calling +1 212.231.2903, with the passcode being Polycom. A replay of the call will also be available at www.polycom.com or, for callers outside of the US and Canada, at +1 402.977.9140. The access number for the replay is 21455246. A replay of the call will also be maintained on our website for twelve months at www.polycom.com under Investor Relations – Earnings Calls-Archives.

Polycom reserves the right to modify future product plans at any time. Products and/or related specifications referenced in this press release are not guaranteed and will be delivered on a when and if available basis.

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