

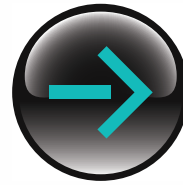


Rapport Annuel 2009,
Invitation et Document
D'Information

Geschäftsbericht 2009,
Einladung und
Informationsmaterial

2009 Annual Report,
Invitation and Proxy
Statement

Designed for the Digital Future



Selected Financial Highlights

The following selected historical information has been derived from audited financial statements included in our annual reports for such years. Accordingly, the table should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our annual reports for Fiscal Years 2009 and 2008 and the section titled "Operating and Financial Review and Prospects," in our annual reports for Fiscal Years 2005 through 2007.

Fiscal Year	2005	2006	2007	2008	2009
(in thousands of U.S. dollars, except per share amounts)					
Total revenues	\$ 1,482,626	\$ 1,796,715	\$ 2,066,569	\$ 2,370,496	\$ 2,208,832
Gross margin	34.0%	32.0%	34.3%	35.8%	31.3%
Operating income	\$ 171,674	\$ 198,911	\$ 230,862	\$ 286,680	\$ 109,654
Operating margin	11.6%	11.1%	11.2%	12.1%	5.0%
Net income	\$ 149,266	\$ 181,105	\$ 229,848	\$ 231,026	\$ 107,032
Earnings per diluted share	\$ 0.77	\$ 0.92	\$ 1.20	\$ 1.23	\$ 0.59
Diluted number of shares (in millions)	198,250	198,769	190,991	187,942	182,911
Cash flow from operations	\$ 213,674	\$ 152,217	\$ 303,825	\$ 393,079	\$ 200,587
Capital expenditures	\$ 40,541	\$ 54,102	\$ 47,246	\$ 57,900	\$ 48,263
Cash & cash equivalents net of short-term debt	\$ 331,402	\$ 230,943	\$ 398,966	\$ 486,292	\$ 494,396
Shareholders' equity	\$ 526,149	\$ 685,176	\$ 844,524	\$ 960,044	\$ 997,708

This document contains forward-looking statements, including the statements regarding a return to earnings growth for the second half of Fiscal Year 2010, Logitech's ability to emerge stronger from the recession, the size and timing of expected savings from the restructuring and efforts to lower variable expenses, evolving technology and market trends, growth opportunities in our product categories and our business strategies for Fiscal Year 2010 and beyond. The forward-looking statements involve risks and uncertainties that could cause Logitech's actual results to differ materially from that anticipated in these forward-looking statements. Factors that could cause actual results to differ materially include: our inability to predict the depth and length of the deterioration of general economic conditions and its impact on our business, operating results and financial condition; the demand of our customers and our consumers for our products and our ability to accurately forecast it; Logitech's ability to achieve expected cost reductions within expected time frames; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if we fail to take advantage of long-term trends in the consumer electronics and personal computers industries; if we fail to successfully innovate in our current and emerging product categories and identify new feature or product opportunities; the sales mix among our lower- and higher-margin products and our geographic sales mix; as well as those additional factors set forth in our periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 and our Quarterly Reports on Form 10-Q, available at www.sec.gov. Logitech does not undertake to update any forward-looking statements.



“We’ve never been more excited about our opportunities to bring meaningful product innovation to the digital world.”

Gerald P. Quindlen
President and Chief Executive Officer

Guerrino De Luca
Chairman of the Board



● FRANÇAIS A nos actionnaires

Les résultats financiers de Logitech pour l'exercice fiscal 2009 ont été décevants. La récession économique sans précédent a touché de nombreuses entreprises—et la nôtre n'a pas été épargnée.

Nous avons enregistré un bon premier semestre, au cours duquel nos ventes ont augmenté de plus de 14%. Toutefois, la crise mondiale a eu un effet négatif sur la demande des consommateurs au cours du second semestre, interrompant malheureusement la croissance de nos ventes et de nos revenus. Nos ventes pour l'exercice fiscal 2009 se montent à \$2,2 milliards, soit une diminution de 7% par rapport à l'exercice 2008. Quant à notre bénéfice d'exploitation, il a été de \$110 millions, ce qui représente une diminution de 62%.

Aussi décevant et difficile qu'il ait pu être l'impact de la récession mondiale sur notre entreprise, les qualités qui ont conduit Logitech au succès sont intactes. De nombreux éléments nous encouragent à croire que nous sortirons renforcés de cette récession.

Au moyen de cette lettre annuelle qui vous est destinée, nous souhaitons vous donner les raisons pour lesquelles nous demeurons très optimistes et confiants sur le futur de Logitech.

● DEUTSCH Sehr geehrte Aktionärin, sehr geehrter Aktionär

Logitech blickt auf ein enttäuschendes Geschäftsjahr 2009 zurück. Zahlreiche Unternehmen litten im vergangenen Jahr unter der beispiellosen Wirtschaftskrise—und Logitech bildete dabei leider keine Ausnahme.

Im ersten Halbjahr verzeichneten wir noch eine solide Entwicklung mit einer Umsatzsteigerung von über 14%. In der zweiten Jahreshälfte bremste die weltweite Rezession die Konsumnachfrage jedoch spürbar, was sich deutlich negativ auf unsere Verkaufszahlen und Erträge auswirkte. Insgesamt beläuft sich der Umsatz für das Geschäftsjahr 2009 auf USD 2,2 Milliarden, was einem Rückgang um 7% im Vergleich zum Geschäftsjahr 2008 entspricht. Das Betriebsergebnis ging um 62% auf USD 110 Millionen zurück.

Trotz der Enttäuschung und den Herausforderungen, die der globale Abschwung mit sich brachte—die Substanz dessen, was Logitech so erfolgreich macht, bleibt intakt. Wir blicken mit Selbstvertrauen und Zuversicht in die Zukunft, denn es gibt viele Gründe, weshalb Logitech gestärkt aus dieser Krise hervorgehen wird. Mit diesem Jahresbrief wollen wir Ihnen die wichtigsten dieser Gründe aufzeigen.

● ENGLISH To our shareholders

Logitech's financial results for Fiscal Year 2009 were disappointing. The unprecedented economic downturn impacted many companies, and ours was no exception.

We had a solid first half, in which our sales grew more than 14%. However, the global recession took a significant toll on consumer demand in the second half and, regrettably, interrupted our growth in sales and earnings. Our sales for FY 2009 were \$2.2 billion, down 7% from FY 2008, and our operating income was \$110 million, down 62%.

As disappointing and challenging as the global downturn has been for our company, the essence of what makes Logitech successful remains intact. We are heartened and encouraged by many factors that we believe will enable us to emerge stronger from this recession.

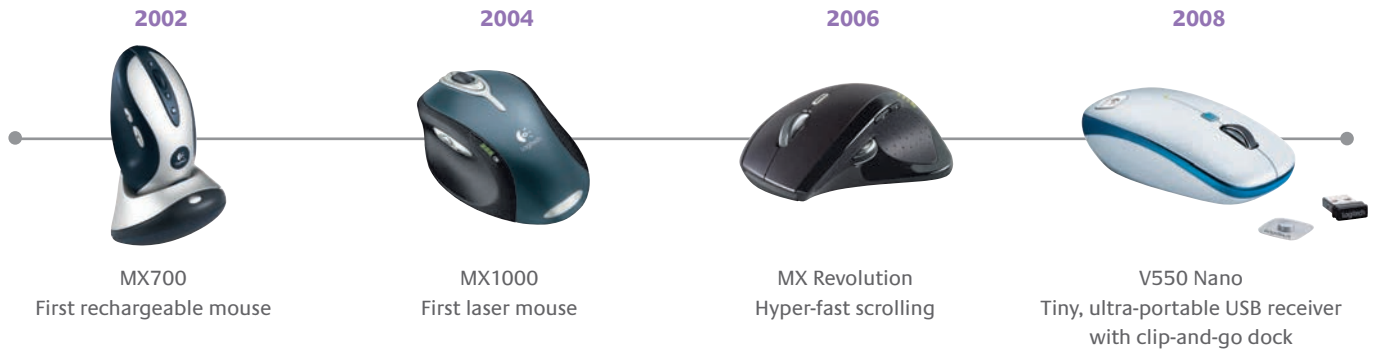
With this annual letter to you, we want to provide perspective on why we remain very optimistic and confident about Logitech's future.

Our solid management team has focused our worldwide organization on a plan that we believe prepares the founda-



Innovation is in our DNA

In 1981, it was innovation that fueled Logitech as we turned an interface idea — the computer mouse — into intuitive, empowering control. Innovation has helped us extend into other categories where people have deep connections to digital experiences. Innovation has helped us reinvent categories, including mice, with a steady stream of breakthroughs. And it is the power behind another major milestone — we shipped our **billionth mouse** this year. Logitech is more committed than ever to funding innovation through R&D investments, sustaining our competitive advantage and category leadership.



- Notre solide équipe dirigeante poursuit la mise en œuvre d'un plan qui devrait poser les fondations d'une croissance des revenus au cours du second semestre de l'exercice 2010. La décision de restructurer la société a été difficile, et ce d'autant plus qu'une partie de ce plan a conduit à une réduction de l'ensemble de nos effectifs. Nous avons aussi identifié d'autres réductions de dépenses à tous les niveaux de l'entreprise. Bien que cette restructuration ait réduit notre bénéfice d'exploitation d'environ \$20 millions pour l'exercice 2009, nous prévoyons que les mesures que nous avons prises réduiront nos coûts de \$100 millions au cours de l'exercice fiscal 2010.

Malgré l'impact de la récession sur nos revenus, nous avons continué tout au long de l'exercice 2009 à investir de manière prioritaire dans l'innovation, qui, comme vous le savez, a toujours constitué la base de notre leadership. La dynamique de notre capacité à développer de nouveaux produits est inchangée. Cela nous a permis de lancer de nouveaux produits innovants au cours de l'année, de livrer notre milliardième souris et de préparer toute une gamme de produits compétitifs pour chacune de nos différentes catégories, qui seront commercialisés dès l'exercice 2010.

Cette culture de l'innovation nous a permis de préserver notre leadership lors de ces temps difficiles. Nous avons pu maintenir, ou même augmenter nos parts de marché dans la plupart de nos catégo-

- Das Führungsteam von Logitech hat die weltweite Organisation auf eine neue Basis gestellt, die unserer Ansicht nach die Voraussetzungen für ein Ertragswachstum in der zweiten Jahreshälfte 2010 schafft. Die Entscheidung fiel uns nicht leicht, aber als Teil dieser Neuorganisation wurde das Unternehmen restrukturiert und die weltweite Belegschaft reduziert. Parallel dazu wurden unternehmensweit zusätzliche Massnahmen zur Kostensenkung identifiziert. Zwar hat die Restrukturierung das Betriebsergebnis 2009 mit rund USD 20 Millionen belastet. Wir rechnen jedoch damit, durch die umgesetzten Massnahmen die Kostenstruktur im Geschäftsjahr 2010 um USD 100 Millionen zu entlasten.

Obwohl sich die Rezession negativ auf unsere Umsätze auswirkte, konzentrierten wir uns auch 2009 auf Investitionen in Innovation, was—wie Sie wissen—die Grundlage für unsere Spitzenstellung bildet. Unsere Produktentwicklung hat ihre Dynamik unvermindert aufrechterhalten. Entsprechend konnten wir auch im Berichtsjahr innovative Produkte lancieren, die Milliardste Maus ausliefern sowie in allen Bereichen kompetitive Produkte für die Markteinführung im Geschäftsjahr 2010 und darüber hinaus vorbereiten.

Dank der beharrlichen Innovationstätigkeit waren wir in der Lage, unsere Marktführerschaft während des Abschwungs zu behaupten. De facto konnten wir unseren Marktanteil in den

- tion for earnings growth for the second half of FY 2010. It was a painful decision, but as part of the plan, we restructured the company, reducing the size of our global workforce. We also identified additional ways to scale back our expenses throughout the organization. Although the restructuring negatively impacted our operating income for FY 2009 by approximately \$21 million, we expect the actions we have taken will reduce our cost structure in FY 2010 by \$100 million.

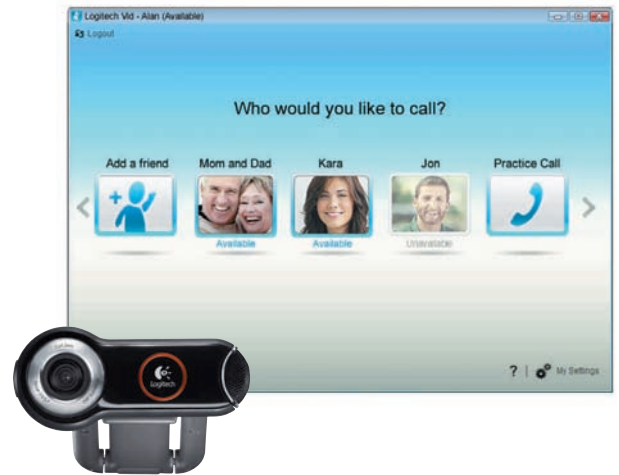
Despite the recession's impact on our revenues, we continued throughout FY 2009 to prioritize our investment in innovation, which, as you know, has been the foundation of our leadership. Our product-development machine has continued its momentum, enabling us to introduce innovative products this year, ship our billionth mouse and prepare a range of competitive products in each of our categories for introduction in FY 2010 and beyond.

This steady commitment to innovate has enabled us to sustain our market leadership during this downturn. In fact, in most of our product categories, we have been able to maintain or grow our market share as consumers continue to respond well to our products, even in this environment.



Strategic acquisitions complement organic growth

We have accelerated our progress toward making digital communications robust and easy to use. In the third quarter of Fiscal Year 2009, we acquired SightSpeed, an award-winning provider of high-quality video communications services. In June 2009, we launched Logitech Vid™, a new service that gives customers free, fast and easy video calling, powered by the Logitech SightSpeed Network. With a dramatically simplified user interface and increased speed, we have created the **critical building blocks** for the future of video communications in the digital home.



ries de produits. Malgré cet environnement macroéconomique difficile, les consommateurs continuent d'accueillir favorablement nos produits.

Parmi les faits marquants de l'exercice 2009 figurent l'acquisition de deux sociétés qui vont renforcer notre capacité à innover. L'acquisition de SightSpeed nous a permis d'accélérer le développement d'un service de communication vidéo convivial pour nos webcams. Nommé Logitech Vid™, ce service rend encore plus simple l'utilisation de nos webcams pour communiquer avec la famille et les amis. De plus, notre acquisition d'Ultimate Ears nous permet d'offrir une technologie de pointe aux audiophiles nomades qui représentent un marché en pleine croissance.

De même, la priorité que nous accordons de plus en plus à l'expérience que nos consommateurs ont avec nos produits nous a également permis de renforcer nos parts de marché. En effet, dans un environnement de récession, l'attente des consommateurs avisés est élevée, indépendamment du prix du produit. Nous sommes prêts à répondre à cette exigence.

Grâce à l'approche globale que nous avons mise en place au sein de notre entreprise afin de mesurer la qualité de l'expérience faite par nos consommateurs, chaque nouvelle génération de produits est fortement influencée par les témoignages que nous apportent les utilisateurs sur

meisten Produktkategorien halten oder sogar ausbauen, da die Konsumenten selbst in diesem Umfeld weiterhin gut auf unsere Produkte ansprechen.

Ein Höhepunkt im Geschäftsjahr 2009 markiert die Übernahme zweier Firmen, die künftig zu unserer Innovationsdynamik beitragen werden. Die Akquisition von SightSpeed beschleunigte die Entwicklung eines einfachen Videogesprächsdiensts für unsere Webcams. Unter dem Namen Logitech Vid™ macht dieser Service den Einsatz unserer Webcams für die Kommunikation mit Familie und Freunden einfacher denn je. Durch die Übernahme von Ultimate Ears sind wir in der Lage, im wachsenden Markt für Musik auf mobilen Plattformen die branchenweit führenden Lösungen anzubieten.

Ein weiterer Grund für unsere Marktstellung ist der klare Fokus auf den Kundennutzen. Gerade in einem von der Wirtschaftskrise geprägten Umfeld erwarten anspruchsvolle Konsumenten noch bessere Produkteigenschaften, egal in welchem Preissegment—und darauf sind wir vorbereitet.

Durch unsere Kundenbewertungsinitiative, die im gesamten Unternehmen umgesetzt ist, wird jede neue Produktgeneration in hohem Maße von den Rückmeldungen beeinflusst, die uns die Konsumenten zur früheren Generation geben. Zudem bewerten wir unsere Fähigkeit, den Nutzen für unsere Kunden zu verbessern—sei es durch die Produkte selbst, sei es durch

Among the highlights of FY 2009 were the acquisitions of two companies that will only add to our innovation momentum going forward. The acquisition of SightSpeed allowed us to accelerate development of an easy video-calling service for our webcams. Called Logitech Vid™, this service makes using our webcams to communicate with family and friends simpler than ever before. And our acquisition of Ultimate Ears is allowing us to bring industry-leading technology to the growing market of music listeners on mobile platforms.

Our focus on customer experience has also helped our market share. Discerning consumers in this recessionary environment are expecting more from their product experience at whatever price they pay, and we're ready for them.

Through our customer experience initiative, which has been deployed throughout the organization, each new generation of products is heavily influenced by what consumers tell us about their experience with the previous generation. We measure our ability to improve our customers' experiences—with the products themselves as well as with other touch points in their journey with Logitech.



A relentless focus on creating a better customer experience

Delight drives sales. Our Customer Experience (CX) initiative drives our organization toward making sure our products delight people at every step. We use a metrics-based approach, tracking our progress with Net Promoter Score (NPS). We can measure our progress to see how well we're delivering delight as we create and improve our products. Feedback within NPS told us what people wanted from our remotes — including intuitive, customizable screen designs. This feedback directly drove our product development roadmap. We created the Logitech Harmony® 1100 remote with the features and improvements requested by users. In the first quarter of launch, the NPS score for the Harmony 1100 **improved 150%** over its predecessor and it quickly became one of the highest-rated remotes on Amazon.com.

How likely are you to recommend to a colleague or friend?



“The color icons are large and easy to read”
“Design is attractive”



● la gamme de produits antérieure. Nous mesurons notre capacité à améliorer cette expérience soit directement avec les produits, soit au travers de tout contact que nos clients ont avec Logitech.

La priorité que nous accordons aux besoins de nos utilisateurs nous a également aidés à rester en phase avec l'évolution de leur comportement pendant cette récession. Nous avons observé qu'avec un budget de dépenses réduit, les consommateurs analysent encore plus attentivement leurs achats. Avant d'acheter un produit, ils sont plus enclins à considérer les avis exprimés par d'autres consommateurs sur Internet. Enfin, ils ont tendance à préférer des marques de qualité.

Un moyen important de répondre aux besoins et comportements exigeants des consommateurs consiste à améliorer l'expérience d'achat « online » de nos produits, aussi bien sur notre site Web que sur les sites de nos partenaires. Alors que certaines améliorations ont déjà été mises en œuvre, la plupart seront introduites lors de l'exercice 2010.

L'attention accordée à l'expérience des utilisateurs nous aide également à renforcer notre marque. Ceci est particulièrement important au moment où nous élargissons notre offre de produits à des solutions grand public pour la maison numérique. Notre objectif est de permettre à nos utilisateurs des expériences agréables, afin de les aider à explorer ce qui leur importe

● andere Berührungspunkte, die sie im Laufe der Zeit mit Logitech haben.

Der Fokus auf Kundenbedürfnisse hat uns auch geholfen, während dieser Rezession mit dem veränderten Konsumentenverhalten Schritt zu halten. Wir stellten fest, dass Konsumenten ihre Käufe umso sorgfältiger abwägen, je weniger Geld ihnen zur Verfügung steht. Sie neigen eher dazu, sich vor dem Kauf online über Produkte zu informieren und die Empfehlungen anderer Konsumenten zu befolgen. Und sie bevorzugen vertrauenswürdige Marken.

Eine wichtige Massnahme, um diese veränderten Bedürfnisse und Anforderungen der Konsumenten zu erfüllen, ist ein besseres Online-Shop-Angebot für unsere Produkte. Das gilt sowohl für unsere Website als auch für die Sites unserer Partner. Einige Verbesserungen haben wir bereits implementiert, der Grossteil wird im Geschäftsjahr 2010 folgen.

Der Fokus auf den Kundennutzen ist nicht zuletzt Voraussetzung, damit wir unsere Marke stärken und das Markenversprechen konsequent einhalten können. Das ist von besonderer Bedeutung, weil wir unser Produktangebot von PC-Peripheriegeräten für technisch versierte Anwender auf Lösungen für das digitale Zuhause und den digitalen Lifestyle von Mainstream-Kunden ausweiten. Unser Ziel ist es, angenehme und eindruckliche Erfahrungen für Menschen zu schaffen. Und ihnen zu helfen in der digitalen

● This focus on our customers' needs has also helped us stay in tune with how their behavior is evolving during this recession. We have seen that with less money to spend, consumers are scrutinizing their purchases even more carefully. They are more inclined to research products online before purchasing, heeding advice in reviews by other consumers. And they tend to prefer trusted brands.

One important way in which we are addressing these evolving consumer needs and behaviors is by enhancing the online shopping experience for our products on our Web site as well as on our partners' sites. While some enhancements have been implemented, most will roll out in FY 2010.

This attention to customer experience also helps us strengthen our brand and more consistently deliver on its promise, which is especially important as we broaden our product offerings from PC peripherals for tech-savvy people to mainstream consumer solutions for digital homes and lifestyles. Our goal is to create delightful and immersive experiences for people—to help them pursue what they care about in the digital world. By delivering on this brand promise in everything we do, we sustain long-term loyalty among our customers.

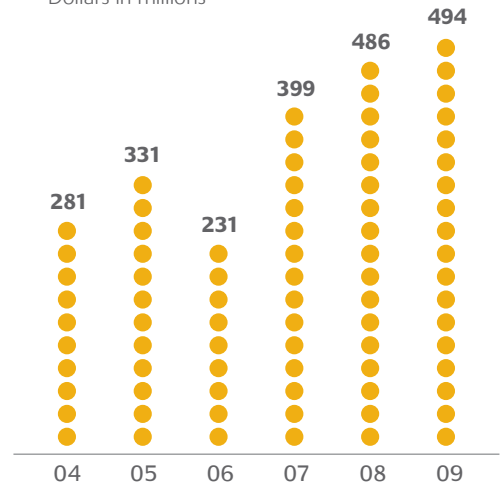


Financial strength to fund the future

Despite the severe economic upheaval in the second half of Fiscal Year 2009, Logitech remains well positioned to withstand the impact of the recession and also to emerge stronger. We ended Fiscal 2009 with nearly **half a billion dollars** in cash, providing us with the flexibility to invest in our business and in strategic transactions. We took decisive action to scale back our cost structure through the combination of a restructuring and the implementation of aggressive plans to reduce our variable spending across the company. Taken together, these actions are expected to reduce our cost structure for Fiscal 2010 by approximately \$100 million.

Year-ending net cash balances

Dollars in millions



● dans le monde numérique. En réalisant cette promesse de la marque dans toutes nos activités, nous entretenons la fidélité à long terme de nos clients.

Un mot sur notre bilan, qui demeure sain. Nous avons terminé l'exercice 2009 avec environ un demi-milliard de dollars en cash, un montant pratiquement inchangé d'une année à l'autre en dépit des turbulences affectant l'économie mondiale. La gestion et la protection de nos actifs financiers a toujours été rigoureuses. En ces temps difficiles, notre bilan nous permet de résister aux pressions actuelles sur notre chiffre d'affaires et notre profitabilité. Il nous offre aussi la flexibilité nécessaire pour définir notre propre cap, notamment pour tirer parti d'opportunités stratégiques susceptibles de se présenter.

En résumé, notre optimisme et notre confiance se fondent sur plusieurs facteurs : la solidité de notre équipe de direction, notre inextinguible capacité à innover, la priorité que nous accordons à l'expérience de nos utilisateurs, notre situation financière très saine, ainsi que les opportunités qui se présentent à Logitech d'être présente dans la maison numérique—le tout avec une marque forte et des produits qui permettent aux utilisateurs de contrôler, naviguer, dialoguer et se divertir dans cet univers digital.

Notre entreprise est riche en talents, dévouée et motivée, passionnément

● Welt das zu tun, was sie wollen. Indem wir diesem Markenversprechen in allen Aspekten unseres Handelns treu bleiben, sichern wir uns die langfristige Loyalität unserer Kunden.

Werfen wir noch kurz einen Blick auf unsere Bilanz, die weiterhin gesund ist. Logitech schloss das Geschäftsjahr 2009 mit Barmitteln in Höhe von rund einer halben Milliarde US-Dollar ab. Trotz Turbulenzen der globalen Wirtschaft bleibt dieser Wert von Jahr zu Jahr nahezu unverändert. Das Management und die Absicherung unserer Vermögenswerte spielt seit jeher eine wichtige Rolle. In Zeiten grosser Herausforderungen, wie wir sie momentan erleben, hilft uns die solide Bilanz, einen vorübergehenden Druck auf Umsatz und Rentabilität auszuhalten. Sie sichert uns zudem die Flexibilität, unseren Kurs für die Zukunft selbst festzulegen. Denn wir können uns so positionieren, dass wir sich ergebende strategische Chancen nutzen können.

Lassen Sie uns zusammenfassen: Unser Optimismus und unser Vertrauen gründen auf der Stärke unseres Führungsteams, unserer ungebrochenen Innovationskraft, unserer Fokussierung auf den Kundennutzen, unserer sehr gesunden finanziellen Basis sowie der Gelegenheiten für Logitech, eine wesentliche Präsenz im digitalen Zuhause zu entwickeln—mit einer starken Marke und mit Produkten, die dem Anwender die Möglichkeiten von

● Let us turn briefly to our balance sheet, which remains healthy. We exited FY 2009 with approximately a half billion dollars in cash, virtually unchanged year over year, in spite of the turmoil in the global economy. Managing and protecting our financial assets has always been important, but in challenging times such as these, our balance sheet is helping sustain us through the near-term pressures on revenue and profitability. It also provides us with the flexibility to chart our own course for the future by positioning us to take advantage of strategic opportunities that might arise.

In summary, our optimism and confidence is based on the strength of our management team, our unrelenting innovation engine, our focus on customer experience, our very healthy financial position as well as the opportunities for Logitech to develop a significant presence in the digital home—with a strong brand and products that enable people to control, navigate, socialize and be entertained in the digital world.

Our global organization is talented, committed, passionate—dedicated to continuing market leadership through the downturn and aggressively driving toward success with new opportunities—in our existing categories as well as in new

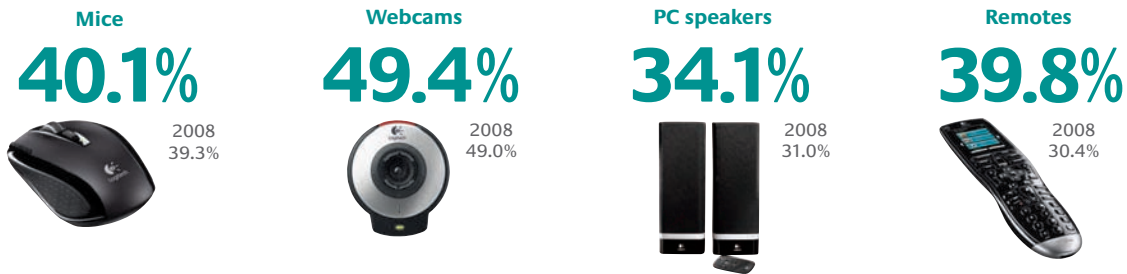


A strong connection with the consumer

When people want intuitive peripherals that connect them to and immerse them in the digital world — people think Logitech. The power of our brand is one of our **key competitive strengths**. Our brand helps us attract repeat purchases from satisfied consumers, enter new categories and grow markets. Despite the turbulent economic environment during Fiscal 2009, Logitech maintained or gained retail market share in many key categories — including mice, webcams, remotes and PC speakers. We are focused on improving our position within every category in which we compete.

Selected 2009 worldwide retail value share by category

Source: Logitech estimate based on available market data



- engagée à perpétuer son leadership malgré la récession et à tirer bénéfice de nouvelles opportunités. Ceci, aussi bien dans nos catégories de produits existantes que dans de nouvelles, appelées à émerger ou à être définies par les nouveaux besoins des consommateurs et les évolutions de cette industrie.

Alors que nous sortons de cet exercice fiscal difficile, nous tenons à remercier nos employés pour leur attitude positive et leur persévérance. Nous souhaitons aussi remercier notre Conseil d'administration pour son dévouement et son expertise. Et nous vous remercions, vous, nos actionnaires, ainsi que nos partenaires et clients, pour la confiance que vous nous accordez alors que nous traversons des temps de crise et menons Logitech vers le prochain chapitre de sa passionnante histoire.

- Kontrolle, Navigation, sozialen Kontakten und Unterhaltung in der digitalen Welt eröffnen.

Unsere weltweite Organisation ist talentiert, engagiert und leidenschaftlich. Wir sind entschlossen, unsere Marktführerschaft während der Rezession zu behaupten und neue Chancen konsequent auszuschöpfen—sowohl in den bestehenden Produktbereichen als auch in neuen Bereichen, die durch veränderte Konsumentenbedürfnisse oder Trends innerhalb der Branche entstehen.

Dass wir nach diesem anspruchsvollen Geschäftsjahr gestärkt in die Zukunft gehen, verdanken wir in erster Linie dem Engagement und der Ausdauer unserer Mitarbeiterinnen und Mitarbeiter. Unser Dank gilt auch dem Verwaltungsrat für seinen Einsatz und die beratende Funktion. Und wir danken Ihnen, unseren Aktionärinnen und Aktionären, wie auch unseren Partnern und Kunden für Ihr Vertrauen, während wir durch diese schwierigen Zeiten navigieren und Logitech auf die nächste Etappe unserer spannenden Reise lenken.

- ones that will emerge or be defined by changing consumer needs or shifts in the industry.

As we move forward from this challenging fiscal year, we wish to thank our employees for their spirit and perseverance. We also wish to thank our Board of Directors for their dedication and counsel. And we thank you, our shareholders, as well as our partners and customers, for your confidence in us as we navigate through these difficult times and lead Logitech into the next chapter of its exciting journey.

Gerald P. Quindlen
President and
Chief Executive Officer

Guerrino De Luca
Chairman of the Board

Invitation et Document D'information / Einladung und Informationsmaterial / Invitation and Proxy Statement

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23 juillet 2009

A nos actionnaires,

Vous êtes cordialement invités à participer à l'Assemblée Générale Ordinaire 2009 de Logitech. L'assemblée aura lieu le mardi 1^{er} septembre 2009 à 14h30 au Palais de Beaulieu, Salle Rome, à Lausanne, Suisse.

Vous trouverez en annexe une invitation et des informations, qui comprennent un ordre du jour et des indications concernant les points qui seront soumis au vote lors de l'assemblée, la façon dont vous pourrez exercer vos droits de vote, la rémunération des membres du Conseil d'Administration et de la direction générale de Logitech ainsi que d'autres informations utiles.

Que vous puissiez participer à l'Assemblée Générale Ordinaire ou non, votre vote est important.

Nous vous remercions du soutien que vous apportez à Logitech.

A handwritten signature in black ink, appearing to read "Guerrino De Luca".

GUERRINO DE LUCA

Président du Conseil d'Administration

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LOGITECH INTERNATIONAL S.A.**Invitation à l'Assemblée Générale Ordinaire****Mardi 1^{er} septembre 2009****14h30 (l'enregistrement commence à 13h30)****Palais de Beaulieu – Lausanne, Suisse**

ORDRE DU JOUR**A. Rapports**

Rapport d'activité pour l'exercice se terminant au 31 mars 2009

B. Points soumis au vote

1. Approbation du Rapport Annuel, du Rapport de Rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2009
2. Vote consultatif sur les principes, la politique et les pratiques de rémunération
3. Report à nouveau du bénéfice résultant du bilan sans paiement de dividende
4. Augmentation du nombre d'actions disponibles pour des octrois selon le Plan d'Intéressement de 2006.
5. Décharge des membres du Conseil d'Administration et de la Direction pour leur activité pendant l'exercice 2009
6. Elections au Conseil d'Administration
 - 6.1. Re-élection d'Erh-Hsun Chang
 - 6.2. Re-élection de Kee-Lock Chua
7. Re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision

Apples, Suisse, le 23 juillet 2009

Le Conseil d'Administration

QUESTIONS ET REPOSES
CONCERNANT L'ASSEMBLEE GENERALE ORDINAIRE 2009 DE LOGITECH

INFORMATION GENERALE CONCERNANT TOUS LES ACTIONNAIRES

Pourquoi ai-je reçu cet "Invitation et Document d'Information"?

Ce document est destiné à satisfaire à la fois aux règles du droit des sociétés suisses et aux règles américaines concernant les "*proxy statements*". En dehors des Etats-Unis et du Canada, cette Invitation et Document d'Information sera remis aux actionnaires inscrits au Registre des Actions accompagné d'une traduction partielle française et allemande. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions. Des copies de cette Invitation et Document d'Information ont été mises à disposition des actionnaires dès le 23 juillet 2009.

Qui peut voter à l'assemblée?

Les actionnaires inscrits au Registre des Actions de Logitech International S.A. (y compris le sous-registre tenu par l'agent de transfert américain de Logitech, The Bank of New York Mellon Corporation) le jeudi 27 août 2009, peuvent voter à l'assemblée. Aucun actionnaire ne pourra être inscrit au Registre des Actions entre le 28 août 2009 et le jour suivant celui de l'assemblée. Au 30 juin 2009, 89'756'624 actions étaient inscrites et conféraient le droit de vote sur un total de 180'178'128 actions Logitech émises. Le nombre d'actions qui pourront effectivement être votées lors de l'assemblée dépendra du nombre d'actions qui seront inscrites ou désinscrites entre le 30 juin 2009 et le 27 août 2009.

Pour davantage d'informations sur la façon dont les ayants droit économiques américains et canadiens peuvent exercer leurs droits de vote dans la perspective de l'assemblée, vous êtes priés de vous référer à la section "Informations supplémentaires pour les ayants droit économiques américains et canadiens" ci-dessous.

Qui a la qualité d'actionnaire inscrit?

Vous êtes considéré comme un actionnaire inscrit et cet Invitation et Document d'Information ainsi que les documents qui l'accompagnent vous sont adressés directement, si vos actions sont inscrites au Registre des Actions de Logitech International S.A. ou dans le sous-registre tenu par notre agent de transfert américain, The Bank of New York Mellon Corporation.

Qui est considéré comme un ayant droit économique d'actions inscrites au nom d'un dépositaire?

Les actionnaires qui n'ont pas demandé à ce que leurs actions soient inscrites directement au Registre des Actions, et qui détiennent leurs actions par l'intermédiaire d'une banque, d'un trustee, d'une société nommée ou d'une organisation similaire inscrite au Registre des Actions, sont les ayants droit économiques des actions inscrites au nom du dépositaire. Si vous détenez vos actions Logitech par l'intermédiaire d'une banque, d'un trustee, d'une société nommée ou d'une organisation similaire américaine ou canadienne, ce qui est la pratique habituelle aux Etats-Unis et au Canada, l'organisation auprès de laquelle vous détenez votre compte est considérée comme étant l'actionnaire inscrit en ce qui concerne l'exercice du droit de vote à l'assemblée, et cet Invitation et Document d'Information ainsi que les documents qui l'accompagnent sont envoyés à cette organisation ou mis à sa disposition. Vous êtes en droit de donner des instructions à l'organisation pertinente sur la façon dont le droit de vote doit être exercé en ce qui concerne les actions détenues pour votre compte.

Pourquoi est-il important de voter?

Logitech est une société cotée en bourse dont les décisions essentielles ne peuvent être prises que par les actionnaires. Que vous ayez l'intention de participer à l'assemblée ou non, il est important que vos actions soient représentées.

Combien d'actions doivent être représentées pour que l'assemblée puisse valablement délibérer?

L'assemblée n'est soumise à aucune exigence de quorum. En droit suisse, les assemblées générales des sociétés cotées en bourse ne sont pas soumises à des exigences de participation minimale, et les Statuts de Logitech ne prévoient pas non plus une telle exigence.

Où Logitech a-t-elle ses principales activités?

Le principal établissement de Logitech en Suisse se situe au Moulin du Choc D, à 1122 Romanel-sur-Morges, et le principal établissement aux Etats-Unis se situe à 6505 Kaiser Drive, Fremont, Californie 94555. Le numéro de téléphone principal de Logitech en Suisse est le +41-(0)21-863-5111 et le numéro de téléphone principal aux Etats-Unis est le +510-795-8500.

Comment puis-je me procurer le Rapport Annuel de Logitech ainsi que les autres documents mis à la disposition des actionnaires?

Une copie de notre Rapport Annuel 2009, de cette Invitation et Document d'Information ainsi que notre Rapport Annuel établi sur la base du formulaire 10-K pour l'exercice 2009 que nous avons déposé auprès de la *U.S. Securities and Exchange Commission* sont disponibles sur notre site internet à l'adresse <http://ir.logitech.com>. Nos actionnaires peuvent aussi obtenir sans frais des copies de ces documents à nos principaux établissements en Suisse et aux Etats-Unis aux adresses et numéros de téléphone mentionnés ci-dessus.

Où puis-je obtenir les résultats des votes de l'assemblée?

Nous entendons annoncer le résultat des votes lors de l'assemblée et publier un communiqué de presse à l'issue de celle-ci. Nous publierons également les résultats des votes sur notre site internet à l'adresse <http://ir.logitech.com> ainsi que dans notre rapport trimestriel pour le trimestre se terminant au 30 septembre 2009.

Puis-je participer et voter lors de l'assemblée si je ne suis pas un actionnaire inscrit?

Vous ne pouvez pas participer et voter vous-même vos actions lors de l'assemblée à moins que vous deveniez un actionnaire inscrit d'ici au 27 août 2009 ou que vous obteniez une procuration (*legal proxy*) de la banque, trustee ou société nommée qui détient vos actions et qui vous permette de voter les actions lors de l'assemblée. Si vous détenez vos actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée qui n'est pas américaine ou canadienne, vous pouvez vous faire inscrire comme actionnaire en contactant notre Registre des Actions à notre principal établissement en Suisse, à l'adresse mentionnée ci-dessus, et en suivant les instructions qui vous seront données ou, pour certaines juridictions, en demandant à être inscrits par l'intermédiaire de la banque ou du négociant par l'intermédiaire duquel vous détenez vos actions. Si vous détenez vos actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne, vous pouvez vous faire inscrire en qualité d'actionnaire en contactant votre banque, trustee ou société nommée et en suivant les instructions qui vous seront données.

INFORMATIONS SUPPLEMENTAIRES CONCERNANT LES ACTIONNAIRES INSCRITS**Comment puis-je voter si je n'envisage pas de participer à l'assemblée?**

Si vous n'envisagez pas de participer à l'assemblée, vous pouvez cocher la case "Option 3" sur la Carte-Réponse annexée pour donner procuration à Logitech ou au Représentant Indépendant, Me Beatrice Ehlers, pour vous représenter lors de l'assemblée. Vous êtes invité à communiquer vos instructions de vote en cochant les cases pertinentes à côté des points de l'ordre du jour sur la Carte-Réponse et en signant, datant et retournant votre Carte-Réponse complétée dès que possible au moyen de l'enveloppe affranchie annexée. Si vous signez et retournez la Carte-Réponse sans donner d'instruction de vote pour tout ou partie de l'ordre du jour, vos droits de vote seront exercés

conformément aux propositions du Conseil d'Administration (le "Conseil"). Nous vous invitons à vous référer aux indications de la Carte-Réponse pour davantage d'informations.

Comment puis-je participer à l'assemblée?

Si vous souhaitez participer à l'assemblée, nous vous invitons à cocher la case "Option 1" de la Carte-Réponse et à retourner cette dernière dûment complétée, signée et datée à Logitech au moyen de l'enveloppe affranchie annexée jusqu'au 21 août 2009. Nous vous ferons parvenir une Carte d'Accès. Si vous ne recevez pas votre Carte d'Accès avant l'assemblée et êtes un actionnaire inscrit au 21 août 2009, vous pouvez participer à l'assemblée en présentant une pièce d'identité à l'assemblée.

Puis-je demander à une autre personne de me représenter à l'assemblée?

Oui. Si vous souhaitez que quelqu'un d'autre que Logitech ou le Représentant Indépendant vous représente à l'assemblée, nous vous invitons à cocher la case "Option 2" sur la Carte-Réponse et à nous fournir le nom et l'adresse de la personne par laquelle vous souhaitez être représenté. Vous devez alors retourner la Carte-Réponse dûment complétée, signée et datée à Logitech en utilisant l'enveloppe affranchie annexée jusqu'au 21 août 2009. Nous enverrons une Carte d'Accès au représentant que vous aurez désigné. Si le nom et l'adresse que vous communiquez ne sont pas suffisamment clairs, Logitech enverra la Carte d'Accès à votre adresse. Il vous appartiendra alors de la transmettre à votre représentant.

Puis-je vendre mes actions avant l'assemblée si j'ai déjà voté?

Logitech n'empêche pas le transfert d'actions avant une assemblée. Toutefois, si vous vendez vos actions Logitech avant l'assemblée et que le Registre des Actions de Logitech est informé de cette vente, le vote concernant les actions vendues ne sera pas pris en considération. Les personnes qui achètent des actions après la clôture du Registre des Actions le jeudi 27 août 2009 ne pourront pas faire inscrire ces actions avant le jour suivant l'assemblée et ne seront par conséquent pas en mesure de voter ces actions lors de l'assemblée.

Puis-je changer les instructions de vote que j'ai données en utilisant la Carte-Réponse?

Vous pouvez modifier vos instructions jusqu'au moment du vote. Vous pouvez révoquer vos instructions en nous demandant de vous remettre une nouvelle Carte-Réponse, auquel cas votre précédente Carte-Réponse sera annulée. Si vous souhaitez donner de nouvelles instructions, vous pouvez compléter la nouvelle Carte-Réponse et nous la retourner. Vous pouvez aussi participer à l'assemblée et voter personnellement. Toutefois, votre participation à l'assemblée n'annulera pas automatiquement les instructions contenues dans votre Carte-Réponse, à moins que vous votiez lors de l'assemblée ou que vous demandiez expressément et par écrit que votre précédente Carte-Réponse soit révoquée.

Si je donne procuration au moyen de la Carte-Réponse, que se passe-t-il si je ne donne pas d'instruction de vote?

Si vous êtes un actionnaire inscrit et que vous signez et retournez votre Carte-Réponse sans donner d'instructions de vote particulières pour tout ou partie des points figurant à l'ordre du jour, vos droits de vote seront exercés en faveur des propositions du Conseil d'Administration. En outre, si vous ne donnez pas d'instruction particulière dans la Carte-Réponse et que des points ne figurant pas à l'ordre du jour sont valablement soumis au vote, vos droits de vote seront exercés en faveur des propositions du Conseil d'Administration sur ces points.

En outre, si vos actions sont représentées par une institution soumise à la Loi fédérale suisse sur les banques et les caisses d'épargne ou par un gérant de fortune professionnel au sens du droit suisse, et si vous n'avez pas donné d'instructions générales ou particulières à la banque ou au gérant de fortune concerné, la banque ou le gérant de fortune sera tenu selon le droit suisse d'exercer les droits de vote concernant vos actions conformément aux instructions du Conseil d'Administration.

Qui puis-je contacter pour poser des questions?

Si vous avez des questions ou besoin d'assistance pour voter vos actions, vous êtes invité à nous appeler au +1-510-713-4220 ou à nous envoyer un email à l'adresse *investorrelations@logitech.com*.

INFORMATIONS SUPPLEMENTAIRES POUR LES AYANTS DROIT ECONOMIQUES AMERICAINS OU CANADIENS**Pourquoi ai-je reçu un courrier d'une page m'indiquant que le matériel de vote peut être obtenu par internet cette année plutôt qu'un exemplaire imprimé du matériel de vote?**

Nous avons permis aux ayants droit économiques détenant leurs actions par l'intermédiaire de banques, de trustees ou de sociétés nommées américaines ou canadiennes d'obtenir le matériel de vote par internet. En conséquence, les banques, trustees ou sociétés nommées concernées transmettent un "Avis de Mise à Disposition" du matériel de vote par internet (l' "Avis") aux ayants droit économiques concernés. Ces personnes pourront accéder au matériel de vote sur un site internet indiqué dans l'Avis ou demander à recevoir un exemplaire imprimé du matériel de vote. Des instructions sur la façon d'accéder au matériel de vote par internet ou de demander la remise d'un exemplaire imprimé figure dans l'Avis. En outre, les ayants droit économiques détenant leurs actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne peuvent demander en tout temps à recevoir une copie imprimée du matériel de vote par la poste ou par courrier électronique.

Comment puis-je accéder au matériel de vote par voie électronique?

L'Avis vous fournira des indications sur la façon dont vous pouvez:

- Accéder au matériel de vote sur internet concernant l'assemblée; et
- Nous demander de vous adresser à l'avenir le matériel de vote par courrier électronique.

En choisissant de recevoir votre matériel de vote par courrier électronique à l'avenir, vous nous épargnez les frais liés à l'impression et à l'envoi des documents, ce qui réduira aussi l'impact de notre Assemblée Générale Ordinaire sur l'environnement. Si à l'avenir vous décidez de recevoir notre matériel de vote par courrier électronique, vous recevrez l'année prochaine un courrier électronique contenant des instructions ainsi qu'un lien au matériel de vote et également un lien sur lequel des instructions de vote pourront être données. Votre décision de recevoir le matériel de vote par courrier électronique restera valide jusqu'à ce que vous la révoquiez.

Qui peut donner des instructions de vote pour l'assemblée?

Les actionnaires qui détiennent leurs actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne au 13 juillet 2009 peuvent donner des instructions à l'organisation concernée sur la façon dont les droits de vote doivent être exercés. Logitech a pris des mesures pour qu'une société spécialisée dans la fourniture de services à des banques, des trustees et des sociétés nommées américaines et canadiennes procède à une réconciliation des positions en actions des ayants droit économiques américains et canadiens entre le 13 juillet 2009 et le 19 août 2009, date que Logitech a identifiée comme étant la dernière date possible pour une telle réconciliation. Il est prévu que ces mesures donnent lieu aux ajustements suivants: si une personne qui était un ayant droit économique d'actions américain ou canadien le 13 juillet 2009 donne des instructions de vote, mais vend ses actions par la suite jusqu'au 19 août 2009, les instructions de vote données seront annulées. Si une personne qui était un ayant droit économique d'actions au 13 juillet 2009 et qui avait donné des instructions de vote augmente ou réduit ultérieurement sa participation, mais est toujours un ayant droit économique au 19 août 2009, le nombre de droits de vote attribué à cette personne sera augmenté ou réduit pour refléter sa participation au 19 août 2009.

Si vous devenez un ayant droit économique d'actions après le 13 juillet 2009 par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne, et que vous souhaitez voter lors de l'Assemblée Générale ou donner des instructions de vote à un représentant, vous devez vous faire inscrire comme actionnaire. Vous pouvez devenir un actionnaire inscrit en contactant votre banque, trustee ou société nommée et en vous conformant à

leurs instructions. Pour que votre inscription, l'envoi du matériel de vote ainsi que l'envoi de vos instructions de vote puissent intervenir en temps utile, nous vous encourageons à demander votre inscription dès que possible avant le 27 août 2009.

Comment puis-je voter si je suis un ayant droit économique américain ou canadien?

Si vous êtes un ayant droit économique d'actions et que vous souhaitez participer à l'assemblée, vous devez obtenir une procuration de l'organisation qui détient vos actions.

Si vous ne souhaitez pas participer personnellement à l'assemblée, vous pouvez voter par procuration. Vous pouvez donner vos instructions de vote par internet ou, si vous avez demandé la remise d'une copie imprimée du matériel de vote, vous pouvez aussi donner vos instructions de vote par la poste ou par téléphone en vous conformant aux instructions contenues dans l'Avis.

Que se passe-t-il si je ne donne pas d'instruction de vote spécifique?

Si vous êtes un ayant droit économique américain ou canadien et que vous ne donnez pas d'instruction de vote spécifique à votre banque, trustee ou société nommée, votre banque, trustee ou société nommée pourra, en application des règles de certaines bourses nationales ou régionales, voter sur certains points considérés comme usuels mais devra s'abstenir de voter sur les points de l'ordre du jour considérés comme étant non usuels. Si l'organisation qui détient vos actions ne reçoit pas d'instruction de vote de votre part sur la façon dont elle doit exercer les droits de vote sur des points de l'ordre du jour qui ne sont pas usuels, les droits de vote afférant à vos actions ne seront pas exercés et ne seront pas comptabilisés comme des voix exprimées dans le cadre du vote. Nous vous encourageons à donner des instructions de vote à l'organisation qui détient vos actions en suivant attentivement les instructions figurant dans l'Avis. Nous nous attendons à ce que les points suivants de l'ordre du jour soient considérés comme n'étant pas usuels: Point 2 (vote consultatif sur les principes, la politique et les pratiques de rémunération), Point 3 (report à nouveau du bénéfice résultant de l'exercice sans paiement de dividende) et Point 4 (augmentation du nombre d'actions disponibles pour des octrois selon le Plan d'Intéressement 2006). Nous considérons tous les autres Points comme étant usuels. L'abstention d'une banque (*broker non-votes*) sur un point de l'ordre du jour ne sera pas considérée comme une voix exprimée.

Dans quel délai mes instructions de vote doivent-elles être données?

Si vous détenez vos actions par l'intermédiaire d'une banque, d'un négociant ou d'un autre dépositaire américain ou canadien, vous pouvez donner vos instructions de vote jusqu'au 28 août 2009 à 23h59 (Heure Avancée de l'Est – *Eastern Daylight Time*).

Puis-je changer mes instructions de vote après les avoir données?

Vous pouvez révoquer vos instructions et changer ces dernières en tout temps jusqu'au moment du vote final. Vous pouvez donner de nouvelles instructions par internet ou par téléphone (seule la dernière instruction communiquée par internet ou par téléphone avant l'assemblée sera prise en compte), ou en signant et en retournant une nouvelle carte d'instruction portant une date ultérieure, ou encore en participant à l'assemblée et en votant vous-même, dans la mesure où vous êtes en possession d'une procuration (*legal proxy*) qui vous permet de participer à l'assemblée et d'y voter. Toutefois, votre participation à l'Assemblée Générale Ordinaire n'aura pas pour effet d'annuler automatiquement vos instructions, à moins que vous votiez à l'occasion de l'assemblée ou demandiez expressément et par écrit que vos instructions de vote antérieures soient révoquées.

INFORMATIONS COMPLÉMENTAIRES POUR LES ACTIONNAIRES QUI DÉTIENNENT LEURS ACTIONS PAR L'INTERMÉDIAIRE D'UNE BANQUE OU D'UN NÉGOCIANT (EN DEHORS DES ETATS-UNIS OU DU CANADA)

Comment puis-je voter par procuration si mes actions sont détenues par l'intermédiaire d'une banque ou d'un négociant dépositaire?

Votre banque, trustee ou société nommée devrait vous inviter à lui communiquer vos instructions sur la façon dont elle doit exercer le droit de vote s'afférant à vos actions. Si tel n'est pas le cas, vous devez contacter votre banque ou négociant dépositaire pour lui communiquer vos instructions.

Dans quel délai dois-je transmettre mes instructions de vote si mes actions Logitech sont détenues par l'intermédiaire d'une banque ou d'un négociant dépositaire?

Les banques et négociants dépositaires invitent généralement leurs clients à leur communiquer leurs instructions dans un certain délai. En dehors des Etats-Unis et du Canada, ce délai échoit généralement deux à trois jours avant la date fixée par la société qui tient son assemblée générale. Si vous détenez des actions Logitech par l'intermédiaire d'une banque ou d'un négociant dépositaire en dehors des Etats-Unis ou du Canada, nous vous invitons à vous renseigner auprès de la banque ou du négociant concerné sur les délais pratiqués et à transmettre vos instructions de vote à ces institutions aussi rapidement que possible avant la date de l'assemblée.

AUTRES INFORMATIONS CONCERNANT L'ASSEMBLEE

Autres informations concernant les représentants dépositaires

Les institutions soumises à la Loi fédérale suisse sur les banques et les caisses d'épargne, ainsi que les gérants de fortune professionnels doivent aviser Logitech du nombre et de la valeur nominale des actions qu'ils représentent.

Propositions pour l'assemblée

Le Conseil ne fera pas d'autres propositions et n'a pas de raison de penser que des tiers feront d'autres propositions pour l'Assemblée Générale Ordinaire. Si d'autres propositions sont régulièrement soumises au vote lors de l'assemblée et que vous n'avez pas donné d'instruction spécifique sur votre Carte-Réponse ou votre carte d'instruction, vos actions seront votées sur ces points conformément aux recommandations du Conseil d'Administration.

Sollicitation de procurations

Nous supporterons les frais engendrés par la sollicitation de procurations et avons mandaté Georgeson Inc. pour solliciter de telles procurations moyennant des honoraires de \$15'000 ainsi qu'un montant approprié destiné à couvrir les frais encourus. Il est possible que certains administrateurs, directeurs et collaborateurs de Logitech sollicitent des procurations personnellement ou par poste, téléphone, courrier électronique ou de toute autre manière sans recevoir de rémunération supplémentaire. Nous nous réservons la faculté de demander à un tiers de solliciter des procurations et des instructions de vote pour notre compte par téléphone pour un émolument de \$5.00 par appel ainsi qu'une couverture appropriée des frais. Aux Etats-Unis, nous devons demander aux banques et sociétés nommées qui détiennent des actions en leur nom de communiquer notre matériel de vote aux ayants droit économiques des actions détenues, et nous sommes tenus de défrayer ces banques et sociétés nommées pour les frais engendrés par ces démarches selon un tarif prévu par la loi.

Enregistrement des votes

Les représentants d'au moins deux banques suisses agiront en qualité de scrutateurs lors de l'assemblée. Suivant l'usage pour les sociétés suisses, notre Registre des Actions établira la liste des instructions de vote qui auront été reçues des actionnaires inscrits avant la date de l'assemblée.

Propositions d'actionnaires et candidats au Conseil d'Administration

Propositions d'actionnaires pour l'Assemblée Générale Ordinaire 2009

Nos Statuts permettent à un ou plusieurs actionnaires qui représentent au moins (i) un pourcent du capital-actions ou, si cette valeur est inférieure (ii) des actions totalisant une valeur nominale d'un million de francs suisses, de requérir l'inscription d'un point à l'ordre du jour d'une assemblée générale des actionnaires. Notre Conseil d'Administration doit inclure une telle proposition dans la convocation à l'assemblée. L'inscription d'un point à l'ordre du jour doit être requise par écrit auprès du Conseil d'Administration au moins 60 jours avant la date prévue pour l'assemblée. Le délai pour demander l'inscription d'un point à l'ordre du jour à l'Assemblée Générale Ordinaire du 1^{er} septembre 2009 a expiré le 2 juillet 2009. Toutefois, le droit suisse permet à tout actionnaire inscrit ou à toute personne ayant reçu une procuration valide de la part d'un actionnaire inscrit de faire avant ou lors de l'assemblée des propositions alternatives sur des points figurants à l'ordre du jour de l'Assemblée Générale Ordinaire 2009.

Propositions d'actionnaires pour l'Assemblée Générale Ordinaire 2010

Un actionnaire inscrit qui satisfait aux exigences de participation minimale figurant dans les Statuts peut demander qu'un point soit porté à l'ordre du jour de l'Assemblée Générale Ordinaire 2010 en présentant une requête écrite et en indiquant les objets de discussion et les propositions au Secrétaire du Conseil de Logitech à notre établissement principal en Suisse ou aux Etats-Unis jusqu'au 9 juillet 2010 au plus tard. En outre, si vous êtes un actionnaire inscrit et satisfaites aux exigences de participation minimale prévues par la règle 14a-8 du *U.S. Securities Exchange Act of 1934* (la "Loi de 1934"), vous pouvez soumettre une proposition au Conseil d'Administration en vue de son inscription à l'ordre du jour de l'Assemblée Générale Ordinaire 2010 en remettant une requête dans ce sens ainsi qu'une description de la proposition au Secrétaire du Conseil de Logitech à notre établissement principal en Suisse ou aux Etats-Unis jusqu'au 9 mai 2010 au plus tard. La proposition devra satisfaire aux exigences de la règle 14a-8 de la Loi de 1934, qui énumère les conditions auxquelles une telle proposition doit satisfaire pour être incluse dans le matériel de vote établi par la société selon la réglementation américaine sur les valeurs mobilières. Selon les Statuts de Logitech, seuls les actionnaires inscrits sont considérés comme étant des actionnaires de Logitech. En conséquence, si vous n'êtes pas un actionnaire inscrit, vous n'êtes pas habilité à présenter des propositions pour l'Assemblée Générale Ordinaire 2010.

Proposition de candidats au Conseil d'Administration

Les propositions de candidats au Conseil d'Administration par des actionnaires inscrits doivent être faites conformément aux règles régissant les propositions d'actionnaires mentionnées ci-dessus.

Dispositions pertinentes des Statuts

La disposition des Statuts concernant le droit d'un ou de plusieurs actionnaires inscrits qui représentent au moins (i) un pourcent du capital-actions ou, si cette valeur est inférieure (ii) des actions totalisant une valeur nominale d'un million de francs suisses de demander l'inscription d'un point à l'ordre du jour d'une assemblée générale des actionnaires peut être consultée sur notre site internet à l'adresse <http://ir.logitech.com>. Vous pouvez aussi contacter le Secrétaire du Conseil d'Administration de Logitech à notre établissement principal en Suisse ou aux Etats-Unis pour obtenir une copie de la disposition pertinente de nos Statuts.

PROPOSITIONS ET EXPLICATIONS

A. RAPPORTS

Rapport d'activité pour l'exercice se terminant le 31 mars 2009

La direction de Logitech International S.A. donnera un rapport sur les opérations de la Société pour l'exercice 2009 lors de l'Assemblée Générale Ordinaire.

B. POINTS DE L'ORDRE DU JOUR SOUMIS AU VOTE

Point 1

Approbation du Rapport Annuel, du Rapport de Rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2009

Proposition

Le Conseil d'Administration propose d'approuver le Rapport Annuel, le Rapport de Rémunération, les comptes consolidés et les comptes statutaires de Logitech International S.A. pour l'exercice 2009.

Explication

Les comptes consolidés de Logitech et les comptes statutaires de Logitech International S.A. pour l'exercice 2009 sont inclus dans le Rapport Annuel de Logitech qui a été distribué à tous les actionnaires inscrits avec cet Invitation et Document d'Information. Le Rapport Annuel contient également le rapport de l'organe de révision de Logitech sur les comptes consolidés et les comptes statutaires ainsi que des informations complémentaires sur l'activité de la Société, son organisation, sa stratégie, de même que des informations concernant la gouvernance de l'entreprise conformément aux exigences du SIX Swiss Exchange en la matière. Le Rapport de Rémunération est inclus dans cet Invitation et Document d'Information. Des exemplaires du Rapport Annuel et de l'Invitation et Document d'Information peuvent être obtenus sur internet à l'adresse <http://ir.logitech.com>.

La loi suisse requiert que le rapport annuel et les comptes de sociétés suisses soient soumis aux actionnaires pour approbation ou rejet lors de chaque assemblée générale ordinaire. La soumission du Rapport de Rémunération au vote des actionnaires en même temps que le rapport annuel est une pratique recommandée par le Code de bonne pratique en matière de gouvernance d'entreprise établi par *economiesuisse*, l'une des principales associations faitières de l'économie suisse. En cas de vote négatif sur cette proposition, le Conseil d'Administration convoquera une assemblée générale extraordinaire pour permettre aux actionnaires de reconsidérer cette proposition. L'approbation de cette proposition ne constitue pas une approbation ou un rejet des points particuliers mentionnés dans le Rapport Annuel, le Rapport de Rémunération ou les comptes annuels ou statutaires pour l'exercice 2009.

PricewaterhouseCoopers S.A., en sa qualité d'organe de révision de Logitech, a recommandé sans réserve que l'Assemblée Générale Ordinaire de Logitech approuve les comptes consolidés de Logitech ainsi que les comptes statutaires de Logitech International S.A. PricewaterhouseCoopers S.A. parvient à la conclusion que "les comptes consolidés pour l'exercice se terminant au 31 mars 2009 donnent, de manière générale, une image fidèle de la situation financière, du résultat des opérations et des flux de fonds conformément aux principes comptables généralement acceptés aux Etats-Unis (*US GAAP*) et en conformité avec le droit suisse". PricewaterhouseCoopers S.A. parvient également à la conclusion et confirme que "les comptes annuels ainsi que la proposition du report à nouveau du bénéfice au bilan sont conformes au droit suisse et aux Statuts de Logitech International S.A."

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation

Le Conseil d'Administration recommande de voter en faveur de l'approbation du Rapport Annuel, du Rapport de Rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2009.

Point 2

Vote consultatif sur les principes, la politique et les pratiques de rémunération

Proposition

Le Conseil d'Administration propose aux actionnaires d'approuver, sur une base consultative, les principes, la politique et les pratiques de rémunération de Logitech telles que ces dernières sont décrites dans le chapitre "Compensation Discussion and Analysis" du Rapport de Rémunération de l'exercice 2009.

Explication

Lors de l'Assemblée Générale Ordinaire 2008, le Conseil d'Administration a demandé aux actionnaires d'approuver le Rapport de Rémunération 2008 en même temps que le rapport annuel 2008 de Logitech et les comptes. Cette année, le Conseil d'Administration propose en outre un vote consultatif sur les principes, la politique et les pratiques de rémunération, pour tenir compte de l'évolution des standards en matière de gouvernance d'entreprise en Suisse et aux Etats-Unis. Le vote consultatif n'engage pas le Conseil d'Administration. Toutefois, le Conseil et le Comité de Rémunération du Conseil prendront en considération d'éventuels résultats négatifs importants, et chercherons à en comprendre les raisons.

Comme indiqué dans la section "Compensation Discussion and Analysis" du Rapport de Rémunération 2009 de Logitech, Logitech a établi un programme de rémunération pour attirer, retenir et motiver les directeurs, cadres et employés de talent qui sont essentiels au succès de notre entreprise dans le long terme. Plus précisément, le programme de rémunération des membres de la direction de Logitech a été conçu de façon à:

- être compétitif avec ceux des sociétés comparables de l'industrie et dans les régions dans lesquelles les directeurs concernés résident, de façon à attirer et retenir les personnes les plus talentueuses;
- maintenir un équilibre entre la rémunération fixe et variable et faire dépendre une partie importante de la rémunération des performances de Logitech;
- aligner la rémunération des membres de la direction sur les intérêts des actionnaires, en liant une part importante de la rémunération à l'augmentation de la valeur des actions;
- favoriser un environnement orienté vers la performance qui récompense les performances exceptionnelles; et
- refléter l'appréciation du Comité de Rémunération du rôle et de la performance passée d'un membre de la direction par le niveau de son salaire de base et par des gratifications à court terme, ainsi que de son potentiel de contribution future à Logitech par des octrois à long terme réalisés dans le cadre de plans d'intéressement et de participation.

La section "Compensation Discussion and Analysis" du Rapport de Rémunération de Logitech décrit également la politique et le mode de calcul des rémunérations des collaborateurs ayant un statut inférieur à celui de directeur.

Bien que la rémunération joue un rôle essentiel pour attirer, retenir et motiver les meilleurs cadres et collaborateurs, nous pensons qu'il ne s'agit pas de la seule raison pour laquelle des cadres et collaborateurs exceptionnels décident de rejoindre Logitech et d'y rester, ou de travailler dur pour obtenir des résultats favorables aux actionnaires. Le Comité de Rémunération et la direction estiment qu'un environnement de travail attrayant et un cadre dans lequel les directeurs et employés peuvent se développer, exprimer leur potentiel et faire la différence constituent des éléments essentiels du succès de Logitech dans l'embauche, la rétention et la motivation de ses directeurs et employés.

Le Comité de Rémunération du Conseil a établi un programme de rémunération décrit plus précisément dans la section "Compensation Discussion and Analysis" à la version anglaise de cette Invitation et Document d'Information. La section "Compensation Discussion and Analysis" va du début du Rapport de Rémunération jusqu'au début de la section intitulée "Summary Compensation Table for Fiscal Year 2009."

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation

Le Conseil d'Administration recommande de voter, sur base consultative, en faveur de l'approbation des principes, de la politique et des pratiques de rémunération de Logitech telles qu'exposées dans la section "Discussion et Analyse de la Rémunération" du Rapport de Rémunération pour l'exercice 2009.

Point 3

Report à nouveau du bénéfice résultant du bilan sans paiement de dividende

Proposition

Le Conseil d'Administration propose de ne pas verser de dividende sur la base du bénéfice réalisé pour l'exercice 2009 et que le bénéfice de CHF 354'924'000 (US \$326'607'159 au taux de change au 30 juin 2009) soit reporté à nouveau.

(les chiffres sont indiqués en milliers)

Bénéfice reporté au début de l'exercice 2009	CHF	316'586
Report à nouveau du bénéfice décidé par l'Assemblée Générale Ordinaire 2008 – dividende	CHF	—
Attribution à la réserve pour actions propres.....	CHF	11'062
Bénéfice net pour l'exercice 2009.....	CHF	<u>7'276</u>
Bénéfice à disposition de l'Assemblée Générale Ordinaire à la fin de l'exercice 2009.....	CHF	<u>354'924</u>

Explication

Le droit suisse requiert qu'une proposition d'emploi du bénéfice résultant du bilan soit soumise aux actionnaires pour approbation ou rejet lors de chaque assemblée générale ordinaire. Le bénéfice à disposition des actionnaires de Logitech à l'Assemblée Générale Ordinaire 2009 est le bénéfice Logitech International S.A., la société faitière du groupe Logitech.

Le Conseil d'Administration continue de penser qu'il est dans l'intérêt de Logitech et de ses actionnaires de conserver le bénéfice de Logitech pour permettre d'investir dans la croissance future de l'entreprise, pour financer d'éventuels rachats d'actions et pour acquérir, le cas échéant, d'autres sociétés ou entreprises. En conséquence, le Conseil propose de ne pas verser de dividende et de reporter à nouveau le bénéfice à disposition de l'Assemblée Générale Ordinaire.

En cas de vote négatif sur cette proposition par l'assemblée, le Conseil d'Administration prendra le vote des actionnaires en considération, et convoquera une assemblée générale extraordinaire pour soumettre à nouveau cette proposition ou une autre proposition aux actionnaires.

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation

Le Conseil d'Administration recommande de voter en faveur du report à nouveau du bénéfice résultant du bilan sans paiement de dividende.

Point 4

Augmentation du nombre d'actions disponibles pour des octrois selon le Plan d'Intéressement de 2006

Proposition

Le Conseil d'Administration propose aux actionnaires d'autoriser qu'un nombre supplémentaire de 3'500'000 d'actions soit mis à disposition pour des octrois dans le cadre du Plan d'Intéressement de 2006.

Explication

Le Plan d'Intéressement de 2006 de Logitech permet à cette dernière d'offrir à ses collaborateurs et cadres une rémunération équitable et stimulante. Le but de ce plan est d'attirer et de retenir le meilleur personnel disponible pour des fonctions impliquant des responsabilités importantes, de fournir un encouragement additionnel à nos collaborateurs et cadres et de favoriser le succès de notre entreprise dans le long terme. Le Conseil d'Administration considère que la possibilité de faire profiter les collaborateurs de ce programme attrayant constitue un élément important de l'aptitude à attirer, motiver et retenir les collaborateurs de talent dont le succès de Logitech est tributaire.

Le plan prévoit l'octroi d'options d'achat, de droits d'appréciation, d'actions bloquées et d'unités bloquées, dont chacun peut être subordonné à la réalisation d'objectifs de performance. Au 30 juin 2009, environ 3 millions des 14 millions d'actions initialement autorisées par les actionnaires en juin 2006 étaient disponibles pour des octrois dans le cadre du Plan d'Intéressement. Nous estimons que le nombre d'actions restantes sera épuisé avant l'Assemblée Générale Ordinaire 2010. En conséquence, le Conseil demande aux actionnaires d'approuver une augmentation du nombre d'actions disponibles dans le cadre du Plan d'Intéressement lors de l'Assemblée Générale Ordinaire 2009. Le tableau ci-dessous décrit le nombre d'actions actuellement disponible dans le cadre du Plan d'Intéressement ainsi que le nombre d'actions qui sera disponible si cette proposition est approuvée.

Actions disponibles dans le cadre du Plan d'Intéressement

Nombre initial d'actions autorisé dans le cadre du Plan d'Intéressement de 2006.....	14.00 millions
Actions attribuées entre juin 2006 et le 30 juin 2009.....	10.97 millions
Nombre d'actions additionnelles prévu par cet amendement	3.50 millions
Total estimé des actions disponibles pour des octrois.....	<u>6.53 millions</u>

Si la proposition est acceptée par les actionnaires, seul le nombre d'actions disponible pour des octrois dans le cadre du Plan d'Intéressement sera modifié. Le Conseil ne propose pas d'augmenter le capital conditionnel destiné à couvrir les plans d'intéressement de Logitech. Depuis 2000, Logitech a utilisé des actions de trésorerie pour couvrir ses obligations résultant d'octrois faits aux collaborateurs, y compris d'octrois effectués dans le cadre du Plan d'Intéressement de 2006.

Informations générales concernant les plans d'intéressement de Logitech

Depuis le début des années 1980, Logitech a prévu des plans d'intéressement pour ses collaborateurs. L'octroi de droits de participation à titre de rémunération reflète une pratique du marché, particulièrement à Silicon Valley en Californie, où la Société est particulièrement présente. Il s'agit aussi d'un élément essentiel pour la recherche et la rétention de collaborateurs dans les marchés situés hors des Etats-Unis, dans lesquels l'octroi de droits de participation à titre de rémunération n'est ou n'était jusqu'ici pas usuel. Le Conseil d'Administration continue de croire que la possibilité d'octroyer des droits de participation constitue un élément essentiel du programme de rémunération de Logitech and du succès de la Société dans le long terme.

Un résumé des éléments essentiels du Plan d'Intéressement est disponible à la version anglaise de cette Invitation et Document d'Information.

Majorité requise

L'approbation de cette proposition requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation du Conseil

Le Conseil d'Administration recommande de voter en faveur de l'augmentation de 3,500,000 du nombre d'actions disponibles pour des octrois dans le cadre du Plan d'Intéressement de 2006.

Point 5

Décharge des membres du Conseil d'Administration et de la Direction pour leur activité pendant l'exercice 2009

Proposition

Le Conseil d'Administration propose aux actionnaires de donner décharge aux membres du Conseil d'Administration et aux de la Direction pour leur activité pendant l'exercice 2009.

Explication

Comme il est usuel pour des sociétés suisses et conformément à l'article 698, alinéa. 2, chiffre 5 du Code suisse des obligations, les actionnaires sont invités à donner décharge aux membres du Conseil d'Administration et de la Direction pour leur activité pendant l'exercice 2009. Cette décharge exclut des actions en responsabilité de la part de la Société ou d'actionnaires contre des membres du Conseil d'Administration ou de la Direction pour leur activité pendant l'exercice 2009 portant sur des faits qui ont été portés à la connaissance des actionnaires. Toutefois, les actionnaires inscrits qui n'ont pas voté en faveur de la décharge ne sont pas liés par le résultat du vote pendant une période de six mois suivant ce dernier.

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions et sans tenir compte des voix des membres du Conseil d'Administration ou des membres de la Direction de Logitech ainsi que des voix représentées par Logitech.

Recommandation

Le Conseil d'Administration recommande de voter en faveur de la proposition de donner décharge aux membres du Conseil d'Administration et de la Direction pour leur activité pendant l'exercice 2009.

Point 6

Elections au Conseil d'Administration

Le Conseil d'Administration est actuellement composé de dix membres. Chaque administrateur est élu pour une période de trois ans, avec des échéances échelonnées dans le temps de façon à ce que tous les administrateurs ne doivent pas être élus au même moment. Il s'agit là d'une pratique recommandée par le Code suisse de bonnes pratiques en matière de gouvernance d'entreprise pour favoriser la continuité au sein du Conseil.

Sur recommandation du Comité de Nomination, le Conseil propose d'élire les deux personnes mentionnées ci-dessous en qualité d'administrateur pour une période de trois ans commençant lors de l'Assemblée Générale Ordinaire le 1er septembre 2009. Ces deux personnes sont actuellement membres du Conseil d'Administration. Leur mandat viendra à échéance le jour de l'Assemblée Générale Ordinaire, soit le 1^{er} septembre 2009.

Un vote séparé sera tenu pour chaque candidat.

Si l'un des candidats au poste d'administrateur n'est pas en mesure ou ne souhaite plus faire acte de candidature au moment de l'Assemblée Générale Ordinaire, les actionnaires qui participent à l'Assemblée ou qui y sont représentés par le Représentant Indépendant ou par un tiers pourront voter : (1) pour un candidat de remplacement proposé par le Conseil actuel ou (2) pour un autre candidat de remplacement. Selon le droit suisse, les membres du Conseil ne peuvent être élus que par les actionnaires. En l'absence d'autres candidats et si les personnes mentionnées ci-dessous sont élues, le Conseil sera formé de dix membres. Le Conseil n'a pas de raison de penser que l'un ou l'autre des candidats ne souhaitera pas ou ne sera pas en mesure d'assumer son rôle d'administrateur s'il est élu.

Pour davantage d'informations sur le Conseil d'Administration, en particulier ses membres actuels, ses comités, et la façon dont le Conseil supervise les activités de la direction générale de Logitech, nous vous prions de vous référer à la section "Informations concernant le Conseil d'Administration et Rapport de Rémunération" ci-dessous.

6.1 Re-élection de Erh-Hsun Chang

Proposition: Le Conseil d'Administration propose de re-élire Erh-Hsun Chang au Conseil d'Administration pour une nouvelle période de trois ans.

Erh-Hsun Chang est un membre du Conseil d'Administration depuis juin 2006. Jusqu'en avril 2006, M. Chang occupait la fonction de *Senior Vice President, Worldwide Operations* et *General Manager* pour la région de l'Asie de l'Est. M. Chang a rejoint pour la première fois Logitech en 1986 pour y établir ses opérations à Taiwan. Après avoir quitté la Société en 1988, il y est revenu en 1995 en qualité de *Vice President, General Manager* pour la région d'Asie de l'Est et les opérations à l'échelle mondiale. En avril 1997, M. Chang a été nommé *Senior Vice President, General Manager* pour la région d'Asie de l'Est et les opérations à l'échelle mondiale. Les autres expériences professionnelles de M. Chang incluent la fonction de *Vice President, Manufacturing Consulting* auprès de KPMG Peat Marwick, une société de services professionnels active sur le plan mondial, de 1991 à 1995, ainsi que la fonction de *Vice President, Sales and Marketing, Power Supply Division* de Taiwan Liton Electronics Ltd., une société taïwanaise active dans le domaine de l'électronique, en 1995. M. Chang est titulaire d'un *BS degree* en ingénierie civile de l'Université de Chung Yuang, à Taiwan, d'un *MBA degree* en *Operations Management* de l'Université de Dallas au Texas, ainsi que d'un *MS degree* en ingénierie industrielle de l'Université A&M du Texas. M. Chang est également Vice-Président du conseil d'administration de la filiale de Logitech à Taiwan. Il a 60 ans et est citoyen taïwanais.

Le Conseil d'Administration a déterminé que M. Chang est un administrateur indépendant.

6.1 Re-élection de Kee-Lock Chua

Proposition: Le Conseil d'Administration propose de re-élire Kee-Lock Chua au Conseil d'Administration pour une nouvelle période de trois ans.

Kee-Lock Chua est un membre du Conseil d'Administration depuis juin 2000 et à présent il assume la fonction de *Lead Independent Director*. M. Chua est *President* et *Chief Executive Officer* de Vertex Group, un groupe de capital-risque basé à Singapour. Avant de rejoindre Vertex Group, M. Chua était *President* et membre exécutif du conseil d'administration de Biosensors International Group Ltd., une société qui produit des appareils médicaux utilisés dans le domaine de la cardiologie et pour des interventions critiques. Auparavant, de 2003 à 2006, M. Chua était *Managing Director* de Walden International, une société de capital-risque basée aux Etats-Unis. De 2001 à 2003, M. Chua a exercé la fonction de *Deputy President* de NatSteel Ltd., une société de Singapour active dans la région Asie-Pacifique dans le domaine des produits industriels. De 2000 à 2001, M. Chua a été *President* et *Chief Executive Office* de Intraco Ltd., une société cotée de Singapour active dans le négoce et la distribution. Avant de rejoindre Intraco Ltd., M. Chua était *President* de MediaRing.com Ltd., une société cotée de Singapour qui fournit des services de *voice-over-Internet*. M. Chua est titulaire d'un *BS degree* en ingénierie mécanique de l'Université du Wisconsin and d'un *MS degree* en ingénierie de l'Université de Stanford en Californie. Il a également été membre du Conseil de Biosensors, Yongmao and SHC Capital, des sociétés de Singapour cotées en bourse. Il a 48 ans et est citoyen de Singapour.

En sus de sa fonction de *Lead Independent Director* du Conseil d'Administration, M. Chua est membre du Comité de Rémunération et du Comité de Nomination du Conseil. Le Conseil d'Administration a déterminé que M. Chua est un administrateur indépendant.

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation

Le Conseil d'Administration recommande de voter en faveur de l'élection au Conseil de chacun des candidats mentionnés ci-dessus.

Point 9

Re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision

Proposition

Le Conseil d'Administration propose de re-élire PricewaterhouseCoopers S.A. en qualité d'organe de révision de Logitech International S.A. pour une période d'une année.

Explication

PricewaterhouseCoopers S.A., sur recommandation du Comité d'audit du Conseil, est proposé pour re-élection pour une nouvelle période d'une année en qualité d'organe de révision de Logitech International S.A. PricewaterhouseCoopers S.A. a effectué son premier mandat de révision pour Logitech en 1988. Des informations sur les honoraires que Logitech a payé à PricewaterhouseCoopers S.A., ainsi que d'autres informations concernant PricewaterhouseCoopers S.A., figurent sous la rubrique "*Independent Public Accountants*" et "*Report of the Audit Committee*" de la version anglaise de cette Invitation et Document d'Information.

Un membre de PricewaterhouseCoopers S.A. sera présent lors de l'Assemblée Générale Ordinaire. Il pourra y faire une déclaration et répondre à vos questions.

Majorité requise

L'approbation de ce point requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée Générale Ordinaire, sans tenir compte des abstentions.

Recommandation

Le Conseil d'Administration recommande de voter en faveur de la re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision de Logitech International S.A. pour l'exercice se terminant le 31 mars 2010.

INFORMATIONS CONCERNANT LE CONSEIL D'ADMINISTRATION ET LE RAPPORT DE REMUNERATION

Vous êtes invités à vous référer à la version anglaise de cette Invitation et Document d'Information pour davantage d'informations sur notre Conseil d'Administration et consulter notre Rapport de Rémunération pour 2009. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions.



23. Juli 2009

An unsere Aktionärinnen und Aktionäre:

Sie sind herzlich eingeladen, an der ordentlichen Generalversammlung 2009 der Logitech International S.A. teilzunehmen. Die Versammlung findet am Dienstag, 1. September 2009 um 14:30 Uhr im Palais de Beaulieu, Saal Rom, in Lausanne, Schweiz, statt.

Beiliegend finden Sie die Einladung und das Informationsmaterial für die Versammlung, einschliesslich der Tagesordnung und der Erläuterung der zur Abstimmung kommenden Vorlagen, sowie die notwendige Information zur Ausübung des Stimmrechts, den Bericht über die Entschädigung der Mitglieder des Verwaltungsrates und der Geschäftsleitung, sowie weitere wichtige Informationen.

Ob Sie an der Generalversammlung teilnehmen oder nicht, Ihre Stimme ist wichtig.

Herzlichen Dank für Ihre anhaltende Unterstützung der Logitech International S.A.

A handwritten signature in black ink, appearing to read "Guerrino De Luca".

GUERRINO DE LUCA
Präsident des Verwaltungsrates

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LOGITECH INTERNATIONAL S.A.

Einladung zur ordentlichen Generalversammlung

Dienstag, 1. September 2009

14:30 Uhr (Türöffnung um 13:30 Uhr)

Palais de Beaulieu – Lausanne, Schweiz

TAGESORDNUNG

A. Berichte

Geschäftsbericht für das am 31. März 2009 zu Ende gegangene Geschäftsjahr

B. Anträge

1. Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2009
2. Konsultative Abstimmung über die Entschädigungsphilosophie, -politik und -praktiken.
3. Vortrag des Bilanzgewinns des Geschäftsjahres 2009 ohne Ausschüttung einer Dividende
4. Aufstockung der Anzahl verfügbarer Aktien gemäss dem Mitarbeiterbeteiligungsplan 2006
5. Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2009
6. Wahlen in den Verwaltungsrat
 - 6.1. Wiederwahl von Erh-Hsun Chang
 - 6.2. Wiederwahl von Kee-Lock Chua
7. Wiederwahl von PricewaterhouseCoopers AG als Revisionsstelle

Apples, Schweiz, 23. Juli 2009

Der Verwaltungsrat

FRAGEN UND ANTWORTEN BETREFFEND DIE ORDENTLICHE GENERALVERSAMMLUNG 2009 DER LOGITECH INTERNATIONAL S.A. ("LOGITECH")

ALLGEMEINE INFORMATION AN ALLE AKTIONÄRINNEN UND AKTIONÄRE

Warum erhalte ich diese Einladung und Information?

Dieses Dokument soll sowohl dem Schweizerischen Gesellschaftsrecht als auch den *proxy statement rules* der Vereinigten Staaten von Amerika genügen. Ausserhalb der Vereinigten Staaten und Kanadas wird diese Einladung mit Informationsmaterial (die "Einladung") den eingetragenen Aktionären zugestellt, wobei Teile in französischer und deutscher Übersetzung abgegeben werden. Der englische Text ist die gültige Version dieser Einladung. Die Einladung steht den Aktionären ab dem 23. Juli 2009 zur Verfügung.

Wer ist an der Versammlung stimmberechtigt?

Aktionäre die im Aktienregister der Logitech (einschliesslich dem Unterregister bei "The Bank of New York Mellon Corporation", Logitechs amerikanischer Vermittlungsstelle) am Donnerstag, 27. August 2009 eingetragen sind, geniessen das Stimmrecht. Zwischen dem 28. August 2009 und dem auf die Versammlung folgenden Tag werden keine Aktionäre ins Register eingetragen. Am 30. Juni 2009 waren 89,756,624 Aktien als stimmberechtigt eingetragen, bei 180,178,128 an diesem Tag ausstehenden Logitech Aktien. Die Anzahl an der Generalversammlung effektiv stimmberechtigter Aktien wird davon abhängen, wie viele zusätzliche Aktien zwischen dem 30. Juni 2009 und dem 27. August 2009 eingetragen oder gestrichen werden.

Für Information über das Stimmrecht von amerikanischen oder kanadischen Aktionären, derer Aktien unter *nominees* eingetragen sind, siehe nachstehend unter "Zusätzliche Informationen für amerikanische und kanadische Aktionäre, deren Aktien unter *nominees* eingetragen sind".

Wer ist ein eingetragener Aktionär?

Wenn Ihre Aktien in Ihrem Namen in unserem Aktienregister oder im Unterregister, das von "The Bank of New York Mellon Corporation", unserer amerikanischen Vermittlungsstelle geführt wird, eingetragen sind, sind Sie ein eingetragener Aktionär und diese Einladung wird Ihnen von Logitech direkt zugesandt.

Wer ist ein wirtschaftlich Berechtigter mit Aktien, die unter einem *nominee* eingetragen sind?

Aktionäre, die keine direkte Eintragung in unserem Aktienregister anbegehrt haben und ihre Aktien durch einen Wertschriftenhändler, *trustee*, *nominee* oder eine ähnliche Gesellschaft halten, die als Aktionär eingetragen ist, sind wirtschaftlich Berechtigte an den Aktien, die im Namen des *nominee* eingetragen sind. Wenn Sie Logitech Aktien über einen amerikanischen oder kanadischen Wertschriftenhändler, *trustee*, *nominee* oder eine ähnliche Gesellschaft halten, was der typischen Praxis in diesen Ländern entspricht, so wird die eingetragene Gesellschaft als stimmberechtigter Aktionär betrachtet und diese Einladung wird Ihnen von diesen *nominees* zugesandt. Sie sind berechtigt, dem *nominee* Anweisungen zu erteilen, wie die auf Ihrem Konto stehenden Aktien zu stimmen sind.

Warum ist es für mich wichtig an den Abstimmungen teilzunehmen?

Logitech ist eine börsennotierte Gesellschaft und die wichtigsten Entscheide können nur von den Aktionären getroffen werden. Ob Sie an der Versammlung teilnehmen wollen oder nicht, Ihre Stimme ist wichtig und wir bitten Sie, Ihre Aktien allenfalls vertreten zu lassen.

Wieviel eingetragene Aktien müssen vertreten sein, um die Rechtsgültigkeit der Versammlung sicherzustellen?

Für die Generalversammlung gibt es kein Quorum. Unter schweizerischem Recht gibt es keine Mindestvertretungsvorschriften an Generalversammlungen und unsere Statuten enthalten keine Bestimmung, die ein Quorum einführt.

Wo sind die wichtigsten Verwaltungssitze der Logitech?

Logitechs schweizerischer Verwaltungssitz ist in 1122 Romanel-sur-Morges, Moulin du Choc D, und unser Verwaltungssitz in den Vereinigten Staaten ist in Fremont, California 94555, 6505 Kaiser Drive. Logitechs Telefonnummer in der Schweiz ist +41-(0)21-863-5111 und unsere Telefonnummer in den Vereinigten Staaten ist +510-795-8500.

Wie kann ich Logitechs Jahresbericht und die weiteren jährlichen Berichte erhalten?

Unser Jahresbericht 2009 zuhanden der Aktionäre, die Einladung und unser Jahresbericht auf Formular 10-K für das Geschäftsjahr 2009, wie es bei der *Securities and Exchange Commission* der Vereinigten Staaten von Amerika hinterlegt wurde, können auf unserer Webseite bei <http://ir.logitech.com> konsultiert werden. Aktionäre können auch kostenlose Kopien dieser Materialien an unseren Verwaltungssitzen in der Schweiz und den Vereinigten Staaten, an obgenannten Adressen bestellen.

Wo kann ich die Abstimmungsergebnisse finden?

Wir beabsichtigen, die Abstimmungsergebnisse an der Versammlung selbst bekannt zu geben und wir werden nach der Versammlung eine Pressemitteilung veröffentlichen. Im Weiteren werden wir die Resultate auf unserer Webseite <http://ir.logitech.com> und in unserem Quartalsbericht für das am 30. September 2009 endende Quartal veröffentlichen.

Wenn ich nicht ein eingetragener Aktionär bin, darf ich an der Generalversammlung teilnehmen und stimmen?

Sie dürfen nur an der Generalversammlung teilnehmen und Ihr Stimmrecht ausüben, wenn Sie bis zum 27. August 2009 im Aktienregister eingetragen werden oder wenn Sie eine Vollmacht von Ihrem Effektenhändler, *trustee* oder *nominee* erhalten, der Ihre Aktien hält. Wenn Sie Ihre Aktien über einen nicht amerikanischen und nicht kanadischen Effektenhändler, *trustee* oder *nominee* halten, können Sie ins Aktienregister eingetragen werden. Bitte nehmen Sie mit unserem Aktienregister an unserem Verwaltungssitz in der Schweiz, an obiger Adresse, Kontakt auf und folgen Sie den erhaltenen Eintragungsinstruktionen. In gewissen Ländern kann die Eintragung über die Bank oder den Effektenhändler angefordert werden, über die Sie Ihre Aktien halten. Wenn Sie Ihre Aktien über einen amerikanischen oder kanadischen Effektenhändler, *trustee* oder *nominee* halten, können Sie diesen kontaktieren und eingetragen werden. Bitte folgen Sie den entsprechenden Instruktionen, die Sie bei dieser Gelegenheit erhalten.

WEITERE INFORMATION FÜR EINGETRAGENE AKTIONÄRINNEN UND AKTIONÄRE**Wie kann ich abstimmen, wenn ich nicht an der Generalversammlung teilnehmen möchte?**

Wenn Sie nicht an der Generalversammlung teilnehmen wollen, können Sie unter Option 3 auf der beiliegenden Antwortkarte entweder Logitech oder den unabhängigen Stimmrechtsvertreter, Frau Beatrice Ehlers, bevollmächtigen, Sie an der Versammlung zu vertreten. Bitte fügen Sie auf der Antwortkarte Ihre Stimminstruktionen bei und datieren und unterzeichnen Sie die Karte. Bitte senden Sie die ausgefüllte Antwortkarte im entsprechend adressierten beiliegenden Umschlag zurück. Wenn Sie die Antwortkarte unterzeichnen, ohne für gewisse oder alle Traktanden Stimminstruktionen zu erteilen, wird Ihr Stimmrecht im Sinne der Anträge des Verwaltungsrates ausgeübt. Für weitere Informationen verweisen wir Sie auf die Antwortkarte.

Wie kann ich an der Generalversammlung teilnehmen?

Wünschen Sie an der Generalversammlung teilzunehmen, wählen Sie Option 1 auf der Antwortkarte, die Sie anschliessend im beiliegenden Umschlag vor dem 21. August 2009 an Logitech zurück senden. Wir werden Ihnen eine Zutrittskarte zukommen lassen. Sollten Sie die Zutrittskarte vor der Generalversammlung nicht erhalten, können Sie dennoch an der Versammlung teilnehmen, sofern Sie am 27. August 2009 im Aktienregister eingetragen sind und sich am Versammlungsort ausweisen können.

Kann ich mich an der Versammlung durch eine andere Person vertreten lassen?

Ja. Wenn Sie sich nicht durch Logitech oder den unabhängigen Stimmrechtsvertreter vertreten lassen möchten, so wählen Sie bitte Option 2 auf der Antwortkarte und geben Sie Namen und Adresse Ihres Vertreters an. Bitte senden Sie die ausgefüllte und unterzeichnete Antwortkarte an Logitech mittels beiliegendem Briefumschlag, und zwar vor dem 21. August 2009. Wir werden Ihrem Vertreter eine Zutrittskarte zukommen lassen. Wenn Name und Adresse des Vertreters nicht klar sind, wird Logitech die Zutrittskarte Ihnen senden und Sie müssen Sie Ihrem Vertreter weiterleiten.

Kann ich meine Aktien vor der Versammlung verkaufen, wenn ich bereits Stimminstruktionen erteilt habe?

Logitech verhindert die Übertragung von Aktien vor der Generalversammlung nicht. Wenn Sie aber Ihre Aktien vor der Generalversammlung verkaufen und das Aktienregister von der Übertragung benachrichtigt ist, werden Ihre Stimminstruktionen nicht befolgt. Wer Aktien nach der Schliessung des Registers am Donnerstag, 27. August 2009 erwirbt, wird frühestens am der Versammlung folgenden Tage eingetragen. Er kann deshalb an der Generalversammlung nicht teilnehmen.

Wenn ich mit der Antwortkarte Stimminstruktionen gegeben habe, kann ich diese noch ändern?

Sie können Ihre Stimminstruktionen jederzeit vor der Abstimmung an der Generalversammlung ändern. Sie können die Instruktionen widerrufen und eine neue Antwortkarte bei uns bestellen. Diesfalls werden wir Ihre Antwortkarte annullieren. Wenn Sie erneut Instruktionen geben möchten, füllen Sie bitte die neue Antwortkarte aus und senden Sie sie uns zurück. Sie können auch an der Generalversammlung teilnehmen und persönlich abstimmen. Allerdings wird Ihre persönliche Teilnahme Ihre Antwortkarte nicht automatisch widerrufen, es sei denn Sie üben Ihr Stimmrecht an der Versammlung aus oder verlangen ausdrücklich und schriftlich, dass Ihre vorhergehende Antwortkarte annulliert werden soll.

Wenn ich die Antwortkarte ausfülle und keine spezifischen Stimminstruktionen gebe, was geschieht?

Wenn Sie ein eingetragener Aktionär sind und uns eine Antwortkarte ohne spezifische Instruktionen zu einem Teil oder zu allen Traktanden zurücksenden, werden Ihre Stimmrechte im Sinne der Anträge des Verwaltungsrates ausgeübt. Wenn Sie offene Instruktionen erteilen und zusätzliche Traktanden rechtmässig zur Abstimmung gebracht werden, werden Ihre Stimmrechte im Sinne der Anträge des Verwaltungsrates ausgeübt.

Wenn Ihre Aktien an der Versammlung durch ein dem Bundesgesetz über die Banken und Sparkassen unterstehendes Institut oder durch einen professionellen Vermögensverwalter, der schweizerischem Recht untersteht, ausgeübt werden, sind diese zur Stimmabgabe im Sinne der Anträge des Verwaltungsrates verpflichtet, wenn Sie keine spezifischen Instruktionen erteilen.

An wen kann ich mich wenden, wenn ich Fragen habe?

Sollten Sie Fragen haben oder Hilfe im Zusammenhang mit der Stimmabgabe brauchen, rufen Sie uns bitte an (Telefonnummer +1-510-713-4220) oder senden Sie uns ein Email an investorrelations@logitech.com.

ZUSÄTZLICHE INFORMATIONEN FÜR AMERIKANISCHE ODER KANADISCHE WIRTSCHAFTLICH BERECHTIGTE AKTIONÄRE, DEREN TITEL UNTER *NOMINEES* EINGETRAGEN SIND

Warum erhielt ich in meiner Post eine Informationsnotiz betreffend die Verfügbarkeit des Stimmmaterials über Internet und nicht das Stimmmaterial selbst?

Wir haben sichergestellt, dass das Stimmmaterial den wirtschaftlich berechtigten Aktionären, deren Titel unter amerikanischen oder kanadischen Effekthändlern, *trustees* oder *nominees* eingetragen sind, über das Internet zur Verfügung steht. Aus diesem Grunde senden diese Effekthändler, *trustees* oder *nominees* eine Information über die Verfügbarkeit des Stimmmaterials an die wirtschaftlich berechtigten Aktionäre. Alle diese Aktionäre können das Stimmmaterial auf einer Webseite abrufen, die in der genannten Information enthalten ist, oder das Stimmmaterial in gedruckter Form anfordern. Die Information enthält Angaben, wie das Stimmmaterial über das Internet erhältlich ist und bei wem gedruckte Exemplare bestellt werden können. Zusätzlich können die wirtschaftlich berechtigten Aktionäre, deren Aktien im Namen von amerikanischen oder kanadischen Effekthändlern, *trustees* oder *nominees* eingetragen sind, das Stimmmaterial in gedruckter Form weiterhin per Email bestellen.

Wie bekomme ich elektronisch Zugang zum Stimmmaterial?

Die obenerwähnte Informationsnotiz erläutert, wie Sie Ihr Stimmmaterial auf dem Internet finden und wie Sie uns Anweisung erteilen können, wohin zukünftiges Stimmmaterial per Email gesandt werden soll.

Wenn Sie die Wahl treffen, das zukünftige Stimmmaterial per Email zu erhalten, ersparen Sie uns Druck- und Versandkosten und Sie vermindern die Einwirkung unserer Generalversammlung auf die Umwelt. Wenn Sie die Wahl treffen, zukünftiges Stimmmaterial per Email zu erhalten, werden Sie nächstes Jahr ein Email erhalten, das Sie auf die entsprechende Webseite führt, die das Material enthält. Ihre Anweisung, das Stimmmaterial per Email zu erhalten, bleibt in Kraft, bis Sie sie widerrufen.

Wer darf Stimminstruktionen für die Generalversammlung erteilen?

Wirtschaftlich berechtigte Aktionäre, die ihre Titel über amerikanische oder kanadische Effekthändler, *trustees* oder *nominees* am 13. Juli 2009 halten, können ihrem Effekthändler, *trustee* oder *nominee* Stimminstruktionen erteilen. Zusätzlich hat Logitech mit Hilfe einer Dienstleistungsgesellschaft sichergestellt, dass eine zusätzliche Abgleichung der Aktienpositionen amerikanischer und kanadischer *nominees* zwischen dem 13. Juli und dem 19. August 2009 durchgeführt wird. Der 19. August 2009 ist für Logitech das letztmögliche Datum zur Durchführung einer solchen Abgleichung. Dies sollte zu folgenden Korrekturen führen: wenn ein amerikanischer oder kanadischer Halter, der am 13. Juli 2009 wirtschaftlich berechtigter Aktionär ist, seine Stimme abgibt aber nachträglich seine Titel vor dem 19. August 2009 verkauft, werden die Stimminstruktionen annulliert. Bleibt er wirtschaftlich berechtigter Aktionär, hat er aber in der entsprechenden Periode einen Teil seiner Titel verkauft oder weitere Titel zugekauft, so findet eine entsprechende Reduktion oder Erhöhung bis zum 19. August 2009 statt.

Wenn Sie nach dem 13. Juli 2009 über einen amerikanischen oder kanadischen Effekthändler, *trustee* oder *nominee* Aktien erwerben und diese an der Generalversammlung vertreten wollen oder wenn Sie Stimminstruktionen an einen Bevollmächtigten geben möchten, müssen Sie direkt ins Aktienregister eingetragen werden. Dazu kontaktieren Sie Ihren Effekthändler, *trustee* oder *nominee* und folgen seinen Instruktionen. Beginnen Sie diesen Prozess möglichst lange vor dem 27. August 2009, um sicherzustellen, dass das Stimmmaterial zugesandt werden kann und die Stimminstruktionen rechtzeitig bei uns ankommen.

Wenn ich amerikanischer oder kanadischer wirtschaftlich berechtigter Aktionär bin, wie kann ich mein Stimmrecht ausüben?

Wenn Sie in dieser Situation persönlich an der Generalversammlung teilnehmen möchten, müssen Sie vom eingetragenen *nominee* eine Vollmacht erhalten.

Wenn Sie nicht persönlich an der Generalversammlung teilnehmen möchten, können Sie sich vertreten lassen. Sie können Ihre Instruktionen über das Internet oder per Post oder per Telefon weitergeben, wie dies in der Informationsnotiz angegeben ist.

Was geschieht wenn ich keine spezifischen Stimminstruktionen erteile?

Wenn Sie wirtschaftlich berechtigter Aktionär in den Vereinigten Staaten oder in Kanada sind und Ihre Aktien über einen Effekthändler, *trustee* oder *nominee* halten, dem Sie keine spezifischen Stimminstruktionen erteilen, wird dieser gemäss den Regeln verschiedener nationaler oder regionaler Börsen in blossen Routineangelegenheiten abstimmen, nicht aber in anderen Fragen. Wenn Sie über solche anderen Fragen keine Instruktionen erteilen, wird Ihr *nominee* sich nicht an der Abstimmung über diese Punkte beteiligen und seine Stimmen gelten als nicht abgegeben. Wir ermutigen Sie, Stimminstruktionen zu erteilen, gemäss den Anleitungen in der Informationsnotiz. Wir gehen davon aus, dass folgende Anträge nicht als Routineangelegenheit betrachtet werden: Antrag 2 (Konsultative Abstimmung über die Entschädigungsphilosophie, -politik und -praktiken), Antrag 3 (Vortrag des Bilanzgewinns ohne Ausschüttung einer Dividende), und Antrag 4 (Aufstockung der Anzahl verfügbarer Aktien gemäss dem Mitarbeiterbeteiligungsplan 2006). Alle anderen Anträge erachten wir als Routine. Sämtliche Stimmenthaltungen durch *nominees* werden als nicht abgegebene Stimmen gezählt.

Bis wann kann ich meine Stimminstruktionen einreichen?

Wenn Sie Ihre Aktien über ein amerikanisches oder kanadisches Institut halten, können Sie bis am 28. August 2009, 23.59 Uhr (U.S. Eastern Daylight Time) Stimminstruktionen erteilen.

Kann ich eine Instruktion ändern?

Sie können Ihre Vollmacht widerrufen und Ihre Instruktionen jederzeit bis zur Abstimmung an der Generalversammlung ändern. Sie können Ihre Instruktionen auf folgende Weisen ändern:

- Über das Internet oder das Telefon (einzig die letzte Internet- oder Telefoninstruktion wird in Betracht gezogen)
- Durch Einsendung einer neuen, vollständig ausgefüllten Stimmkarte, die ein späteres Datum trägt als die vorhergehende.
- Durch persönliche Teilnahme an der Generalversammlung, wenn Sie von Ihrem *nominee* eine Vollmacht erhalten.

Die Teilnahme an der Generalversammlung hebt die vorhergehenden Instruktionen nur auf, wenn Sie sich aktiv an der Abstimmung beteiligen oder wenn Sie ausdrücklich Ihre Aufhebung verlangen.

WEITERE INFORMATIONEN FÜR AKTIONÄRE, DIE IHRE AKTIEN ÜBER EINE BANK ODER EINEN EFFEKTHÄNDLER HALTEN (AUSSERHALB DER VEREINIGTEN STAATEN VON AMERIKA ODER KANADAS)

Wie kann ich an der Abstimmung teilnehmen, wenn meine Aktien über mein Bank oder meinen Effekthändler eingetragen sind?

Ihre Bank oder Ihr Effekthändler sollte Ihnen Instruktionen erteilt haben, wie Sie Ihre Stimminstruktionen abgeben können. Sollten Sie solche Instruktionen nicht erhalten haben, müssen Sie sich mit Ihrer Bank oder Ihrem Effekthändler in Verbindung setzen.

Bis wann kann ich Stimminstruktionen erteilen, wenn meine Aktien über eine Bank oder einen Effekthändler eingetragen sind?

Üblicherweise setzen Banken und Effekthändler Fristen für den Erhalt der Stimminstruktionen. Ausserhalb der Vereinigten Staaten und Kanadas ist diese Frist normalerweise zwei bis drei Tage vor dem Ablauf der Frist der Gesellschaft, welche die Generalversammlung abhält, angesetzt. Dies sollte es den Instituten erlauben, die Stimminstruktionen zu sammeln und der Gesellschaft weiterzugeben. Wenn Sie Ihre Logitech Aktien über eine Bank

oder einen Effektenhändler ausserhalb der Vereinigten Staaten oder Kanadas halten, klären Sie bitte mit Ihrer Bank oder Ihrem Effektenhändler die anwendbare Frist ab und geben Sie Ihre Stimminstruktionen zeitgerecht.

WEITERE INFORMATIONEN ÜBER DIE GENERALVERSAMMLUNG

Informationen für Depotvertreter

Dem Bundesgesetz über Banken und Sparkassen unterstellte Institute und professionelle Vermögensverwalter müssen Logitech über die Anzahl und den Nennwert der vertretenen Aktien informieren.

Anträge

Der Verwaltungsrat beabsichtigt nicht, an der Generalversammlung andere Anträge zu stellen. Auch hat er keinen Grund, vorauszusehen, dass Aktionäre zusätzliche Anträge stellen werden. Sollten andere Anträge rechtmässig gestellt werden und Ihre Stimminstruktionen auf der Antwortkarte sind offen, werden Ihre Aktien im Sinne der Anträge des Verwaltungsrates gestimmt.

Gesuche zum Erhalt von Stimminstruktionen (*Proxy Solicitation*)

Wir werden die Kosten tragen, die mit der Einladung zur Abgabe von Stimminstruktionen verbunden sind. Wir haben Georgeson Inc. beauftragt, Stimminstruktionen einzuholen, und dies für eine Gebühr von \$15,000, plus vernünftige Spesen. Einzelne unserer Verwaltungsräte, Geschäftsleitungsmitglieder und andere Mitarbeiter dürfen Sie auch einladen, sei es schriftlich, per Telefon, Email oder auf sonstige Weise, ihnen Stimminstruktionen zu erteilen. Sie werden dafür nicht entschädigt. Wir können im Weiteren Georgeson Inc. beauftragen, für uns per Telefon Stimminstruktionen einzuholen, und dies für ein Entgelt von \$5.00 pro Anruf. In den Vereinigten Staaten müssen wir den Effektenhändlern und *nominees*, die als Aktionäre eingetragen sind, das Stimmmaterial zustellen und sie einladen, es den wirtschaftlich Berechtigten weiterzuleiten und wir müssen diese Effektenhändler und *nominees* für ihre, in diesem Zusammenhang entstehenden Umtriebe entschädigen. Es bestehen dabei gesetzliche Spesenreglemente.

Auszählen der Stimmen

Vertreter von mindestens zwei Schweizer Banken werden an der Generalversammlung als Stimmzähler amtieren. Wie es in der Schweiz üblich ist, wird unser Aktienregister die vor der Generalversammlung abgegebenen Instruktionen ins elektronische System einspeisen.

Aktionärsanträge und *nominees*

Aktionärsanträge für die Generalversammlung 2009

Gemäss unseren Statuten haben einer oder mehrere Aktionäre, die zusammen ein Prozent unseres ausgegebenen Aktienkapitals oder einen Nominalwert von einer Million Franken vertreten, das Recht, einen Verhandlungspunkt auf die Traktandenliste der Generalversammlung zu setzen. Solche Vorschläge sind vom Verwaltungsrat in die Generalversammlungsdocumentation einzuschliessen. Ein solcher Antrag ist schriftlich zu stellen, muss schriftlich erläutert werden und nicht später als sechzig Tage vor der Generalversammlung dem Verwaltungsrat eingereicht werden. Diese Frist ist für die Generalversammlung vom 1. September 2009 am 2. Juli 2009 abgelaufen. Dennoch erlaubt das schweizerische Recht eingetragenen Aktionären oder ihren Bevollmächtigten, zu den Anträgen des Verwaltungsrates an der Versammlung selbst oder vorgängig Gegenvorschläge zu machen.

Aktionärsanträge für die Generalversammlung 2010

Bis spätestens am 9. Juli 2010 kann ein eingetragener Aktionär, der die obgenannte Mindestzahl von Aktien hält, verlangen, dass ein Punkt für die Generalversammlung 2010 traktandiert wird. Er stellt diesen Antrag schriftlich, erläutert den Vorschlag und reicht ihn dem Sekretär des Verwaltungsrates der Logitech am Verwaltungssitz in der

Schweiz oder in den Vereinigten Staaten zeitgerecht ein. Zusätzlich können Sie, wenn Sie die Bedingungen der Regel 14a-8 des U.S. Securities Exchange Act von 1934 erfüllen, dem Verwaltungsrat Vorschläge für die Generalversammlung 2010 einreichen. Solche Vorschläge sind bis zum 9. Mai 2010 schriftlich mit anliegender Erläuterung des Vorschlages dem Sekretär des Verwaltungsrates an unseren Verwaltungssitzen in der Schweiz oder in Amerika einzureichen. Der Vorschlag muss der Regel 14a-8 des U.S. Securities Exchanges Act genügen. Diese Bestimmung zählt die Bedingungen auf, die für den Einschluss eines Aktionärsvorschlages in die Generalversammlungsdocumentation nach der amerikanischen Wertschriftengesetzgebung erfüllt sein müssen. Nach den Statuten der Gesellschaft sind nur eingetragene Aktionäre als solche anerkannt. Wenn Sie nicht im Aktienregister eingetragen sind, können Sie demnach keine Traktandumsvorschläge unterbreiten.

Kandidaturen für den Verwaltungsrat

Vorschläge von Kandidaten durch eingetragene Aktionäre müssen den obgenannten Regeln genügen.

Statutenbestimmungen

Die obgenannten Statutenbestimmungen, nach denen einer oder mehrere Aktionäre, die zusammen ein Prozent des ausstehenden Aktienkapitals oder einen Nominalwert von einer Million Franken vertreten berechtigt sind, den Einschluss eines Antrages in die Tagesordnung zu verlangen, können auf unserer Webseite bei <http://ir.logitech.com> abgerufen werden. Sie können auch den Sekretär des Verwaltungsrates der Logitech an einem unserer Verwaltungssitze in der Schweiz oder in den Vereinigten Staaten kontaktieren und eine Kopie der relevanten Bestimmungen der Statuten anfordern.

TRAKTANDEN UND ERLÄUTERUNGEN

A. BERICHTE

Bericht über den Geschäftsverlauf im Geschäftsjahr bis 31. März 2009

Die Geschäftsleitung der Logitech wird an der Generalversammlung über den Geschäftsgang des abgelaufenen Geschäftsjahres berichten.

B. ANTRÄGE

Antrag 1

Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2009

Antrag

Der Verwaltungsrat beantragt die Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2009.

Erläuterungen

Die Konzernrechnung und die Jahresrechnung der Logitech International S.A. sind im Geschäftsbericht wiedergegeben, der allen eingetragenen Aktionären mit dieser Einladung zugestellt wurde. Der Geschäftsbericht enthält ebenfalls die Berichte der Revisionsstelle und zusätzliche Informationen über den Geschäftsgang der Gesellschaft, ihre Organisation und Strategie sowie den Bericht über die *Corporate Governance* gemäss der SIX Swiss Exchange Richtlinie über *Corporate Governance*. Der Entschädigungsbericht ist in dieser Einladung enthalten. Kopien des Geschäftsberichtes und der Einladung mit Informationsmaterial sind auf dem Internet auf ir.logitech.com abrufbar.

Nach schweizerischem Recht sind Geschäftsbericht und Rechnungslegung schweizerischer Gesellschaften jährlich der Generalversammlung zur Genehmigung vorzulegen. Das Einschliessen des Entschädigungsberichtes in die Genehmigung des Geschäftsberichtes ist eine mögliche Variante, angeregt von "economiesuisse", dem führenden Wirtschaftsverband der Schweiz, und ihren *Corporate Governance* Prinzipien. Sollte dieser Antrag von den Aktionären abgelehnt werden, wird der Verwaltungsrat eine ausserordentliche Generalversammlung einberufen, um den Antrag erneut vorzubringen. Eine Annahme dieses Antrags begründet keine Genehmigung oder Ablehnung der einzelnen im Jahresbericht, im Entschädigungsbericht, in der Konzernrechnung und der Jahresrechnung für das Geschäftsjahr 2009 aufgeführten Punkte.

PricewaterhouseCoopers AG, die Revisionsstelle der Logitech, empfiehlt den Aktionären ohne Vorbehalt, die Konzernrechnung und die Jahresrechnung 2009 zu genehmigen. PricewaterhouseCoopers AG ist der Ansicht, "dass die Konzernrechnung für das am 31. März 2009 endende Geschäftsjahr die finanzielle Situation, die Ergebnisse der Geschäftstätigkeit und die Geldflüsse ordnungsgemäss und in jeder Hinsicht vollständig wiedergibt und in Übereinstimmung sowohl mit den Buchhaltungsprinzipien, die in den Vereinigten Staaten von Amerika (U.S. GAAP) allgemein anwendbar sind, als auch in Übereinstimmung mit dem schweizerischen Recht steht". PricewaterhouseCoopers AG ist im Weiteren der Ansicht und bestätigt, dass "die Jahresrechnung sowie die beantragte Gewinnverwendung im Einklang mit dem schweizerischen Recht und den Statuten der Logitech International S.A. stehen".

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat beantragt der Generalversammlung, den Geschäftsbericht, den Entschädigungsbericht, die Konzernrechnung und die Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2009 zu genehmigen.

Antrag 2

Konsultative Abstimmung über die Entschädigungsphilosophie, -politik und -praktiken

Antrag

Der Verwaltungsrat beantragt, dass die Aktionäre im Rahmen einer konsultativen Abstimmung die Entschädigungsphilosophie, -politik und -praktiken der Logitech wie sie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2009 erläutert werden, genehmigen.

Erläuterungen

Der Verwaltungsrat von Logitech hat an der Generalversammlung 2008 den Aktionären den Entschädigungsbericht 2008 als Teil des Geschäftsberichts und der Jahresrechnung 2008 zur Genehmigung vorgelegt. Dieses Jahr beantragt der Verwaltungsrat zusätzlich auch eine konsultative Abstimmung über die Entschädigungsphilosophie, -politik und -praktiken aufgrund der sich zunehmend bewährenden "best practices in Corporate Governance" in der Schweiz und den USA. Diese konsultative Abstimmung ist nicht verbindlich, der Verwaltungsrat und dessen Entschädigungsausschuss wird allerdings das Abstimmungsresultat berücksichtigen und im Falle eines negativen Abstimmungsresultats versuchen, dessen Ursachen festzustellen.

Wie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2009 erläutert, hat Logitech sein Entschädigungsprogramm so gestaltet, dass die entscheidende Anzahl leitender Angestellter und Mitarbeitende für die Gesellschaft gewonnen und zu einer langfristigen Zusammenarbeit motiviert und dadurch der langfristige Erfolg der Gesellschaft sichergestellt werden kann. Im Besonderen hat Logitech seinen Entschädigungsplan für leitende Angestellte derart gestaltet um:

- mit ähnlichen, in der gleichen Industrie und Region des Verwaltungssitzes angesiedelten Unternehmen konkurrenzfähig zu sein und die besten Talente anzulocken und für die Gesellschaft zu gewinnen;
- einen Ausgleich zwischen festem und variablen Lohnbestandteil sicherzustellen und einen Grossteil der Gesamtentschädigung von Logitech's Geschäftsergebnis abhängig zu machen;
- die Entschädigung leitender Angestellter mit dem Interesse der Aktionäre zu vereinbaren indem ein bedeutender Teil der Entschädigung mit der Erhöhung des Aktienwertes verknüpft wird;
- ein leistungsorientiertes Umfeld, welches überdurchschnittliche Leistungen belohnt, zu fördern ; und
- die Beurteilung des Entschädigungsausschusses betreffend leitender Position und erbrachter Leistung wiederzuspiegeln, indem dies durch einen Grundlohn und kurzfristige Boni und das persönliche Potential für den zukünftigen Einsatz für Logitech durch eine Langzeitbeteiligung am Eigenkapital entschädigt werden.

Die Entschädigungsphilosophie von Logitech sowie die Entschädigungsbestandteile betreffend Mitarbeitender, die nicht in einer leitenden Position sind, werden ebenfalls im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts erläutert.

Auch wenn die Entschädigung eine zentrale Rolle spielt, wenn es darum geht, leitende Angestellte und Mitarbeitende für die Gesellschaft zu gewinnen und zu einer langfristigen Zusammenarbeit zu motivieren, sind wir der Ansicht, dass dies nicht der einzige oder ausschliessliche Grund dafür ist, warum ausgezeichnete leitenden Angestellte

oder Mitarbeitende sich für Logitech entschliessen und auch bleiben, oder warum sie grossen Einsatz zeigen um ein gutes Resultat für die Aktionäre zu erreichen. Diesbezüglich sind sich sowohl der Entschädigungsausschuss sowie auch die Geschäftsleitung einig, dass es ganz wesentlich ist, ein gutes Arbeitsumfeld sowie Gelegenheiten zu schaffen, die es Mitarbeitenden ermöglicht, sich zu entwickeln und ihr persönliches Potential voll auszuschöpfen. Auch diese Aspekte spielen eine Schlüsselrolle für Logitech's Erfolg, leitende Angestellte und Mitarbeitende für die Gesellschaft zu gewinnen und zu einer langfristigen Zusammenarbeit zu motivieren.

Der Entschädigungsausschuss des Verwaltungsrats hat einen Entschädigungsplan ausgearbeitet, der ausführlicher im Kapitel "Compensation Discussion and Analysis" der vorliegenden Einladung erläutert ist. Das Kapitel "Compensation Discussion and Analysis" erstreckt sich vom Anfang des Entschädigungsberichts bis vor das Kapitel "Summary Compensation Table for Fiscal Year 2009."

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat beantragt, dass die Generalversammlung mittels konsultativer Abstimmung die Entschädigungspolitik, Entschädigungsphilosophie, -politik und -praktiken wie sie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2009 erläutert werden, genehmigt.

Antrag 3

Vortrag des Bilanzgewinns ohne Ausschüttung einer Dividende

Antrag

Der Verwaltungsrat beantragt, auf die Ausschüttung einer Dividende zu verzichten und den Betrag von CHF 354,924,000 (US \$326,607,159 zum Wechselkurs vom 30. Juni 2009) auf neue Rechnung vorzutragen.

(in KCHF)

Gewinnvortrag zu Beginn des Geschäftsjahres 2009	CHF	316,586
Verwendung des Gewinnvortrages gemäss Beschluss der Generalversammlung 2008 – Dividende	CHF	—
Zuweisung an die Reserve für eigene Aktien	CHF	11,062
Nettogewinn des Geschäftsjahres 2009	CHF	<u>27,276</u>
 Gewinnvortrag zur Verfügung der Generalversammlung zum Ende des Geschäftsjahres 2009	 CHF	 <u>354,924</u>

Erläuterungen

Nach schweizerischem Recht ist die Verwendung des verfügbaren Gewinns jährlich dem Beschluss der Generalversammlung zu unterbreiten. Der zur Verfügung der Generalversammlung 2009 stehende Gewinn besteht aus den kumulierten Gewinnen der Logitech International S.A., der Holdinggesellschaft der Logitech-Gruppe.

Der Verwaltungsrat ist weiterhin davon überzeugt, dass es im besten Interesse der Logitech und ihrer Aktionäre ist, die Gewinne zurückzubehalten für zukünftige Investitionen in das Wachstum des Geschäfts der Logitech, für Aktienrückkäufe und für den möglichen Erwerb anderer Gesellschaften oder Geschäftsbereiche. Aus diesem Grunde

schlägt der Verwaltungsrat vor, auf die Ausschüttung einer Dividende zu verzichten und den gesamten, den Aktionären zustehenden Gewinn, auf neue Rechnung vorzutragen.

Sollte dieser Antrag von den Aktionären abgewiesen werden, wird der Verwaltungsrat diesen Entscheid berücksichtigen, eine ausserordentliche Generalversammlung einberufen und seinen jetzigen Vorschlag oder einen veränderten Vorschlag zur Abstimmung bringen.

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat empfiehlt, dem Antrag auf Vortrag des Bilanzgewinns ohne Dividendenausschüttung zuzustimmen.

Antrag 4

Aufstockung der Anzahl verfügbarer Aktien gemäss dem Mitarbeiterbeteiligungsplan 2006

Antrag

Der Verwaltungsrat beantragt der Generalversammlung, die Zuteilung von zusätzlichen 3,500,000 Aktien gemäss dem Mitarbeiterbeteiligungsplan 2006 zu genehmigen.

Erläuterung

Logitech's Mitarbeiterbeteiligungsplan 2006 ermöglicht es der Gesellschaft Mitarbeitenden und leitenden Angestellten als Entschädigung eine Beteiligung am Eigenkapital anzubieten. Ziel dieses Plans ist, die Rekrutierung von qualifiziertem Personal mit Führungspotential zu unterstützen, zusätzliche Entschädigungsmöglichkeiten für Mitarbeitende und leitende Angestellte zu bieten und dadurch den Erfolg unserer Gesellschaft zu fördern. Der Verwaltungsrat ist überzeugt, dass die fortgesetzte Fähigkeit, kompetitive Beteiligungspläne anzubieten, ein wichtiges Element ist, um talentierte Mitarbeitende für die Gesellschaft zu gewinnen und zu einer langfristigen Zusammenarbeit zu motivieren. Diese sind die Garanten für den langfristigen Erfolg der Logitech.

Der Plan sieht die Gewährung von Aktienoptionen, Aktienmehrwertsertifikaten (stock appreciation rights) und gesperrten Aktien vor, welche einzeln oder insgesamt abhängig von der Erreichung der Leistungsvorgaben sind. Per 30. Juni 2009 haben wir ungefähr 3 Millionen verbleibende Aktien für die Ausgabe gemäss dem Mitarbeiterbeteiligungsplan von 14 Millionen Aktien, der von den Aktionären im Juni 2006 genehmigt wurde. Wir gehen davon aus, dass die verbleibende Anzahl Aktien vor der Generalversammlung 2010 ausgegeben sein wird. Aus diesem Grunde beantragt der Verwaltungsrat, die Anzahl der zuzuteilenden Aktien gemäss dem Mitarbeiterbeteiligungsplan an der Generalversammlung 2009 zu erhöhen. Die nachstehende Tabelle erläutert die im jetzigen Zeitpunkt gemäss dem Mitarbeiterbeteiligungsplan verfügbaren Aktien sowie den Einfluss der beantragten Erhöhung:

Aktienreservierungen gemäss Mitarbeiterbeteiligungsplan 2006

Ursprünglich zugelassene Anzahl Aktien gemäss Mitarbeiterbeteiligungsplan 2006	14.00 million
Ausgegebene Aktien von Juni 2006 bis 30. Juni 2009	10.97 million
Zusätzliche neue Aktien, gemäss vorliegendem Antrag	<u>3.50 million</u>
Geschätzte Gesamtanzahl an auszugebenden Aktien.....	<u>6.53 million</u>

Wenn vorliegender Antrag von den Aktionären angenommen wird, wird sich einzig die Anzahl der zur Verfügung stehenden Aktien gemäss dem Mitarbeiterbeteiligungsplan ändern. Der Verwaltungsrat schlägt keine Aufstockung des bedingten Kapitals von Logitech gemäss dem Aktienoptionsplan für Angestellte vor. Seit dem Jahr 2000 nutzt Logitech die durch ein Aktienrückkaufprogramm im Eigenbesitz befindlichen Aktien, um die Zuteilungsverpflichtungen aus dem Aktienoptionsplan für Angestellte sowie Verpflichtungen aus dem Mitarbeiterbeteiligungsplan 2006 sicherzustellen. Diese Vorgehensweise wird beibehalten.

Hintergrund der Aktienoptionsplans von Logitech

Logitech hat seit den frühen Achtzigerjahren einen Entschädigungsplan mit Beteiligung am Eigenkapital für Mitarbeitende erlassen. Der Gebrauch von Eigenkapital für Entschädigungen entspricht teilweise den Marktgepflogenheiten, besonders jedoch in Californiens Silicon Valley, wo die Gesellschaft eine führende Rolle spielt. Aber die Beteiligung am Eigenkapital ist auch ein wesentliches Unterscheidungsmerkmal, um Angestellte in Arbeitsmärkten ausserhalb der Vereinigten Staaten, wo eine derartige Beteiligung am Eigenkapital nicht bekannt ist oder war, für die Gesellschaft zu gewinnen zu einer langfristigen Zusammenarbeit zu motivieren. Der Verwaltungsrat ist überzeugt, dass die fortgesetzte Möglichkeit, die Beteiligung am Eigenkapital anzubieten, ein wichtiger Bestandteil des Entschädigungsplans von Logitech und dessen dauerhaftem Erfolg ist.

Für eine Zusammenfassung der wichtigsten Bestimmungen des Mitarbeiterbeteiligungsplans verweisen wir Sie auf die englische Version dieser Einladung.

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat empfiehlt, der Aufstockung der zur Ausgabe zur Verfügung stehenden Aktien gemäss dem Mitarbeiterbeteiligungsplan 2006 um zusätzliche 3,500,000 Aktien zuzustimmen.

Antrag 5

Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2009

Antrag

Der Verwaltungsrat beantragt der Generalversammlung der Entlastung seiner Mitglieder sowie der Geschäftsleitung für deren Tätigkeiten im Geschäftsjahr 2009 zuzustimmen.

Erläuterungen

Es ist in schweizerischen Gesellschaften üblich und in Artikel 698, Absatz 2, Ziffer 5 des Schweizerischen Obligationenrechts vorgesehen, den Aktionären die Entlastung der Mitglieder des Verwaltungsrates und der Geschäftsleitung zu beantragen. Die Entlastung betrifft die Haftung für ihre Handlungen während des Geschäftsjahres 2009. Die Entlastung schliesst Haftungsklagen der Gesellschaft oder von Aktionären gegen die Mitglieder des Verwaltungsrates und der Geschäftsleitung aus, sofern sie die Geschäftstätigkeit im Geschäftsjahr 2009 betreffen, und auf Tatsachen beruhen, die den Aktionären mitgeteilt wurden. Eingetragene Aktionäre, die der Entlastung nicht zustimmen, sind während einer Frist von sechs Monaten nach der Generalversammlung an den Entlastungsbeschluss nicht gebunden.

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden. Die Mitglieder des Verwaltungsrates und der Geschäftsleitung der Logitech sind nicht stimmberechtigt, ebenso wenig wie die von Logitech vertretenen Aktien.

Empfehlung

Der Verwaltungsrat empfiehlt der Generalversammlung die Annahme des Antrages auf Entlastung der Mitglieder des Verwaltungsrates und der Geschäftsleitung für die Tätigkeit im Geschäftsjahr 2009.

Antrag 6

Wahlen in den Verwaltungsrat

Unser Verwaltungsrat hat gegenwärtig zehn Mitglieder. Jedes Mitglied ist für drei Jahre gewählt. Die Amtszeiten sind so gestaffelt, dass nicht alle Mitglieder gleichzeitig zur Wiederwahl kommen. Dies ist eine Praxis, wie sie unter dem schweizerischen Code of Best Practice für Corporate Governance empfohlen ist, um die Kontinuität der Aktivität des Verwaltungsrates sicherzustellen.

Auf Empfehlung des Nominationsausschusses hat der Verwaltungsrat zwei Personen zur Wahl vorgeschlagen für eine Amtszeit von drei Jahren, die an der Generalversammlung vom 1. September 2009 beginnt. Beide vorgeschlagenen Personen sind aktuelle Mitglieder des Verwaltungsrates. Ihre Mandatszeit endet zum Zeitpunkt der Generalversammlung vom 1. September 2009.

Für jeden Kandidaten wird eine getrennte Abstimmung durchgeführt.

Wenn ein Kandidat im Zeitpunkt der Generalversammlung nicht fähig oder nicht Willens ist, seine Kandidatur aufrecht zu erhalten, können die eingetragenen Aktionäre an der Generalversammlung wie auch die Aktionäre, die an der Versammlung durch den unabhängigen Stimmrechtsvertreter oder andere Bevollmächtigte vertreten sind, in folgender Weise vorgehen: (1) sie können ihre Wahl für den Ersatzkandidaten aussprechen, den der Verwaltungsrat vorschlägt oder (2) sie können einen anderen Ersatzkandidaten wählen. Nach schweizerischem Recht können Verwaltungsratsmitglieder nur von der Generalversammlung gewählt werden. Wenn kein Ersatzkandidat genannt wird und die vorgeschlagenen Kandidaten gewählt werden, hat der Verwaltungsrat zehn Mitglieder. Der Verwaltungsrat hat keinen Grund zur Annahme, dass einer der Kandidaten nicht Willens oder fähig ist, das Amt anzunehmen.

Für weitere Information über den Verwaltungsrat, einschliesslich die gegenwärtigen Mitglieder, die Ausschüsse, die Mittel, mit denen der Verwaltungsrat die Geschäftsleitung überwacht, und weitere Information sind Sie auf untenstehende Ausführung unter dem Titel "Corporate Governance und Verwaltungsratsangelegenheiten" verwiesen.

6.1 Wiederwahl von Erh-Hsun Chang

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Erh-Hsun Chang für drei weitere Jahre.

Erh-Hsun Chang ist Mitglied des Verwaltungsrates seit Juni 2006. Bis April 2006 war Herr Chang Senior Vice President Worldwide Operations and General Manager Far East. Herr Chang trat 1986 bei Logitech ein, um das Geschäft in Taiwan aufzubauen. Nachdem er die Gesellschaft 1988 verliess, kam er 1995 als Vice President, General Manager, Far Eastern Area and Worldwide Operations zurück. Im April 1997 wurde Herr Chang Senior Vice President, General Manager, Far Eastern Area and Worldwide Operations. Weitere Berufserfahrungen bringt Herr Chang durch seine Aktivitäten als Vice President Manufacturing Consulting zwischen 1991 und 1995 bei KPMG Peat Marwick, einer weltweit tätigen Dienstleistungsgesellschaft, und als Vice President, Sales and Marketing, Power Supply Division, bei Taiwan Liton Electronics Ltd. im Jahr 1995 mit. Herr Chang besitzt einen Bachelor of Science in Civil Engineering der Chung Yuang University, Taiwan, und hat einen MBA in Operations Management der University of Dallas, Texas, sowie einen Master of Science in Industrial Engineering der Texas A&M University. Herr Chang ist ebenfalls Vizepräsident des Verwaltungsrates von Logitech's Tochtergesellschaft in Taiwan. Er ist 60 Jahre alt und Staatsbürger von Taiwan.

Der Verwaltungsrat hat entschieden, dass Herr Chang als unabhängiges Mitglied des Verwaltungsrates gilt.

6.2 Wiederwahl von Kee-Lock Chua

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Kee-Lock Chua für drei weitere Jahre.

Kee-Lock Chua ist Mitglied des Verwaltungsrates seit Juni 2000 und ist Vorsitzender der unabhängigen Verwaltungsratsmitglieder. Herr Chua ist Präsident und CEO der Vertex Group, einer von Singapur aus geführten Kapitalbeteiligungsgruppe. Bevor er zur Vertex-Gruppe sties, war Herr Chua Präsident and Geschäftsführer der Biosensors International Group Ltd., einer Produzentin von medizinischen Geräten, die in der Kardiologie und bei kritischen Pflegebehandlungen zum Einsatz kommen. Zuvor, von 2003 bis 2006, war Herr Chua Managing Director der Walden International, einer aus den USA geführten Kapitalbeteiligungsgesellschaft. Von 2001 bis 2003 war Herr Chua stellvertretender Präsident der NatSteel Ltd., Singapur, die Industrieprodukte herstellt und in Asien aktiv ist. Von 2000 bis 2001 war Herr Chua Präsident and CEO der Intraco Ltd., einer in Singapur kotierten Handelsgesellschaft. Davor war Herr Chua Präsident der MediaRing.com Ltd., einer in Singapur kotierten Gesellschaft, die voice-over-Internet Dienstleistungen anbietet. Herr Chua besitzt einen Bachelor of Science in Mechanical Engineering der University of Wisconsin und einen Master of Science in Engineering der Stanford University, California. Er ist ebenfalls Mitglied des Verwaltungsrates von Biosensors, Yongmao und SHC Capital, welche beide öffentlich gehandelte Gesellschaften in Singapur sind. Herr Chua ist 48 Jahre alt und Staatsbürger von Singapur.

Zusätzlich zu seiner Aufgabe als Vorsitzender der unabhängigen Verwaltungsratsmitglieder ist Herr Chua Mitglied des Entschädigungs- sowie des Nominationsausschusses des Verwaltungsrates.

Der Verwaltungsrat hat entschieden, dass Herr Chua als unabhängiges Mitglied des Verwaltungsrates gilt.

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat empfiehlt die Wahl der zwei genannten Kandidaten in den Verwaltungsrat.

Antrag 7

Wiederwahl der PricewaterhouseCoopers S.A. als Revisionsstelle

Antrag

Der Verwaltungsrat beantragt, PricewaterhouseCoopers S.A. als Revisionsstelle der Logitech International S.A. wiederzuwählen.

Empfehlung

Auf Empfehlung des Audit Committee des Verwaltungsrates ist PricewaterhouseCoopers AG für ein weiteres Jahr als Revisionsstelle der Logitech International AG vorgeschlagen. Sie ist seit 1988 für die Revision der Logitech verantwortlich. Informationen über die Honorare, die Logitech an PricewaterhouseCoopers AG bezahlt hat, sowie weitere Information über PricewaterhouseCoopers S.A. entnehmen Sie dem untenstehenden Abschnitt unter dem Titel "Independent Public Accountants" und "Report of the Audit Committee".

Ein Mitglied der PricewaterhouseCoopers S.A. wird an der Generalversammlung teilnehmen, wird sich äussern und zur Verfügung stehen zur Beantwortung allfälliger Fragen.

Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

Empfehlung

Der Verwaltungsrat empfiehlt die Wiederwahl der PricewaterhouseCoopers S.A. als Revisionsstelle der Logitech International S.A. für das am 31. März 2010 endende Geschäftsjahr.

VERWALTUNGSRATSANGELEGENHEITEN UND ENTSCHÄDIGUNGSBERICHT

Für weitere Information über unseren Verwaltungsrat und für den Entschädigungsbericht verweisen wir Sie auf die englische Version dieser Einladung. Der englische Text ist die gültige Version dieser Einladung.



July 23, 2009

To our shareholders:

You are cordially invited to attend Logitech's 2009 Annual General Meeting. The meeting will be held on Tuesday, September 1, 2009 at 2:30 p.m. at the Palais De Beaulieu, Rome Room, in Lausanne, Switzerland.

Enclosed is the Invitation and Proxy Statement for the meeting, which includes an agenda and discussion of the items to be voted on at the meeting, information on how you can exercise your voting rights, information concerning Logitech's compensation of its Board members and executive officers and other relevant information.

Whether or not you plan to attend the Annual General Meeting, your vote is important.

Thank you for your continued support of Logitech.

A handwritten signature in black ink, appearing to read "Guerrino De Luca".

GUERRINO DE LUCA
Chairman of the Board

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LOGITECH INTERNATIONAL S.A.

**Invitation to the Annual General Meeting
Tuesday, September 1, 2009
2:30 p.m. (registration starts at 1:30 p.m.)
Palais de Beaulieu – Lausanne, Switzerland**

AGENDA

A. Reports

Report on Operations for the fiscal year ended March 31, 2009

B. Proposals

1. Approval of the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2009
2. Advisory vote on compensation philosophy, policies and practices
3. Appropriation of retained earnings without payment of a dividend
4. Increase of the number of shares available for issuance under the 2006 Stock Incentive Plan
5. Release of the Board of Directors and Executive Officers for activities during fiscal year 2009
6. Elections to the Board of Directors
 - 6.1. Re-election of Mr. Erh-Hsun Chang
 - 6.2. Re-election of Mr. Kee-Lock Chua
7. Re-election of PricewaterhouseCoopers S.A. as auditors

Apples, Switzerland, July 23, 2009

The Board of Directors

QUESTIONS AND ANSWERS ABOUT THE LOGITECH 2009 ANNUAL GENERAL MEETING

GENERAL INFORMATION FOR ALL SHAREHOLDERS

Why am I receiving this “Invitation and Proxy Statement”?

This document is designed to comply with both Swiss corporate law and U.S. proxy statement rules. Outside of the U.S. and Canada this Invitation and Proxy Statement will be delivered to registered shareholders with certain portions translated into French and German. We made copies of this Invitation and Proxy Statement available to shareholders beginning on July 23, 2009.

Who is entitled to vote at the meeting?

Shareholders registered in the Share Register of Logitech International S.A. (including in the sub-register maintained by Logitech’s U.S. transfer agent, The Bank of New York Mellon Corporation) on Thursday, August 27 2009 have the right to vote. No shareholders will be entered in the Share Register between August 28, 2009 and the day following the meeting. As of June 30, 2009 there were 89,756,624 shares registered and entitled to vote out of a total of 180,178,128 Logitech shares outstanding. The actual number of registered shares that will be entitled to vote at the meeting will vary depending on how many more shares are registered, or deregistered, between June 30, 2009 and August 27, 2009.

For information on the criteria for the determination of the U.S. and Canadian “street name” beneficial owners who may vote with respect to the meeting, please refer to “Further Information for U.S. and Canadian “Street Name” Beneficial Owners”, below.

Who is a registered shareholder?

If your shares are registered directly in your name with us in the Share Register of Logitech International S.A., or in our sub-register maintained by our U.S. transfer agent, The Bank of New York Mellon Corporation, you are considered a registered shareholder, and this Invitation and Proxy Statement and related materials are being sent to you directly by Logitech.

Who is a beneficial owner with shares registered in the name of a custodian, or “street name” owner?

Shareholders that have not requested registration on our Share Register directly, and hold shares through a broker, trustee or nominee or other similar organization that is a registered shareholder, are beneficial owners of shares registered in the name of a custodian. If you hold your Logitech shares through a U.S. or Canadian broker, trustee or nominee or other similar organization (also called holding in “street name”), which is the typical practice of our shareholders in the U.S. and Canada, the organization holding your account is considered the registered shareholder for purposes of voting at the meeting, and this Invitation and Proxy Statement and related materials are being sent or made available to you by them. You have the right to direct that organization on how to vote the shares held in your account.

Why is it important for me to vote?

Logitech is a public company and key decisions can only be made by shareholders. Whether or not you plan to attend, your vote is important so that your shares are represented.

How many registered shares must be present or represented to conduct business at the meeting?

There is no quorum requirement for the meeting. Under Swiss law, public companies do not have specific quorum requirements for shareholder meetings, and our Articles of Incorporation do not otherwise provide for a quorum requirement.

Where are Logitech's principal executive offices?

Logitech's principal executive office in Switzerland is at Moulin du Choc D, 1122 Romanel-sur-Morges, Switzerland, and our principal executive office in the United States is at 6505 Kaiser Drive, Fremont, California 94555. Logitech's main telephone number in Switzerland is +41-(0)21-863-5111 and our main telephone number in the United States is +510-795-8500.

How can I obtain Logitech's annual report and other annual reporting materials?

A copy of our 2009 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2009 filed with the U.S. Securities and Exchange Commission are available on our website at <http://ir.logitech.com>. Shareholders also may request free copies of these materials at our principal executive offices in Switzerland or the United States, at the addresses and phone numbers above.

Where can I find the voting results of the meeting?

We intend to announce voting results at the meeting and issue a press release promptly after the meeting. We will also post results on our website at <http://ir.logitech.com> and in our quarterly report for the fiscal quarter ending September 30, 2009.

If I am not a registered shareholder, can I attend and vote at the meeting?

You may not attend the meeting and vote your shares in person at the meeting unless you either become a registered shareholder by August 27, 2009 or you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. If you hold your shares through a non-U.S. or non-Canadian broker, trustee or nominee, you may become a registered shareholder by contacting our Share Registrar at our principal executive offices in Switzerland, at the above address, and following their registration instructions or, in certain countries, by requesting registration through the bank or brokerage through which you hold your shares. If you hold your shares through a U.S. or Canadian broker, trustee or nominee, you may become a registered shareholder by contacting your broker, trustee or nominee, and following their registration instructions.

FURTHER INFORMATION FOR REGISTERED SHAREHOLDERS

How can I vote if I do not plan to attend the meeting?

If you do not plan to attend the meeting you may mark the applicable box under Option 3 on the enclosed Response Coupon to appoint either Logitech or the Independent Representative, Ms. Béatrice Ehlers, to represent you at the meeting. Please provide your voting instructions by marking the applicable boxes beside the agenda items on the Response Coupon and sign, date and promptly mail your completed Response Coupon using the appropriate enclosed postage paid envelope. If you sign and return the Response Coupon but do not provide voting instructions for some or all agenda items, your voting rights will be exercised in favor of the Proposals of the Board of Directors (the "Board"). Please refer to the Response Coupon for more instructions.

How can I attend the meeting?

If you wish to attend the meeting, please mark Option 1 on the Response Coupon, and send the completed, signed and dated Response Coupon to Logitech using the enclosed postage paid envelope by August 21, 2009. We will send you an admission card for the meeting. If an admission card is not received by you prior to the meeting and you are a registered shareholder as of August 27, 2009, you may attend the meeting by presenting proof of identification at the meeting.

Can I have another person represent me at the meeting?

Yes. If you would like someone other than either Logitech or the Independent Representative to represent you at the meeting, please mark Option 2 on the Response Coupon and provide the name and address of the person you want to represent you. Please return the completed, signed and dated Response Coupon to Logitech using the enclosed postage paid envelope by August 21, 2009. We will send an admission card for the meeting to your representative. If the name and address instructions you provide are not clear Logitech will send the admission card to you, and you must forward it to your representative.

Can I sell my shares before the meeting if I have voted?

Logitech does not block the transfer of shares before the meeting. However, if you sell your Logitech shares before the meeting and Logitech's Share Registrar is notified of the sale, your votes with those shares will not be counted. Any person who purchases shares after the Share Register closes on Thursday, August 27, 2009 will not be able to register them until the day after the meeting and so will not be able to vote the shares at the meeting.

If I vote by proxy using the Response Coupon, can I change my vote after I have voted?

You may change your vote at any time before the final vote at the meeting. You may revoke your vote by requesting a new Response Coupon from us, and we will cancel your prior Response Coupon. If you wish to vote again you may complete the new Response Coupon and return it to us, or you may attend the meeting and vote in person. However, your attendance at the meeting will not automatically revoke your Response Coupon unless you vote again at the meeting or specifically request in writing that your prior Response Coupon be revoked.

If I vote by proxy using the Response Coupon, what happens if I do not give specific voting instructions?

If you are a registered shareholder and sign and return a Response Coupon without giving specific voting instructions for some or all agenda items, your voting rights will be exercised in favor of the Proposals of the Board of Directors. In addition, if you provide discretionary voting instructions in the Response Coupon, and other matters are properly presented for voting at the meeting, your voting rights will be exercised in favor of the recommendations of the Board of Directors at the meeting on such matters.

In addition, if your shares are represented at the meeting by an institution subject to the Swiss Federal Law on Banks and Savings Institutions, or by a professional asset manager subject to Swiss jurisdiction, and if you do not provide the institution or asset manager with general or specific voting instructions, the institution or asset manager will be obliged under Swiss law to exercise the voting rights of your shares in the manner recommended by the Board of Directors.

Who can I contact if I have questions?

If you have any questions or need assistance in voting your shares, please call us at +1-510-713-4220 or e-mail us at investorrelations@logitech.com.

FURTHER INFORMATION FOR U.S. OR CANADIAN “STREET NAME” BENEFICIAL OWNERS

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

We have provided access to our proxy materials over the Internet to beneficial owners holding their shares in “street name” through a U.S. or Canadian broker, trustee or nominee. Accordingly, such brokers, trustees or nominees are forwarding a Notice of Internet Availability of Proxy Materials (the “Notice”) to such beneficial owners. All such shareholders will have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice. In addition, beneficial owners holding their shares in street name through a U.S. or Canadian broker, trustee or nominee may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to:

- View our proxy materials for the meeting on the Internet; and
- Instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual shareholders’ meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who may provide voting instructions for the meeting?

For purposes of U.S. or Canadian beneficial shareholder voting, shareholders holding shares through a U.S. or Canadian broker, trustee or nominee organization on July 13, 2009 may direct the organization on how to vote. Logitech has made arrangements with a service company to U.S. and Canadian brokers, trustees and nominee organizations for that service company to provide a reconciliation of share positions of U.S. and Canadian “street name” beneficial owners between July 13, 2009 and August 19, 2009, which Logitech determined is the last practicable date before the meeting for such a reconciliation. These arrangements are intended to result in the following adjustments: If a U.S. or Canadian “street name” beneficial owner as of July 13, 2009 votes but subsequently sells their shares before August 19, 2009, their votes will be cancelled. A U.S. or Canadian “street name” beneficial owner as of July 13, 2009 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 19, 2009 will have their votes increased or decreased to reflect their shareholdings as of August 19, 2009.

If you acquire Logitech shares in “street name” after July 13, 2009 through a U.S. or Canadian broker, trustee or nominee, and wish to vote at the meeting or provide voting instructions by proxy, you must become a registered shareholder. You may become a registered shareholder by contacting your broker, trustee or nominee, and following their registration instructions. In order to allow adequate time for registration, for proxy materials to be sent to you, and for your voting instructions to be returned to us before the meeting, please begin the registration process as far before August 27, 2009 as possible.

If I am a U.S. or Canadian “street name” beneficial owner, how do I vote?

If you are a beneficial owner of shares held in “street name” and you wish to vote in person at the meeting, you must obtain a valid proxy from the organization that holds your shares.

If you do not wish to vote in person, you may vote by proxy. You may vote by proxy over the Internet, or if you request printed copies of the proxy materials by mail, you can also vote by mail or by telephone by following the instructions provided in the Notice.

What happens if I do not give specific voting instructions?

If you are a beneficial owner of shares held in “street name” in the United States or Canada and do not provide your broker, trustee or nominee with specific voting instructions, then under the rules of various national and regional securities exchanges, your broker, trustee or nominee may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, your shares will not be voted on such matter and will not be considered votes cast on the applicable Proposal. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice. We believe the following Proposals will be considered non-routine: Proposal 2 (Advisory vote on compensation philosophy, policies and practices), Proposal 3 (Appropriation of retained earnings without payment of a dividend), and Proposal 4 (Increase of the number of shares available for issuance under the 2006 Stock Incentive Plan). All other Proposals involve matters that we believe will be considered routine. Any “broker non-votes” on any Proposals will not be considered votes cast on the Proposal.

What is the deadline for delivering my voting instructions?

If you hold your shares through a U.S. or Canadian bank or brokerage or other custodian you have until 11:59 pm (U.S. Eastern Daylight Time) on August 28, 2009 to deliver your voting instructions.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the meeting. You may vote again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the meeting and voting in person, if you have a “legal proxy” that allows you to attend the meeting and vote. However, your attendance at the Annual General Meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked.

FURTHER INFORMATION FOR SHAREHOLDERS WITH SHARES REGISTERED THROUGH A BANK OR BROKERAGE AS CUSTODIAN (OUTSIDE THE U.S. OR CANADA)

How do I vote by proxy if my shares are registered through my bank or brokerage as custodian?

Your broker, trustee or nominee should have enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares. If you did not receive such instructions you must contact your bank or brokerage for their voting instructions.

What is the deadline for delivering my voting instructions if my Logitech shares are registered through my bank or brokerage as custodian?

Banks and brokerages typically set deadlines for receiving instructions from their account holders. Outside of the U.S. and Canada, this deadline is typically two to three days before the deadline of the company holding the general meeting. This is so that the custodians can collect the voting instructions and pass them onto the company holding the meeting. If you hold Logitech shares through a bank or brokerage outside the U.S. or Canada please check with your bank or brokerage for their specific voting deadline and submit your voting instructions to them as far before the meeting date as possible.

OTHER MEETING INFORMATION

Further Information for Depositary representatives

Institutions subject to the Swiss Federal Law on Banks and Savings Banks, as well as professional asset managers, are obliged to inform Logitech of the number and par value of the registered shares they represent.

Meeting Proposals

There are no other matters that the Board intends to present, or has reason to believe others will present, at the Annual General Meeting. If other matters are properly presented for voting at the meeting, and you have provided discretionary voting instructions in the Response Coupon or your voting instruction card, your shares will be voted in accordance with the recommendations of the Board of Directors at the meeting on such matters.

Proxy Solicitation

We will bear the expense of soliciting proxies, and we have retained Georgeson, Inc. to solicit proxies for a fee of \$15,000 plus a reasonable amount to cover expenses. Certain of our directors, officers and other employees, without additional compensation, may also solicit proxies personally or in writing, by telephone, e-mail or otherwise, or we may ask our proxy solicitor to solicit votes and proxies on our behalf by telephone for a fee of \$5.00 per phone call, plus reasonable expenses. In the United States we are required to request that brokers and nominees who hold shares in their names furnish our proxy material to the beneficial owners of the shares, and we must reimburse such brokers and nominees for the expenses of doing so in accordance with certain U.S. statutory fee schedules.

Tabulation of Votes

Representatives of at least two Swiss banks will serve as scrutineers of the vote tabulations at the meeting. As is typical for Swiss companies, our Share Registrar will tabulate the voting instructions of registered shareholders that are provided in advance of the meeting.

Shareholder Proposals and Nominees

Shareholder Proposals for 2009 Annual General Meeting

Under our Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of our issued share capital or (ii) an aggregate par value of one million Swiss francs may demand that an item be placed on the agenda of a meeting of shareholders. Any such proposal must be included by the Board in our materials for the meeting. A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. The deadline to receive proposals for the agenda for the September 1, 2009 Annual General Meeting was July 2, 2009. However, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2009 Annual General Meeting agenda before or at the meeting.

Shareholder Proposals for 2010 Annual General Meeting

A registered shareholder that satisfies the minimum shareholding requirements in the Company's Articles of Incorporation may demand that an item be placed on the agenda for our 2010 meeting of shareholders by delivering a written request describing the proposal to the Secretary of Logitech at our principal executive office in either Switzerland or the United States no later than July 9, 2010. In addition, if you are a registered shareholder and satisfy the shareholding requirements under Rule 14a-8 of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), you may submit a proposal for consideration by the Board of Directors for inclusion in the 2010 Annual General Meeting agenda by delivering a request and a description of the proposal to the Secretary of Logitech at our principal executive office in either Switzerland or the United States no later than May 9, 2010. The proposal will need to comply with Rule 14a-8 of the Exchange Act, which lists the requirements for the inclusion of shareholder proposals in company-sponsored proxy materials under U.S. securities laws. Under the Company's Articles of Incorporation only registered shareholders are recognized as Logitech shareholders. As a result, if you are not a registered shareholder you may not make proposals for the 2010 Annual General Meeting.

Nominations of Director Candidates

Nominations of director candidates by registered shareholders must follow the rules for shareholder proposals above.

Provisions of Articles of Incorporation

The relevant provisions of our Articles of Incorporation regarding the right of one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of our issued share capital or (ii) an aggregate par value of one million Swiss francs to demand that an item be placed on the agenda of a meeting of shareholders are available on our website at <http://ir.logitech.com>. You may also contact the Secretary of Logitech at our principal executive office in either Switzerland or the United States to request a copy of the relevant provisions of our Articles of Incorporation.

AGENDA PROPOSALS AND EXPLANATIONS

A. REPORTS

Report on Operations for the Fiscal Year Ended March 31, 2009

Senior management of Logitech International S.A. will provide the Annual General Meeting with a presentation and report on operations of the Company for fiscal year 2009.

B. PROPOSALS

Proposal 1

Approval of the Annual Report, the Compensation Report, the Consolidated Financial Statements and the Statutory Financial Statements of Logitech International S.A. for Fiscal Year 2009

Proposal

The Board of Directors proposes that the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2009 be approved.

Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2009 are contained in Logitech's Annual Report which was distributed to all registered shareholders with this Invitation and Proxy Statement. The Annual Report also contains the report of Logitech's auditors, the report of the statutory auditors and additional information on the Company's business, organization and strategy, and information relating to corporate governance as required by the SIX Swiss Exchange directive on corporate governance. The Compensation Report is included in this Invitation and Proxy Statement. Copies of the Annual Report and the Invitation and Proxy Statement are available on the Internet at *ir.logitech.com*.

Under Swiss law the annual report and financial statements of Swiss companies must be submitted to shareholders for approval or disapproval at each annual general meeting. The submission of the compensation report to a vote of shareholders as part of the approval of the annual report is a suggested best practice under applicable Swiss best corporate governance principles published by *economiesuisse*, a leading Swiss business organization. In the event of a negative vote on this proposal by shareholders the Board of Directors will call an extraordinary general meeting of shareholders for re-consideration of this proposal by shareholders. Approval of this proposal does not constitute approval or disapproval of any of the individual matters referred to in the Annual Report, the Compensation Report or the consolidated or statutory financial statements for fiscal year 2009.

PricewaterhouseCoopers S.A., as Logitech auditors, issued an unqualified recommendation to the Annual General Meeting that the Logitech consolidated and Logitech International S.A. financial statements be approved. PricewaterhouseCoopers S.A. express their opinion that the "consolidated financial statements for the year ended March 31, 2009 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law." They further express their opinion and confirm that the financial statements and the proposed appropriation of available earnings comply with Swiss law and the articles of incorporation of Logitech International S.A.

Voting Requirement to Approve Proposal

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation

The Board of Directors recommends a vote “FOR” approval of the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2009.

Proposal 2

Advisory vote on compensation philosophy, policies and practices

Proposal

The Board of Directors proposes that shareholders approve, on an advisory basis, Logitech’s compensation philosophy, policies and practices as set out in the “Compensation Discussion and Analysis” section of the Compensation Report for fiscal year 2009.

Explanation

At Logitech’s 2008 Annual General Meeting the Logitech Board of Directors asked shareholders to approve the 2008 Compensation Report as part of shareholders’ approval of Logitech’s 2008 annual report and financial statements. This year, the Board is also asking for an advisory vote on compensation philosophy, policies and practices as a reflection of evolving best practices in corporate governance in Switzerland and in the United States. This advisory vote is non-binding; however, the Board and the Compensation Committee of the Board will consider the voting results and seek to determine the causes of any significant negative voting result.

As discussed in the Compensation Discussion and Analysis section of Logitech’s 2009 Compensation Report, Logitech has designed its compensation programs to attract, retain and motivate the high caliber of executives, managers and staff that is critical to the long-term success of its business. More specifically, Logitech’s executive compensation programs have been designed to:

- be competitive with comparable companies in the industry and in the region where the executive is based to attract and retain top talent;
- maintain a balance between fixed and variable compensation and place a significant portion of total compensation at risk based on Logitech’s performance;
- align executive compensation with shareholders’ interests by tying a significant portion of compensation to increasing share value; and
- support a performance-oriented environment that rewards superior performance; and
- reflect the Compensation Committee’s assessment of an executive’s role and past performance through base salary and short-term incentives, and his or her potential for future contribution to Logitech through long-term equity incentive awards.

Logitech’s compensation philosophy and compensation components for employees below the executive level are also set out in the Compensation Discussion and Analysis section of the Compensation Report.

While compensation is a central part of attracting, retaining and motivating the best executives and employees, we believe it is not the sole or exclusive reason why exceptional executives or employees choose to join and stay at Logitech, or why they work hard to achieve results for shareholders. In this regard, both the Compensation Committee and management believe that providing a working environment and opportunities in which executives and employees can develop, express their individual potential, and make a difference, are also a key part of Logitech's success in attracting, retaining and motivating executives and employees.

The Compensation Committee of the Board has developed a compensation program that is described more fully in the Compensation Discussion and Analysis section of this Invitation and Proxy Statement. The Compensation Discussion and Analysis section extends from the beginning of the Compensation Report until the beginning of the section titled "Summary Compensation Table for Fiscal Year 2009."

Voting Requirement to Approve Proposal

The affirmative "FOR" vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation

The Board of Directors recommends a vote "FOR" approval, on an advisory basis, of Logitech's compensation philosophy, policies and practices as set out in the "Compensation Discussion and Analysis" section of the Compensation Report for fiscal year 2009.

Proposal 3

Appropriation of Retained Earnings Without Payment of a Dividend

Proposal

The Board of Directors proposes that no dividend be distributed with respect to retained earnings for fiscal year 2009 and that CHF 354,924,000 (US \$326,607,159 based on exchange rates on June 30, 2009) of retained earnings be carried forward.

(all numbers in thousands)

Retained earnings at beginning of fiscal year 2009	CHF 316,586
Appropriation of retained earnings resolved by the 2008 Annual General Meeting- Dividend	CHF —
Attribution to reserve for treasury shares	CHF 11,062
Net income for fiscal year 2009	<u>CHF 27,276</u>
Retained earnings at the disposal of the Annual General Meeting at the end of fiscal year 2009	<u>CHF 354,924</u>

Explanation

Under Swiss law the use of retained earnings must be submitted to shareholders for approval or disapproval at each annual general meeting. The retained earnings at the disposal of Logitech shareholders at the 2009 Annual General Meeting are the earnings of Logitech International S.A., the Logitech parent holding company.

The Board of Directors continues to believe that it is in the best interests of Logitech and its shareholders to retain Logitech’s earnings for future investment in the growth of Logitech’s business, for share repurchases, and for the possible acquisition of other companies or lines of business. Accordingly, the Board is proposing that no dividend be paid to shareholders and all retained earnings at the disposal of the Annual General Meeting be carried forward.

In the event of a negative vote on this proposal by shareholders, the Board of Directors will take the vote of the shareholders into consideration, and call an extraordinary general meeting of shareholders for re-consideration by shareholders of this proposal or a revised proposal.

Voting Requirement to Approve Proposal

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation

The Board of Directors recommends a vote “FOR” approval of the appropriation of retained earnings without the payment of a dividend.

Proposal 4

Increase of the number of shares available for issuance under the 2006 Stock Incentive Plan

Proposal

The Board of Directors proposes shareholders approve that an additional 3,500,000 shares be authorized for issuance under the Company’s 2006 Stock Incentive Plan.

Explanation

Logitech’s 2006 Stock Incentive Plan provides Logitech the ability to offer equity compensation incentives to employees and directors. The purpose of the plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to our employees and directors and to promote the success of our business. The Board of Directors believes that the continued ability to offer a competitive equity incentive program is important to attract, motivate and retain the employee talent needed for Logitech’s long-term success.

The plan provides for the grant of stock options, stock appreciation rights, restricted shares and restricted stock units, any or all of which may be made contingent upon the achievement of performance criteria. As of June 30, 2009 we have approximately 3 million shares remaining for issuance under the plan of the 14 million shares previously authorized by shareholders in June 2006. We estimate that this remaining pool will be exhausted before the 2010 Annual General Meeting. As a result, the Board is seeking shareholder approval to increase the number of shares available under the plan at the 2009 Annual General Meeting. The table below sets out the shares currently available under the plan and if this proposal is approved.

2006 Stock Incentive Plan Share Reservation

Initial shares authorized under the 2006 Stock Incentive Plan	14.00 million
Shares awarded from June 2006 through June 30, 2009	(10.97 million)
Additional shares requested under this amendment	<u>3.5 million</u>
Estimated total shares available for issuance.	<u>6.53 million</u>

If this proposal is approved by shareholders only the number of shares available for issuance under the plan will change. The Board is not proposing an increase to the Company's conditional capital for Logitech's employee equity incentive plans. Since 2000 Logitech has used shares held in treasury from its share repurchase programs to cover its issuance obligations under employee equity incentive grants, including grants made under the 2006 Stock Incentive Plan. It expects to continue to do so.

Background on Equity Incentive Compensation at Logitech

Logitech has granted equity incentives to employees since its very earliest days in the 1980s. The use of equity compensation in part reflects market practice, especially in California's Silicon Valley, where the Company has a significant presence. However, it is also a key differentiator in attracting and retaining employees in employment markets outside of the United States where, historically, equity incentive compensation was not or is not common. The Board of Directors believes that having the ability to offer equity incentives continues to be a key part of Logitech's compensation program and the Company's long-term success.

Key Terms of the 2006 Stock Incentive Plan

For convenience, the key terms of the plan are summarized below. The summary is qualified in its entirety by the specific language of the plan, which is available as an exhibit to our Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 2, 2007, available at <http://www.sec.gov>.

Shares Available Under the Plan

If shareholders approve this proposal, a total of 17,500,000 shares will have been authorized for issuance under the plan. On June 30, 2009, options to purchase a total of 10,556,069 shares, performance-based restricted stock units representing the right to acquire a total of 198,750 shares (assuming 100% achievement of performance goals), and restricted stock units representing the right to acquire a total of 216,560 shares were outstanding under the plan. The outstanding stock options had a weighted average exercise price of \$21.83 per share. On June 30, 2009, 3,028,621 Logitech shares remained available for future issuance under the plan.

If an award expires or is terminated or canceled without having been exercised or settled in full, or is forfeited back to or repurchased by us, the terminated portion of the award (or forfeited or repurchased shares subject to the award) will become available for future grant or sale under the plan (unless the plan has terminated). Shares are not deemed to be issued under the plan with respect to any portion of an award that is settled in cash or to the extent such shares are withheld in satisfaction of tax withholding obligations. If the exercise or purchase price of an award is paid for through the tender of shares, or tax withholding obligations are met through the tender or withholding of shares, those shares tendered or withheld will again be available for issuance under the plan.

Administration of the Plan

The Board of Directors, or the Compensation Committee, which is made up entirely of independent directors, administers the plan and is referred to below as the administrator. The administrator selects the Logitech employees who receive awards, determines the number of shares covered by the awards, and, subject to the terms and limitations in the plan, establishes the terms, conditions and other provisions of the grants. The administrator may interpret the plan and establish, amend and rescind any rules relating to the plan. The administrator may delegate to a committee of one or more directors the ability to grant awards and take certain other actions with respect to participants who are not executive officers, and may delegate certain administrative or ministerial functions under the plan to an officer or officers.

Eligibility

All full-time and part-time employees of the Logitech group, where legally eligible to participate, and non-employee directors of the Company, are eligible to receive awards under the plan. As of June 30, 2009, we had approximately 2,800 eligible employees and ten directors (including two employee directors).

Limitation

No employee may be granted, in any fiscal year, stock options or stock appreciation rights covering more than 6 million shares, or restricted shares or stock unit awards covering more than 4 million shares. These limitations in the plan are necessary in order to preserve our ability to deduct compensation associated with certain awards granted to our executive officers in the United States. This limit is substantially greater than the number of awards that Logitech has granted to any individual in any past fiscal year. Logitech does not currently intend to grant any award approaching these limits.

Stock Options

A stock option is the right to purchase Logitech shares at a fixed exercise price for a fixed period of time. Each option is evidenced by a stock option agreement and is subject to the following terms and conditions:

Number of Options. The administrator will determine the number of shares granted to any eligible individual pursuant to a stock option.

Exercise Price. The administrator will determine the exercise price of options granted under our plan at the time the options are granted, but the exercise price generally must be at least equal to the fair market value of Logitech shares on the date of grant. The market value on the date of grant may also be determined based on an average of trading prices in a period before or after the date of grant. The fair market value of our shares generally is determined with reference to the closing sale price for Logitech shares on the day the option is granted on either the SIX Swiss Exchange (for options denominated in Swiss francs) or the Nasdaq Global Select Market (for options denominated in U.S. dollars). As of June 30, 2009, the closing price of Logitech shares was CHF 15.05 per share on the SIX Swiss Exchange and \$14.03 per share on the Nasdaq Global Select Market.

Exercise of Option; Form of Consideration. The administrator determines when options become exercisable, and may in its discretion, accelerate the vesting of any outstanding option. The means of payment for shares issued upon exercise of an option is specified in each option agreement. To the extent permitted by applicable law, the plan permits payment to be made by cash, cash equivalents, promissory note, other Logitech shares (with some restrictions), cashless exercises, any combination of the prior methods of payment or any other form of consideration permitted by applicable law.

Term of Option. The term of stock options will be stated in the stock option agreement. However, the term of an incentive stock option may not exceed ten years. No option may be exercised after the expiration of its term.

Termination of Service. After termination of service, an option holder may exercise his or her option for the period of time determined by the administrator and stated in the option agreement. If no period of time is stated in a participant's award agreement, a participant may exercise the option within ninety days after such termination, to the extent that the option is vested on the date of termination (but in no event later than the expiration of the term of such option as set forth in the option agreement), unless such participant's service terminates due to the participant's death or disability, in which case the participant or, if the participant has died, the participant's estate, beneficiary designated in accordance with the administrator's requirements or the person who acquires the right to exercise the option by bequest or inheritance may exercise the option, to the extent the option was vested on the date of termination (or to the extent the vesting is accelerated upon the participant's death), within one year after the date of such termination.

Stock Appreciation Rights. A stock appreciation right is the right to receive the appreciation in the fair market value of Logitech shares between the grant date and the exercise date, for that number of Logitech shares with respect to which the stock appreciation right is exercised. Logitech may pay the appreciation in either cash, in Logitech shares with equivalent value, or in some combination, as determined by the administrator. Each award of stock appreciation rights is evidenced by an award agreement specifying the terms and conditions of the award. The administrator determines the exercise price of stock appreciation rights, the vesting schedule and other terms and conditions of stock appreciation rights, except that the exercise price must be at least equal to the fair market value of Logitech shares on the date of grant. The administrator also determines the number of shares granted to a service provider pursuant to a stock appreciation right.

After termination of service, a participant will be able to exercise the vested portion of his or her stock appreciation right for the period of time determined by the administrator and stated in the award agreement. If no period of time is stated in a participant's award agreement, a participant or, in the case of death, his or her estate or beneficiary, will generally be able to exercise his or her vested stock appreciation rights for (i) 90 days after his or her termination for reasons other than death or disability, and (ii) one year following his or her termination due to death or disability. In no event may a stock appreciation right be exercised later than the expiration of its term.

Restricted Shares. Restricted share awards are awards of Logitech shares that vest in accordance with terms and conditions established by the administrator. The administrator may impose whatever conditions to vesting it determines to be appropriate. Each award of restricted shares is evidenced by an award agreement specifying the terms and conditions of the award. The administrator will determine the number of restricted shares granted to any employee. The administrator also determines the purchase price of any grants of restricted shares and, unless the administrator determines otherwise, shares that do not vest typically will be subject to forfeiture or to our right of repurchase, which we may exercise upon the voluntary or involuntary termination of the purchaser's service with us for any reason including death or disability.

Restricted Stock Units (including Performance-Based Restricted Stock Units). Restricted stock units are awards that represent the right to receive Logitech shares or cash equal to the value of Logitech shares, or some combination of both as determined by the administrator, if the restricted stock units vest. Restricted stock units vest in accordance with terms and conditions established by the administrator. The administrator may impose whatever conditions to vesting it determines to be appropriate in the award agreement specifying the terms and conditions of the award. These conditions can be continued employment, the passage of time, or performance criteria and the level of achievement against performance criteria. Restricted stock units that are subject to performance conditions are referred to as performance-based restricted stock units. No condition that is based on performance criteria and level of achievement against the criteria may be based on performance over a period of less than one year. The award agreement may provide for the forfeiture or cancellation of the restricted stock units, in whole or in part, in the event of termination of the participant's service.

Performance Goals

The administrator (in its discretion) may make performance goals applicable to an award under the plan. One or more of the following performance goals may apply: brand recognition/acceptance, cash flow, cash flow return on investment, contribution to profitability, cost control, cost positions, cost of capital, customer satisfaction, development of products, earnings before interest, taxes and amortization; earnings per share, economic profit, economic value added, free cash flow, income or net income, income before income taxes, market segment share, new product innovation, operating income or net operating income, operating margin or profit margin, operating profit or net operating profit, process excellence, product cost reduction, product mix, product release schedules, product ship targets, quality, return on assets or net assets, return on capital, return on capital employed, return on equity, return on invested capital, return

on operating revenue, return on sales, revenue, sales, share price performance, strategic alliances, total shareholder return, and working capital. The performance goals may differ from participant to participant and from award to award and may be used in any combination. Any criteria used may be applied to the Logitech group as a whole, or to a business unit or a subsidiary, either individually or in any combination, and measured either annually or cumulatively over a period of years. Performance goals may be measured, as applicable, in absolute terms or in relative terms (including against prior years' results and/or against a comparison group).

The administrator may adjust any evaluation of performance against a performance goal to exclude any of the following events: asset write-downs, litigation or claim judgments or settlements; the effect of changes in tax law, accounting principles or other laws or provisions affecting reported results, accruals for reorganization and restructuring programs and any extraordinary non-recurring items. If specified in the award agreement, the administrator may also reduce the benefits under an award despite the achievement of performance goals on the basis of considerations that the administrator may determine in its discretion.

Adjustments upon Changes in Capitalization

In the event that Logitech shares or other securities change by reason of a stock dividend, stock split, combination or reclassification of shares, extraordinary dividend of cash or assets, recapitalization, reorganization or any similar event affecting the Logitech shares or other securities, the administrator will make adjustments to the number and kind of Logitech shares or other securities subject to the plan or subject to awards previously granted, and the exercise or settlement price of awards previously granted, in order to reflect the change and to preclude a dilution or enlargement of benefits under an award.

Adjustments upon Liquidation or Dissolution

In the event of our liquidation or dissolution, any unexercised award will terminate. The administrator may, in its discretion, provide that each participant will have the right to exercise all or any part of the award, including shares as to which the award would not otherwise be exercisable.

Adjustments upon Merger or Change in Control

In the event Logitech is a party to a merger, consolidation or reorganization, or the sale of substantially all of its assets, then each outstanding award will be subject to the applicable agreement, which must provide for one or more of the following: the continuation, assumption, or substitution of outstanding awards; full exercisability or vesting of outstanding awards (which may be contingent on the closing of the transaction); or the cancellation of outstanding awards and the payment to the participant in cash or shares of an amount equal to the gain or value of the shares subject to the award on the transaction closing date (which payment may be made subject to continued vesting).

Nontransferability of Awards

Unless otherwise determined by the administrator, awards granted under the plan are not transferable other than by will, by beneficiary designation or the laws of descent and distribution, and may be exercised during the participant's lifetime only by the participant. If the administrator makes an award transferable, the award shall contain such additional terms and conditions as the administrator deems appropriate.

Plan Amendment and Termination of the Plan

The plan will automatically terminate in 2016, unless we terminate it sooner. In addition, the Logitech Board of Directors has the authority to amend, alter, suspend or terminate the plan, but no amendment, alteration, suspension or termination may impair the rights of any participant under an existing award, unless agreed otherwise between the participant and the administrator.

Plan Benefits

The amount and timing of awards granted under the plan are determined in the sole discretion of the administrator and therefore cannot be determined in advance. The future awards that would be received under the plan by executive officers and other employees are discretionary and are therefore not determinable at this time.

U.S. Tax Consequences

The federal tax rules applicable to the plan under the U.S. Tax Code are summarized below. This summary does not include the tax laws of any municipality, state or country outside the United States in which a participant resides.

Stock Options

An optionee does not recognize any taxable income at the time he or she is granted a stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Any taxable income recognized in connection with an option exercise by an employee is subject to tax withholding. Unless limited by Section 162(m) of the U.S. Tax Code, Logitech Inc., the Company's U.S. operating subsidiary, is generally entitled to a deduction in the same amount as the ordinary income recognized by the optionee. Upon a disposition of the shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

Restricted Shares, Performance-Based Restricted Stock Units and Restricted Stock Units

A participant generally will not have taxable income at the time an award of restricted shares, performance-based restricted stock units or restricted stock units are granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the shares underlying the award becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture (e.g., vested). However, a holder of a restricted shares award may elect to recognize income at the time he or she receives the award in an amount equal to the fair market value of the shares underlying the award less any amount paid for the shares on the date the award is granted.

Stock Appreciation Rights

No taxable income is reportable when a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Logitech Inc., the Company's U.S. operating subsidiary, generally will be entitled to a tax deduction in connection with an award under the plan in an amount equal to the ordinary income realized by a participant subject to U.S. taxation and at the time such participant recognizes such income (for example, the exercise of a stock option). Special rules limit the deductibility of compensation paid to executive officers in the United States. Under Section 162(m) of the U.S. Tax Code, the annual compensation paid to executive officers in the U.S. may not be deductible to the extent it exceeds \$1,000,000. However, Logitech Inc. can preserve the deductibility of certain compensation in excess of \$1,000,000 if the conditions of Section 162(m) of the U.S. Tax Code are met. These conditions include shareholder approval of the plan and setting limits on the number of awards that any individual may receive per year. The plan has been designed to permit the administrator to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the U.S. Tax Code, which permits Logitech Inc. to continue to receive a federal income tax deduction in connection with such awards.

Voting Requirement to Approve Proposal

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation of the Board

The Board of Directors recommends a vote “FOR” approval to increase by 3,500,000 the number of shares available for issuance under the 2006 Stock Incentive Plan.

Proposal 5

Release of the Board of Directors and Executive Officers for Activities During Fiscal Year 2009

Proposal

The Board of Directors proposes that shareholders release the members of the Board of Directors and Executive Officers for liability for activities during fiscal year 2009.

Explanation

As is customary for Swiss corporations and in accordance with Article 698, subsection 2, item 5 of the Swiss Code of Obligations, shareholders are requested to release the members of the Board of Directors and the Executive Officers from liability for their activities during fiscal year 2009. This release excludes liability claims brought by the Company or shareholders against the members of the Board of Directors or Executive Officers for activities carried out during fiscal year 2009 relating to facts that have been disclosed to shareholders, except that registered shareholders that do not vote in favor of the proposal are not bound by the result for a period ending six months after the vote.

Voting Requirement to Approve Proposal

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions and not counting the votes of any member of the Board of Directors, any Logitech executive officers or any votes represented by Logitech.

Recommendation

The Board of Directors recommends a vote “FOR” the proposal to release the members of the Board of Directors and Executive Officers for liability for activities during fiscal year 2009.

Proposal 6

Elections to the Board of Directors

Our Board of Directors is presently composed of ten members. Each director serves a three-year term, with the terms of the directors staggered so that not all directors are up for election in any one year. This is a recommended practice under the Swiss Code of Best Practice for Corporate Governance, in order to help ensure continuity among the Board.

At the recommendation of the Nominating Committee, the Board has nominated the two individuals below to serve as directors for the three-year term beginning as of the Annual General Meeting on September 1, 2009. Both nominees currently serve as members of the Board of Directors. Their current terms expire on the date of the Annual General Meeting on September 1, 2009.

There will be a separate vote on each nominee.

If any director nominee is unable or unwilling to serve as a nominee at the time of the Annual General Meeting, registered shareholders at the meeting or represented at the meeting by the Independent Representative or third parties may vote either for: (1) a substitute nominee designated by the present Board to fill the vacancy; or (2) another substitute nominee. Under Swiss law Board members may only be appointed by shareholders and so if there is no substitute nominee and the individuals below are elected the Board will consist of ten members. The Board has no reason to believe that any of our nominees will be unwilling or unable to serve if elected as a director.

For further information on the Board of Directors, including the current members of the Board, the Committees of the Board, the means by which the Board exercises supervision of Logitech's executive officers, and other information, please see "Corporate Governance and Board of Directors Matters" below.

6.1 Re-election of Mr. Erh-Hsun Chang

Proposal: The Board of Directors proposes that Mr. Erh-Hsun Chang be re-elected to the Board for a further three-year term.

Erh-Hsun Chang has been a member of the Board of Directors since June 2006. Until April 2006, Mr. Chang was the Company's Senior Vice President, Worldwide Operations and General Manager, Far East. Mr. Chang first joined Logitech in 1986 to establish its operations in Taiwan. After leaving the Company in 1988, he returned in 1995 as Vice President, General Manager, Far Eastern Area and Worldwide Operations. In April 1997, Mr. Chang was named Senior Vice President, General Manager, Far Eastern Area and Worldwide Operations. Mr. Chang's other business experience includes tenure as Vice President, Manufacturing Consulting at KPMG Peat Marwick, a global professional services firm, between 1991 and 1995, and as Vice President, Sales and Marketing, Power Supply Division, of Taiwan Liton Electronics Ltd., a Taiwanese electronics company, in 1995. Mr. Chang holds a BS degree in Civil Engineering from Chung Yuang University, Taiwan, an MBA degree in Operations Management from the University of Dallas, Texas and an MS degree in Industrial Engineering from Texas A&M University. Mr. Chang is also Vice Chairman of the Company's subsidiary in Taiwan. He is 60 years old, and is a Taiwan citizen.

The Board of Directors has determined that Mr. Chang is an independent Director.

6.2 Re-election of Mr. Kee-Lock Chua

Proposal: The Board of Directors proposes that Mr. Kee-Lock Chua be re-elected to the Board for a further three-year term.

Kee-Lock Chua has been a member of the Board of Directors since June 2000, and serves as Lead Independent Director. Mr. Chua is president and chief executive officer of the Vertex Group, a Singapore - headquartered venture capital group. Prior to joining the Vertex Group, Mr. Chua was the president and an executive director of Biosensors International Group, Ltd., a developer and manufacturer of medical devices used in interventional cardiology and critical care procedures. Previously, from 2003 to 2006, Mr. Chua was a managing director of Walden International, a U.S.-headquartered venture capital firm. From 2001 to 2003, Mr. Chua served as deputy president of NatSteel Ltd., a Singapore industrial products company active in Asia Pacific. From 2000 until 2001, Mr. Chua was the president and chief executive officer of Intraco Ltd., a Singapore-listed trading and distribution company. Prior to joining Intraco, Mr. Chua was the president of MediaRing.com Ltd., a Singapore-listed company providing voice-over-Internet services. Mr. Chua holds a BS degree in Mechanical Engineering from the University of Wisconsin, and an MS degree in Engineering from Stanford University in California. He also serves on the Board of Biosensors, Yongmao and SHC Capital, all publicly traded companies in Singapore. He is 48 years old and is a Singapore citizen.

In addition to acting as Lead Independent Director of the Board of Directors, Mr. Chua currently serves on the Compensation Committee and the Nominating Committee of the Board. The Board of Directors has determined that he is an independent Director.

Voting Requirement to Approve Proposals

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation

The Board of Directors recommends a vote “FOR” the election to the Board of each of the above nominees.

Proposal 7

Re-election of PricewaterhouseCoopers S.A. as Auditors

Proposal

The Board of Directors proposes that PricewaterhouseCoopers S.A. be re-elected as auditors of Logitech International S.A. for a one-year term.

Explanation

PricewaterhouseCoopers S.A., upon recommendation of the Audit Committee of the Board, is proposed for re-election for a further year as auditors for Logitech International S.A. PricewaterhouseCoopers S.A. assumed its first audit mandate for Logitech in 1988. Information on the fees paid by Logitech to PricewaterhouseCoopers S.A., as well as further information regarding PricewaterhouseCoopers S.A., is set out below under the heading “Independent Public Accountants” and “Report of the Audit Committee.”

A member of PricewaterhouseCoopers S.A. will be present at the Annual General Meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions you may ask.

Voting Requirement to Approve Proposal

The affirmative “FOR” vote of a majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions.

Recommendation

Our Board of Directors recommends a vote “FOR” the re-election of PricewaterhouseCoopers S.A. as auditors of Logitech International S.A. for the fiscal year ending March 31, 2010.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

The Board of Directors is elected by the shareholders and holds the ultimate decision-making authority within Logitech, except for those matters reserved by law or by Logitech's Articles of Incorporation to its shareholders or those that are delegated to the executive officers under the organizational regulations (also known as by-laws). The Board makes resolutions through a majority vote of the members present at the meetings. In the event of a tie, the vote of the Chairman decides.

Logitech's Articles of Incorporation set the minimum number of directors at three. We had ten members of the Board of Directors as of June 30, 2009. If all nominees to the Board presented in Proposal 6 are elected the size of the Board will remain at ten.

BOARD OF DIRECTORS INDEPENDENCE

Each of our directors other than Daniel Borel, Guerrino De Luca and Gerald Quindlen qualifies as independent in accordance with the published listing requirements of Nasdaq and Swiss corporate governance best practices guidelines. The Board of Directors has determined that both director nominees standing for re-election at the 2009 Annual General Meeting, Erh-Hsun Chang and Kee-Lock Chua, qualify as independent. The Nasdaq independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, as further required by Nasdaq rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to Logitech and Logitech's management. In particular, the Board considered the following information in regard to the following directors:

Erh-Hsun Chang. Until April 2006 Mr. Chang served as Logitech's Senior Vice President, Worldwide Operations and General Manager, Far East.

Richard Laube. Mr. Laube is an executive officer of Nestlé S.A. Logitech Board member, co-founder and former Chairman, Daniel Borel, serves as Chairman of the Compensation Committee of Nestlé S.A.

Monika Ribar. Ms. Ribar is the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider. In the ordinary course of its business, Logitech utilized the customs brokerage services of Panalpina in Logitech's business in the Americas. Logitech paid Panalpina approximately \$8.5 million for these services in fiscal year 2009. The business was awarded to Panalpina as the result of a competitive bidding process.

In each case, the Board determined that none of these facts or relationships would interfere with the exercise by Mr. Chang, Mr. Laube or Ms. Ribar of his or her independent judgment in carrying out the responsibilities of a director.

MEMBERS OF THE BOARD OF DIRECTORS

The current members of the Board of Directors are set out below.

Daniel Borel 59 Years Old Director since 1988 Co-Founder and former CEO and Chairman, Logitech International S.A. Swiss national	<i>Daniel Borel</i> is a Logitech founder and served from May 1988 until January 1, 2008 as the Chairman of the Board. From July 1992 to February 1998, he also served as Chief Executive Officer. He has held various other executive positions with Logitech. Mr. Borel holds an MS degree in Computer Science from Stanford University in California and a BE degree in Physics from the Ecole Polytechnique Fédérale, Lausanne, Switzerland. He serves on the Board of Nestlé S.A. In addition, he serves on the Board of Fondation Defitech, a Swiss foundation which contributes to research and development projects aimed at assisting the disabled, is the Chairman of the Board of SwissUp, a Swiss educational foundation promoting higher learning, and serves as President of EPFL Plus, a Swiss foundation which raises funds for the Ecole Polytechnique Fédérale de Lausanne.
Matthew Bousquette 50 Years Old Director since 2005 Chairman, Enesco LLC U.S. national	<i>Matthew Bousquette</i> is the Chairman of the Board of Enesco LLC, a U.S.-based producer of giftware and home and garden décor products. He is the former president of the Mattel Brands business unit of Mattel, Inc. Mr. Bousquette joined Mattel as senior vice president of marketing in December 1993, and was promoted to successively more senior positions at Mattel, including general manager of Boys Toys in July 1995, executive vice president of Boys Toys in May 1998, president of Boys/Entertainment in March 1999, and president of Mattel Brands from February 2003 to October 2005. Mr. Bousquette's previous experience included various positions at Lewis Galoob Toys, Teleflora and Procter & Gamble. Mr. Bousquette earned a BBA degree from the University of Michigan.
Erh-Hsun Chang 60 Years Old Director since 2006 Former Senior Vice President, Worldwide Operations and General Manager, Far East, Logitech Taiwan national	<i>Erh-Hsun Chang</i> has been a member of the Board of Directors since June 2006. Until April 2006 Mr. Chang was the Company's Senior Vice President, Worldwide Operations and General Manager, Far East. Mr. Chang first joined Logitech in 1986 to establish its operations in Taiwan. After leaving the Company in 1988, he returned in 1995 as Vice President, General Manager, Far Eastern Area and Worldwide Operations. In April 1997, Mr. Chang was named Senior Vice President, General Manager, Far Eastern Area and Worldwide Operations. Mr. Chang's other business experience includes tenure as Vice President, Manufacturing Consulting at KPMG Peat Marwick, a global professional services firm, between 1991 and 1995, and as Vice President, Sales and Marketing, Power Supply Division, of Taiwan Liton Electronics Ltd., a Taiwanese electronics company, in 1995. Mr. Chang holds a BS degree in Civil Engineering from Chung Yuang University, Taiwan, an MBA degree in Operations Management from the University of Dallas, and an MS degree in Industrial Engineering from Texas A&M University. Mr. Chang is also Vice Chairman of the Company's subsidiary in Taiwan.

<p>Kee-Lock Chua</p> <p>48 Years Old</p> <p>Director since 2000</p> <p>President and Chief Executive Officer, Vertex Group Singapore national</p>	<p><i>Kee-Lock Chua</i> is president and chief executive officer of the Vertex Group, a Singapore - headquartered venture capital group. Prior to joining the Vertex Group, Mr. Chua was the president and an executive director of Biosensors International Group, Ltd., a developer and manufacturer of medical devices used in interventional cardiology and critical care procedures. Previously, from 2003 to 2006, Mr. Chua was a managing director of Walden International, a U.S.-headquartered venture capital firm. From 2001 to 2003, Mr. Chua served as deputy president of NatSteel Ltd., a Singapore industrial products company active in Asia Pacific. From 2000 until 2001, Mr. Chua was the president and chief executive officer of Intraco Ltd., a Singapore-listed trading and distribution company. Prior to joining Intraco, Mr. Chua was the president of MediaRing.com Ltd., a Singapore-listed company providing voice-over-Internet services. Mr. Chua holds a BS degree in Mechanical Engineering from the University of Wisconsin, and an MS degree in Engineering from Stanford University in California. He also serves on the Board of Biosensors, Yongmao and SHC Capital, all publicly traded companies in Singapore.</p>
<p>Sally Davis</p> <p>55 Years Old</p> <p>Director since 2007</p> <p>CEO, BT Wholesale</p> <p>British national</p>	<p><i>Sally Davis</i> is the chief executive of BT Wholesale, a position she has held since 2007. She was the Chief Portfolio Officer of British Telecom from 2005 to 2007. She had previously held senior executive roles within BT since joining the company in 1999, including President, Global Products, Global Services from 2002 to 2005, President, BT Ignite Applications Hosting from 2001 to 2002 and Director, Group Internet and Multimedia from 1999 to 2001. Before joining BT, Ms. Davis held leading roles in several major communications companies, including Bell Atlantic in the United States and Mercury Communications in the United Kingdom. Ms. Davis is a member of the Board of Directors of the Henderson Smaller Companies Investment Trust plc, a U.K. managed investment trust. She holds a BA degree from University College, London.</p>
<p>Guerrino De Luca</p> <p>56 Years Old</p> <p>Director since 1998</p> <p>Chairman of the Board of Directors of Logitech International S.A.</p> <p>Italian national</p>	<p><i>Guerrino De Luca</i> has served as Chairman of the Logitech Board of Directors since January 2008. He served from February 1998 to January 2008 as Logitech's President and Chief Executive Officer, and has been a director since June 1998. Prior to joining Logitech, Mr. De Luca served as Executive Vice President of Worldwide Marketing for Apple, Inc. from February 1997 to September 1997, and as President of Claris Corporation, a U.S. personal computing software vendor, from May 1994 to February 1997. Prior to joining Claris, Mr. De Luca held various positions with Apple in the United States and in Europe. Mr. De Luca holds a BS degree in Electronic Engineering from the University of Rome, Italy.</p>

Richard Laube *Richard Laube* is Executive Vice President of Nestlé S.A., Chief Executive Officer of Nestlé Nutrition and a member of the Nestlé Executive Board. He joined Nestlé in April 2005 as Deputy Executive Vice President, Corporate Business Development, and was appointed Deputy Executive Vice President, Chief Executive Officer of Nestlé Nutrition in November 2005. He was appointed Executive Vice President in 2008. Prior to joining Nestlé he served from 1999 to 2004 as President, Roche Consumer Health, and served on the Roche Corporate Executive Committee from 2001 to 2004. Previously, he was employed by Procter & Gamble from 1980 to 1998, serving in successively more senior roles in Switzerland, the United States, Japan, Germany and Brazil. Mr. Laube holds MA and BA degrees in Organizational Development and Evaluation Research from Boston University. Mr. Laube serves as Chairman of the Board of Directors of Life Ventures S.A., Nutrition-Wellness Venture AG, The Gerber Life Insurance Company and Jenny Craig Affiliated Companies, all of which are Nestlé subsidiaries.

53 Years Old
 Director since 2008
 Executive Vice President,
 Nestlé S.A
 Swiss and U.S. national

Robert Malcolm *Robert Malcolm* is retired from Diageo plc, the global premium drinks company, where he served until December 2008 as the president of Global Marketing, Sales and Innovation. Reporting to the chief executive officer and a member of the Diageo Executive Committee, Mr. Malcolm had worldwide responsibility for the marketing, sales and innovation function for Diageo and direct responsibility for strategy, equity management, innovation and global orchestration for global priority brands. Mr. Malcolm joined Diageo in 1999 and his previous appointments at the company included Global Marketing director and Global Scotch Whiskey director at UDV, a Diageo company. He was appointed president of Global Marketing, Sales and Innovation in 2000. Previous to his employment at Diageo, Mr. Malcolm held various posts at The Procter & Gamble Company from 1975 through 1999, including vice president and general manager for Beverages for Europe, Middle East and Africa; vice president and general manager Arabian Peninsula; and vice president and general manager for Personal Cleaning Products USA. Mr. Malcolm holds a BS degree and an MBA degree from the University of Southern California.

57 Years Old
 Director since 2007
 Former President, Global Marketing,
 Sales and Innovation, Diageo plc
 U.S. national

Gerald Quindlen *Gerald Quindlen* has served as Logitech’s President and Chief Executive Officer since January 2008. He has been a member of the Board of Directors since September 2008. Mr. Quindlen joined Logitech as Senior Vice President, Worldwide Sales and Marketing in October 2005. From August 1987 to September 2004, Mr. Quindlen worked for Eastman Kodak Company where he was Vice President of Global Sales and Operations for the Consumer and Professional Imaging Division, and previously held senior sales or marketing management positions in the United States, Japan and Asia Pacific. From September 2004 to September 2005, Mr. Quindlen was a private consultant. Prior to his 17 year tenure at Eastman Kodak, he worked for Mobil Oil Corporation in engineering. Mr. Quindlen holds a BS degree in chemical engineering from Villanova University in Pennsylvania, and an MBA degree in Finance from the University of Pennsylvania’s Wharton School.

50 Years Old
 Director since 2008
 President and Chief Executive Officer,
 Logitech International S.A.
 U.S. national

<p>Monika Ribar</p> <p>49 Years Old</p> <p>Director since 2004</p> <p>President and CEO, Panalpina Group</p> <p>Swiss national</p>	<p><i>Monika Ribar</i> is the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider. She has been a member of Panalpina’s Executive Board since February 2000, and served as Panalpina’s Chief Financial Officer from June 2005 to October 2006, and as its Chief Information Officer from February 2000 to June 2005. From June 1995 to February 2000, she served as Panalpina’s Corporate Controller, and from 1991 to 1995 served in project management positions at Panalpina. Prior to joining Panalpina, Ms. Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, serving as Head of Strategic Planning, and was employed by the BASF Group, a German chemical products company. Ms. Ribar holds a Masters degree in Economics and Business Administration from the University of St. Gallen, Switzerland. Ms. Ribar also serves as a Director of Julius Baer Holding A.G.</p>
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Other than the current employment and involvement noted above, no other Logitech Board member currently has material supervisory, management, or advisory functions outside Logitech. None of the Company’s directors holds any official functions or political posts.

ELECTIONS TO THE BOARD OF DIRECTORS

Directors are elected at the Annual General Meeting of Shareholders, upon proposal of the Board of Directors. The proposals of the Board of Directors are made following recommendations of the Nominating Committee.

Shareholder Recommendations and Nominees

Under our Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of our issued share capital or (ii) an aggregate par value of one million Swiss francs may demand that an item be placed on the agenda of a meeting of shareholders, including a nominee for election to the Board of Directors. A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. Demands by registered shareholders to place an item on the agenda of a meeting of shareholders should be sent to: Secretary to the Board of Directors, Logitech International S.A., CH 1143 Apples, Switzerland, or c/o Logitech Inc., 6505 Kaiser Drive, Fremont, CA 94555, USA.

Under the Company’s Articles of Incorporation only registered shareholders are recognized as shareholders of the company. As a result, beneficial shareholders do not have a right to place an item on the agenda of a meeting, regardless of the number of shares they hold. For information on how beneficial shareholders may become registered shareholders, see “Questions and Answers about the Logitech 2009 Annual General Meeting - If I am not a registered shareholder, can I attend and vote at the meeting?”

If the agenda of a general meeting of shareholders includes an item calling for the election of directors, any registered shareholder may propose a candidate for election to the Board of Directors before or at the meeting.

The Nominating Committee does not have a policy on consideration of recommendations for candidates to the Board of Directors from registered shareholders. The Nominating Committee considers it appropriate not to have a formal policy for consideration of such recommendations because the evaluation of potential members of the Board of Directors is by its nature a case-by-case process, depending on the composition of the Board at the time, the needs and status of the business of the Company, and the experience and qualification of the individual. Accordingly, the Nominating Committee would consider any such recommendations on a case-by-case basis in their discretion, and, if accepted for consideration, would evaluate any such properly submitted nominee in consideration of the membership criteria set forth under “Director Qualifications” below. Shareholder recommendations to the Board of Directors should be sent to the above address.

Director Qualifications

The Nominating Committee has not formally established any specific, minimum qualifications that must be met by each candidate for the Board of Directors or specific qualities or skills that are necessary for one or more of the members of the Board of Directors to possess. However, the Nominating Committee, when considering a potential non-incumbent candidate, will factor into its determination the following qualities of a candidate: professional experience including whether the person is a current or former CEO or CFO of a public company or the head of a division of a large international organization, geographic location, educational background, knowledge of our business, integrity, professional reputation, independence, wisdom, and ability to represent the best interests of our shareholders.

Identification and Evaluation of Nominees for Directors

Our Nominating Committee uses a variety of methods for identifying and evaluating nominees for director. Our Nominating Committee regularly assesses the appropriate size and composition of the Board of Directors, the needs of the Board of Directors and the respective committees of the Board of Directors and the qualifications of candidates in light of these needs. Candidates may come to the attention of the Nominating Committee through shareholders, management, current members of the Board of Directors or search firms. The evaluation of these candidates may be based solely upon information provided to the committee or may also include discussions with persons familiar with the candidate, an interview of the candidate or other actions the committee deems appropriate, including the use of paid third parties to review candidates.

TERMS OF OFFICE OF DIRECTORS

Each director is elected individually by a separate vote of shareholders for a term of three years and is eligible for re-election until their seventieth birthday. Directors may not seek re-election after they have reached 70 years of age, unless the Board of Directors adopts a resolution to the contrary. A member of the Board who reaches 70 years of age during the term of his or her directorship may remain a director until the expiration of the term. A director’s term of office as Chairman coincides with their term of office as a director. A director may be indefinitely re-elected as Chairman, subject to the age limit mentioned above.

Although the Company’s Articles of Incorporation and Organizational Regulations do not explicitly require this, the terms of office of the directors are staggered. Consequently, all directors will not run for re-election at a single annual general meeting.

The year of appointment and remaining term of office as of March 31, 2009 for each Director are as follows:

Name	Year First Appointed	Year Current Term Expires
Daniel Borel ⁽¹⁾	1988	Annual General Meeting 2010
Matthew Bousquette ⁽¹⁾	2005	Annual General Meeting 2011
Erh-Hsun Chang ⁽¹⁾⁽³⁾	2006	Annual General Meeting 2009
Kee-Lock Chua ⁽¹⁾⁽³⁾	2000	Annual General Meeting 2009
Sally Davis ⁽¹⁾	2007	Annual General Meeting 2010
Guerrino De Luca ⁽²⁾	1998	Annual General Meeting 2010
Richard Laube ⁽¹⁾	2008	Annual General Meeting 2011
Robert Malcolm ⁽¹⁾	2007	Annual General Meeting 2010
Gerald Quindlen ⁽²⁾	2008	Annual General Meeting 2011
Monika Ribar ⁽¹⁾	2004	Annual General Meeting 2010

- (1) Non-executive member of the Board of Directors.
- (2) Executive member of the Board of Directors.
- (3) The term of each of Mr. Chang and Mr. Chua expires at the 2009 Annual General Meeting, and each is being presented for re-election to the Board of Directors at that meeting.

THE FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management of the business and affairs of the Company.

Chairman and Secretary

At the first Board meeting after each Annual General Meeting of Shareholders, the Board of Directors appoints a Chairman and a Secretary. It is not mandatory that the Secretary be a member of the Board of Directors or a shareholder. As of June 30, 2009, the Chairman was Mr. Guerrino De Luca and the Secretary was Ms. Catherine Valentine, the Company’s Vice President, Legal and General Counsel.

Lead Independent Director

As appointed by the Board, Mr. Chua serves as Lead Independent Director. The responsibilities of the Lead Independent Director include chairing meetings of the non-executive directors and serving as the presiding director in performing such other functions as the Board may direct.

Board Meetings

The Chairman sets the agenda for Board meetings. Any member of the Board of Directors may request that a meeting of the Board be convened. The directors receive materials in advance of Board meetings allowing them to prepare for the handling of the items on the agenda.

The Chairman and Chief Executive Officer recommend executive officers or other members of senior management who, at the invitation of the Board, attend portions of each quarterly Board meeting to report on areas of the business within their responsibility. Infrequently, the Board may also receive reports from external consultants such as executive search or succession experts or outside legal experts to assist the Board on matters it is considering.

Each regularly scheduled quarterly Board meeting lasts a full day to a day and a half and all directors participate in person except in special individual circumstances. Special meetings of the Board may be held by telephone or video-conference and the duration of such meetings varies depending on the subject matters considered.

Emergency Resolutions

In case of emergency, the Chairman of the Board may have the power to pass resolutions which would otherwise be the responsibility of the Board. Decisions by the Chairman of the Board made in this manner are subject to ratification by the Board of Directors at its next meeting or by way of written consent. No such emergency resolutions were passed during fiscal year 2009.

Executive Sessions

The Board of Directors has adopted a policy of regularly scheduled executive sessions where the independent directors meet in closed session to consider matters without management or non-independent directors present. During fiscal year 2009, executive sessions of the independent directors were held four times.

Board Effectiveness

Our Board of Directors performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations.

BOARD COMMITTEES

The Board has standing Audit, Compensation, and Nominating Committees and a Committee for Board Compensation to assist the Board in carrying out its duties. At each quarterly Board meeting each applicable Board Committee reports to the full Board on the substance of the Committee's meetings, if any, during the quarter.

Each Committee has a written charter approved by the Board. The chair of each Committee determine the Committee's meeting agenda. The Board Committee members receive materials in advance of Committee meetings allowing them to prepare for the meeting. The Charters of each Board Committee are available on Logitech's Investor Relations website at <http://ir.logitech.com>. Each of the Audit, Compensation and Nominating Committees has the authority to engage outside experts, advisors and counsel to the extent it considers appropriate to assist the committee in its work. The current members of the committees are identified in the following table.

<u>Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating</u>	<u>Board Compensation</u>
Daniel Borel				
Matthew Bousquette	X	Chair		
Erh-Hsun Chang				
Kee-Lock Chua		X	X	
Sally Davis	X		X	
Guerrino De Luca			Chair	Chair
Richard Laube		X		
Robert Malcolm		X		
Gerald Quindlen				X
Monika Ribar	Chair			

Attendance at Board, Committee and Annual Shareholders' Meetings

In fiscal year 2009 the Board met seven times, four of which were regularly scheduled quarterly meetings and three of which were special meetings. In addition, the Audit Committee met nine times, the Compensation Committee met five times, the Nominating Committee met two times and the Committee for Board Compensation met twice. We expect each director to attend each meeting of the Board and the committees on which he or she serves, and also expect them to attend the Annual General Meeting of shareholders. Each director attended the 2008 Annual General Meeting. All directors attended at least 75% of the meetings of the Board and the Committees on which he or she served. Detailed attendance information for Board and Board Committee meetings during fiscal year 2009 is as follows:

	Board of Directors	Audit Committee	Compensation Committee	Nominating Committee	Committee For Board Compensation
Number of meetings held	7	9	5	2	2
Daniel Borel	6	n/a	n/a	n/a	2 ⁽¹⁾
Matthew Bousquette	7	4 ⁽²⁾	5	n/a	n/a
Erh-Hsun Chang	7	n/a	n/a	n/a	n/a
Kee-Lock Chua	7	n/a	5	2	n/a
Sally Davis	6	8	n/a	1 ⁽²⁾	n/a
Guerrino De Luca	7	n/a	n/a	2 ⁽²⁾	2
Richard Laube	4 ⁽²⁾	n/a	3 ⁽²⁾	n/a	n/a
Robert Malcom	7	n/a	5	n/a	n/a
Gerald Quindlen	5 ⁽²⁾	n/a	n/a	n/a	0 ⁽²⁾
Monika Ribar	6	9	n/a	n/a	n/a

(1) Member until September 10, 2008

(2) Member after September 10, 2008

Audit Committee

The Audit Committee is appointed by the Board to assist the Board in monitoring the Company's financial accounting, controls, planning and reporting. It is composed of only non-executive, independent Board members. Among its duties, the Audit Committee:

- reviews the adequacy of the Company's internal controls;
- reviews the independence, fee arrangements, audit scope, and performance of the Company's independent auditors, and recommends the appointment or replacement of independent auditors to the Board of Directors;
- reviews and approves all non-audit work to be performed by the independent auditors;
- reviews the scope of Logitech's internal auditing and the adequacy of the organizational structure and qualifications of the internal auditing staff;
- reviews, before release, the quarterly results and interim financial data; and
- reviews, before release, the audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's annual reporting, and recommends that the Board of Directors submit these items to the shareholders' meeting for approval.

The Audit Committee currently consists of Ms. Ribar (Chair), Ms. Davis and Mr. Bousquette. The Board of Directors has determined that each member of the Audit Committee meets the independence requirements of the Nasdaq Stock Market listing standards and the applicable rules and regulations of the SEC. In addition, the Board has determined that Ms. Ribar and Mr. Bousquette are audit committee financial experts as defined by the applicable rules and regulations of the SEC.

The Audit Committee met nine times in fiscal year 2009. Four meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for two to three hours, and five were held by telephone before publication of the quarterly financial results and the annual report, for approximately an hour. The Committee received reports and presentations before the meetings in order to allow them time to prepare adequately. At the Committee's invitation, the Company's Chief Financial Officer, Corporate Controller, Vice President of Internal Audit and General Counsel or Assistant General Counsel attended each meeting, and representatives from the Company's external auditors also attended each meeting. Other members of management also participated in certain meetings. Two meetings also included separate sessions with representatives of the external auditors, and one meeting included a separate session with the Vice President of Internal Audit.

Compensation Committee

The Compensation Committee reviews and approves, or recommends to the Board for approval, the compensation of executive officers and Logitech's compensation policies and programs, including share-based compensation programs and other incentive-based compensation. Within the guidelines established by the Board and the limits set forth in the Company's employee equity incentive plans, the Compensation Committee also has the authority to grant equity incentive awards to employees without further Board approval. The Committee is composed of only non-executive, independent Board members.

The Compensation Committee currently consists of Mr. Bousquette, Chairman, Mr. Chua, Mr. Malcolm and Mr. Laube, who the Board of Directors has determined each meet the independence requirements of the Nasdaq Stock Market listing standards.

The Compensation Committee met five times in fiscal year 2009. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources attended each meeting. Mr. De Luca, Mr. Quindlen and the Company's Chief Financial Officer during fiscal year 2009, Mr. Mark Hawkins, each attended one meeting but did not participate in any discussions or decisions involving their own compensation. The Company's General Counsel attended one meeting, and the Assistant General Counsel attended two meetings. Four meetings were held in person and one by teleconference and each meeting lasted approximately one hour and a half. In addition to its meetings, the Committee took thirteen actions for approval by consent during fiscal year 2009, including eight actions to approve option grants to the Company's employees.

Please refer to the Company's Compensation Report for further information on the Compensation Committee's criteria and process for evaluating executive compensation.

Committee for Board Compensation

The Committee for Board Compensation establishes the compensation of the non-executive directors. This Committee currently consists of Mr. De Luca and Mr. Quindlen. The Committee for Board Compensation met twice in fiscal year 2009. Both meetings were held in person and each meeting lasted approximately one hour. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources attended one meeting.

Nominating Committee

The Nominating Committee is composed of at least three members, with the Chairman of the Board acting as chair for this Committee and the other two members being non-executive, independent directors. Among its duties, the Nominating Committee:

- evaluates the composition of the Board of Directors and its Committees, determines future requirements and makes recommendations to the Board of Directors for approval;
- determines on an annual basis the desired Board qualifications and expertise and conducts searches for potential directors with these attributes;
- evaluates and makes recommendations of nominees for election to the Board of Directors; and
- evaluates and makes recommendations to the Board concerning the appointment of directors to Board Committees and the selection of Board Committee chairs.

The Nominating Committee may and typically does retain an executive search firm to assist with the identification and evaluation of prospective Board nominees based on criteria established by the Committee. For information on the Nominating Committee's policies with respect to director nominations please see "Elections to the Board of Directors" above.

The Nominating Committee currently consists of Mr. De Luca, Chairman, Mr. Chua and Ms. Davis. Mr. De Luca is not an independent director under applicable Nasdaq rules. Upon the Committee's recommendation of nominees for election to the Board of Directors, the nominees are presented to the full Board. Nominees are then selected by a majority of the independent members of the Board. The Nominating Committee met twice in fiscal year 2009. One meeting was held in person and one by teleconference, and each meeting lasted approximately one hour.

ROLE OF EXECUTIVE BOARD MEMBERS AND THE CHIEF EXECUTIVE OFFICER

Guerrino De Luca, the Company's Chairman, and Gerald Quindlen, the Company's President and Chief Executive Officer, are executive members of the Board of Directors. Mr. De Luca assumes a leading role in mid- and long-term strategic planning and the selection of top-level management, and he supports major transaction initiatives of Logitech.

Mr. Quindlen manages the day-to-day operations of Logitech, with the support of the other executive officers. The Chief Executive Officer has, in particular, the following powers and duties:

- defining and implementing short and medium term strategies;
- preparing the budget, which must be approved by the Board of Directors;
- reviewing and certifying the Company's annual report;
- appointing, dismissing and promoting any employees of Logitech other than executive officers and the head of the internal audit function;
- taking immediate measures to protect the interests of the Company where a breach of duty is suspected from executive officers until the Board has decided on the matter;
- carrying out Board resolutions;
- reporting regularly to the Chairman of the Board of Directors on the activities of the business;
- preparing supporting documents for resolutions that are to be passed by the Board of Directors; and
- deciding on issues brought to his attention by executive officers.

ALLOCATION OF POWERS AND RESPONSIBILITIES BETWEEN THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The Board of Directors has delegated the management of the Company to the Chief Executive Officer and the executive officers, except where Swiss law or the Company's Articles of Incorporation or Organizational Regulations (By-Laws) provide differently.

The Board of Directors has the responsibility for supervision and control of Company management. In addition to the non-transferable powers and duties of boards of directors under Swiss law, the Logitech Board of Directors also has the following responsibilities:

- the signatory power of its members;
- the approval of the budget submitted by the Chief Executive Officer;
- the approval of any type of investment or acquisition not included in the approved budgets;
- the approval of any expenditure of more than \$10 million not specifically identified in the approved budgets; and
- the approval of the sale or acquisition, including related borrowings, of the Company's real estate.

The detailed authorities and responsibilities of the Board of Directors, the Chief Executive Officer and the executive officers are set out in the Company's Articles of Incorporation and Organizational Regulations. Please refer to <http://ir.logitech.com> for copies of these documents.

Means by Which the Board of Directors Supervises Executive Officers

The Board of Directors is regularly informed on developments and issues in Logitech's business, and monitors the activities and responsibilities of the executive officers in various ways.

- At each regular Board meeting the Chief Executive Officer reports to the Board of Directors on developments and important issues. The Chief Executive Officer also provides regular updates to the Board members regarding Logitech's business between the dates of regular Board meetings.
- The offices of Chairman and Chief Executive Officer are separated, to help ensure balance between leadership of the Board and leadership of the day-to-day management of Logitech.
- Executive officers and other members of senior management, at the invitation of the Board, regularly attend portions of meetings of the Board and its Committees to report on the financial results of Logitech, its operations, performance and outlook, and on areas of the business within their responsibility, including risk management and management information systems, as well as other business matters. For further information on participation by executive officers and other members of senior management in Board and Committee meetings please refer to "Board Committees" above.
- There are regular quarterly closed sessions of the non-executive, independent members of the Board of Directors, where Logitech issues are discussed without the presence of executive or non-independent members of the Board or executive officers.
- The Board holds quarterly closed sessions, where all Board members meet without the presence of non-Board members, to discuss matters appropriate to such sessions, including organizational structure and the hiring and mandates of executive officers.

- There are regularly scheduled reviews at Board meetings of Logitech strategic and operational issues, including discussions of issues placed on the agenda by the non-executive members of the Board of Directors.
- The Board reviews and approves significant changes in Logitech’s structure and organization, and is actively involved in significant transactions, including acquisitions, divestitures and major investments.
- All non-executive Board members have access, at their request, to all internal Logitech information.
- The head of the Internal Audit function reports to the Audit Committee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee has been an officer or employee of Logitech. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on our Board of Directors.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders may contact the Board of Directors about bona fide issues or questions about Logitech by sending an email to generalcounsel@logitech.com or by writing the Corporate Secretary at the following address:

Logitech International S.A.
Attn: Corporate Secretary
Moulin du Choc D
1122 Romanel-sur-Morges, Switzerland

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AS OF JUNE 30, 2009

In accordance with the proxy statement rules under U.S. securities laws, the following table shows the number of our shares beneficially owned as of June 30, 2009 by:

- each person or group known by Logitech, based on filings pursuant to Section 13(d) or (g) under the U.S. Securities Exchange Act of 1934 or notifications to the Company under applicable Swiss laws, to own beneficially more than 5% of our outstanding shares as of June 30, 2009;
- each director and each nominee for director;
- the persons named in the Summary Compensation Table in the Compensation Report (the “named executive officers”); and
- all directors and executive officers as a group.

Beneficial Owner	Number of Shares Owned ⁽¹⁾	Options Exercisable Within 60 Days ⁽²⁾	Total Beneficial Ownership	Total as a Percentage of Shares Outstanding ⁽³⁾
5% Shareholders:				
Entities affiliated with Fidelity ⁽⁴⁾	9,344,721	—	9,344,721	5.2%
Thornburg Investment Management ⁽⁵⁾	11,922,284	—	11,922,284	6.6%
The Capital Group Companies, Inc. ⁽⁶⁾	9,780,117		9,780,117	5.4%
Directors, not including the Chairman or the CEO:				
Daniel Borel	11,200,471	—	11,200,471	6.2%
Matthew Bousquette	10,000	60,000	70,000	*
Erh-Hsun Chang	148,000	315,000	463,000	*
Kee-Lock Chua	10,051	135,000	145,051	*
Sally Davis	3,425	20,000	23,425	*
Richard Laube	53,000	—	53,000	*
Robert Malcolm	4,881	20,000	24,881	*
Monika Ribar	5,000	90,000	95,000	*
Named Executive Officers:				
Guerrino De Luca	328,036	2,715,624	3,043,660	1.7%
Gerald Quindlen	—	305,000	305,000	*
Mark Hawkins	3,279	70,000	73,279	*
David Henry	10,000	472,500	482,500	*
Junien Labrousse	23,340	442,500	465,840	*
Current Directors and Executive Officers, as a Group ⁽¹⁴⁾	11,798,750	4,620,624	16,411,874	9.1%

* Less than 1%

- (1) Each director or executive officer has sole voting and investment power over the shares reported in accordance with SEC rules, subject to community property laws where applicable.
- (2) Includes shares represented by vested, unexercised options as of June 30, 2009 and options and restricted stock units that are expected to vest within 60 days after June 30, 2009. These shares are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding the options or restricted stock units, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.
- (3) Based on 180,178,128 shares outstanding on June 30, 2009.
- (4) Based solely on information supplied by FMR LLC in a notification to the Company on January 7, 2009 provided under Swiss law reporting ownership of Logitech's shares as of January 6, 2009. According to the notification direct and indirect subsidiaries of FMR LLC hold 9,344,721 shares as of such date on behalf of funds managed by and clients of direct and indirect subsidiaries of FMR LLC. FMR LLC is the parent holding company of Fidelity Management & Research Company, investment manager for US mutual funds, and Fidelity Management & Trust Company, a US state chartered bank which acts as a trustee or investment manager of various pension and trust accounts. The address of the entities affiliated with Fidelity is 82 Devonshire Street, Boston, Massachusetts 02109.

- (5) Based solely on information supplied by Thornburg Investment Management in a notification to the Company on May 22, 2008 provided under Swiss law reporting ownership of Logitech's shares as of April 25, 2008. According to the notification Thornburg Investment Management holds 11,922,284 shares as of such date as an investment manager on behalf of its investment clients. The address of Thornburg is 119 East Marcy Street, Santa Fe, New Mexico 87501.
- (6) Based solely on information supplied by The Capital Group Companies, Inc. in a notification to the Company on February 26, 2009 provided under Swiss law reporting ownership of Logitech's shares as of February 25, 2009. According to the notification subsidiaries of The Capital Group Companies, Inc. hold 9,780,117 shares as of such date as investment managers on behalf of funds and institutional investment clients of the subsidiaries. The address of The Capital Group Companies is 333 South Hope Street, Los Angeles, California 90071.

SHARE OWNERSHIP GUIDELINES

Members of the Board of Directors and executive officers and other officers who report directly to the CEO are subject to share ownership guidelines.

Directors are required to own at least 5,000 Logitech shares under guidelines adopted by the Board in June 2006. Directors are required to achieve this ownership within three years of joining the Board, or, in the case of directors serving at the time the guidelines were adopted, within three years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any share splits or other capital adjustments, and will be re-evaluated by the Board from time to time. As of June 30, 2009, each director had either satisfied these ownership guidelines or had time remaining to do so.

The Compensation Committee adopted share ownership guidelines for executive officers and other officers who report directly to the CEO effective September 2008. These guidelines require the CEO to hold a number of Logitech shares with a market value equal to 3 times his annual base salary. Officers who report to the CEO must hold a number of Logitech shares with a market value equal to 2 times annual base salary. Officers subject to the guidelines are required to achieve the guideline within three years of being appointed to the position making them subject to the guideline, or, in the case of such officers serving at the time the guidelines were adopted, within three years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any share splits or other capital adjustments, and will be re-evaluated by the Compensation Committee from time to time. Up to 50% of the guideline may be met through the net value of vested, unexercised stock options. If the guideline is not met within 3 years, the CEO must hold 100% of his after-tax shares resulting from option exercises or other equity incentive awards until the guideline is reached, and all other CEO direct reports must hold at least 50% of the net shares resulting from option exercises or other equity incentive awards until the guideline is reached. As of June 30, 2009, each applicable officer had either satisfied these ownership guidelines or had time remaining to do so.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

OUR POLICIES

It is our policy that all employees must not engage in any activities which could conflict with Logitech's business interests, which could adversely affect its reputation or which could interfere with the fulfillment of the responsibilities of the employee's job, which at all times must be performed in the best interests of Logitech. In addition, Logitech employees may not use their position with Logitech, or Logitech's information or assets, for their personal gain or for the improper benefit of others. These policies are included in our Conflict of Interest and Business Ethics Policy, which covers our directors, executive officers and other employees. If in a particular circumstance the Board concludes that there is or may be

a perceived conflict of interest, the Board will instruct our Legal department to work with our relevant business units to determine if there is a conflict of interest. Any waivers to these conflict rules with regard to a director or executive officer require the prior approval of the Audit Committee.

NASDAQ RULES AND SWISS BEST CORPORATE GOVERNANCE PRACTICES

Nasdaq rules defining “independent” director status also govern conflict of interest situations, as do Swiss best corporate governance principles published by *economiesuisse*, a leading Swiss business organization. As discussed above, the Board of Directors has determined that each of our directors other than Mr. Borel, Mr. De Luca and Mr. Quindlen qualifies as “independent” in accordance with the Nasdaq rules. The Nasdaq rules include a series of objective tests that would not allow a director to be considered independent if the director has or has had certain employment, business or family relationships with the company. The Nasdaq independence definition also includes a requirement that the Board review the relations between each independent director and the company on a subjective basis. In accordance with that review, the Board has made a subjective determination as to each independent director that no relationships exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

SEC RULES

In addition to the Logitech and Nasdaq policies and rules described above, the SEC has specific disclosure requirements covering certain types of transactions involving Logitech and a director or executive officer or persons and entities affiliated with them. There were no such transactions in fiscal year 2009 that require disclosure. Since April 1, 2008, we have not been a party to, and we have no plans to be a party to, any transaction or series of similar transactions in which the amount involved exceeded or will exceed \$120,000 and in which any current director, executive officer, holder of more than 5% of our shares, or any member of the immediate family of any of the foregoing, had or will have a direct or indirect material interest other than in connection with the following transactions: We have entered into an indemnification agreement with each of our directors and executive officers. The indemnification agreements require us to indemnify our directors and officers to the fullest extent permitted by Swiss and California law.

None of the following persons has been indebted to Logitech or its subsidiaries at any time since the beginning of fiscal year 2009: any of our directors or executive officers; any nominee for election as a director; any member of the immediate family of any of our directors, executive officers or nominees for director; any corporation or organization of which any of our directors, executive officers or nominees is an executive officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities (except trade debt entered into in the ordinary course of business); and any trust or other estate in which any of the directors, executive officers or nominees for director has a substantial beneficial interest or for which such person serves as a trustee or in a similar capacity.

INDEPENDENT PUBLIC ACCOUNTANTS

Under Logitech’s Articles of Incorporation the shareholders elect or re-elect the Company’s independent auditors each year at the Annual General Meeting.

Logitech’s consolidated and statutory auditors are currently PricewaterhouseCoopers S.A., Lausanne, Switzerland. PricewaterhouseCoopers S.A. assumed its first audit mandate for Logitech in 1988. They were re-elected by the shareholders as Logitech’s consolidated and statutory auditors at the Annual General Meeting in September 2008. For purposes of U.S. securities law reporting, PricewaterhouseCoopers LLP, San Jose, California, serves as the Company’s independent registered public accounting firm. Together, PricewaterhouseCoopers S.A. and PricewaterhouseCoopers LLP are referred to as “PwC.”

As appointed by the Board, the Audit Committee is responsible for supervising the performance of the Company's independent auditors, and recommends the election or replacement of the independent auditors to the Board of Directors.

Representatives of PwC are invited to attend all regular meetings of the Audit Committee. During fiscal year 2009, PwC representatives attended all nine Audit Committee meetings. The Committee twice met separately with representatives of PwC in closed sessions of Committee meetings.

On a quarterly basis, PwC reports on the findings of their audit and/or review work including their audit of Logitech's internal controls over financial reporting. These reports include their assessment of critical accounting policies and practices used, alternative treatments of financial information discussed with management, and other material written communication between PwC and management. At each quarterly Board meeting the Audit Committee reports to the full Board on the substance of the Committee meetings during the quarter. On an annual basis, the Audit Committee approves PwC's audit plan and evaluates the performance of PwC and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the independent auditors, subject to shareholder approval. The Audit Committee reviews the annual report provided by PwC as to its independence.

AUDIT AND NON-AUDIT FEES

In addition to the audit services PwC provides with respect to Logitech's annual audited consolidated financial statements and other filings with the Securities and Exchange Commission, PwC has provided non-audit services to Logitech in the past and may provide them in the future. Non-audit services are services other than those provided in connection with an audit or a review of Logitech's financial statements. The Audit Committee of the Board of Directors determined that the rendering of non-audit services by PwC was compatible with maintaining their independence.

During fiscal year 2009, PwC performed the following non-audit services that were approved by the Audit Committee: tax planning and compliance advice, consultations regarding share-based compensation and expatriate tax services.

The following table sets forth the aggregate fees billed to us for the audit and other services provided by PwC during the fiscal years ended March 31, 2009 and 2008 (in thousands):

	<u>2009</u>	<u>2008</u>
Audit fees ⁽¹⁾	\$2,537	\$2,956
Audit-related fees ⁽²⁾	227	39
Tax fees ⁽³⁾	420	835
All other fees ⁽⁴⁾	8	27
Total	<u>\$3,192</u>	<u>\$3,857</u>

- (1) *Audit fees.* This category represent fees for professional services provided in connection with the audit of our financial statements, the audit of our internal control over financial reporting, and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) *Audit-related fees.* This category represents consultation on issues such as acquisition accounting, due diligence services in connection with acquisitions, review and testing of the impact of new accounting pronouncements, and other topics.
- (3) *Tax fees.* This category represents fees for tax compliance, assistance with tax audits, tax advice and tax planning.
- (4) *All other fees.* This category primarily represents fees for export compliance and other compliance services.

PRE-APPROVAL PROCEDURES AND POLICIES

The Audit Committee pre-approves all audit and non-audit services provided by PwC. This pre-approval must occur before the auditor is engaged. The Audit Committee pre-approves categories of non-audit services and a target fee associated with each category. Usage of PwC fees against the target is presented to the Audit Committee at each in-person quarterly meeting, with additional amounts requested as needed. Services that last longer than a year must be re-approved by the Audit Committee.

The Audit Committee can delegate the pre-approval ability to a single independent member of the Audit Committee. The delegate must communicate all services approved at the next scheduled Audit Committee meeting. The Audit Committee or its delegate can pre-approve types of services to be performed by PwC with a set dollar limit per type of service. The Vice President, Corporate Controller is responsible for ensuring that the work performed is within the scope and dollar limit as approved by the Audit Committee. Management must report to the Audit Committee the status of each project or service provided by PwC.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is responsible for overseeing Logitech's accounting and financial reporting processes and audits of Logitech's financial statements. The Audit Committee acts only in an oversight capacity and relies on the work and assurances of management, which has primary responsibility for Logitech's financial statements and reports, Logitech's internal auditors, as well as PwC, Logitech's independent auditors, which is responsible for expressing an opinion on the conformity of Logitech's audited financial statements to generally accepted accounting principles and attesting to the effectiveness of Logitech's internal control over financial reporting.

The Board of Directors has adopted a written charter for the Audit Committee. A copy of the Charter can be found on our website at <http://ir.logitech.com>. To view the charter, select "Audit Committee Charter" under "Corporate Governance."

In performing its responsibilities, the Committee has reviewed and discussed, with management and the independent auditors, the audited consolidated financial statements in Logitech's Annual Report on Form 10-K for the fiscal year ended March 31, 2009. The Audit Committee has also discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 "Communications with Audit Committees."

The Audit Committee has received the written disclosures letter from PricewaterhouseCoopers LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accountant's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP the independent public accountant's independence.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Logitech's Annual Report on Form 10-K for the fiscal year ended March 31, 2009.

Submitted by the Audit Committee of the Board

Monika Ribar, Chairman
Matthew Bousquette
Sally Davis

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Exchange Act requires Logitech's directors, executive officers and any persons who own more than 10% of Logitech's shares, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish Logitech with copies of all Section 16(a) forms that they file. As a matter of practice, our administrative staff assists our executive officers and directors in preparing initial ownership reports and reporting ownership changes, and typically files these reports on their behalf.

Based on our review of the copies of such reports furnished to us and written representations from the directors and executive officers, we believe that all Section 16(a) filing requirements were met in fiscal year 2009.

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COMPENSATION REPORT 2009

INTRODUCTION

Logitech has designed its compensation programs to attract, retain and motivate the high caliber of executives, managers and staff that is critical to the long-term success of its business.

This Compensation Report has been designed to comply with the proxy statement rules under U.S. securities laws as well as Swiss regulations and best corporate governance practices. This Report is an integrated part of our Invitation and Proxy Statement for our 2009 Annual General Meeting.

REPORT OF THE COMPENSATION COMMITTEE

The Logitech Compensation Committee, which is composed solely of independent members of the Logitech Board of Directors, assists the Board in fulfilling its responsibilities with regard to compensation matters. The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” section of this Compensation Report with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Logitech’s 2009 Invitation and Proxy Statement and Annual Report.

Compensation Committee

MATTHEW BOUSQUETTE, *Chairman*

KEE-LOCK CHUA

RICHARD LAUBE

ROBERT MALCOLM

Compensation Discussion and Analysis

EXECUTIVE COMPENSATION OBJECTIVES AND PHILOSOPHY

Logitech’s executive compensation programs have been designed to:

- be competitive with comparable companies in the industry and in the region where the executive is based;
- maintain a balance between fixed and variable compensation and place a significant portion of total compensation at risk based on the Company’s performance;
- align executive compensation with shareholders’ interests by tying a significant portion of compensation to increasing share value;
- support a performance-oriented environment that rewards superior performance; and
- reflect the Compensation Committee’s assessment of an executive’s role and past performance through base salary and short-term cash incentives, and his or her potential for future contribution to Logitech through long-term equity incentive awards.

An important component of Logitech's executive compensation philosophy is to pay executives at or near the median of peers that compete for similar executive talent, and that individual performance and importance to Logitech should be reflected in the compensation of individual executives. However, while compensation is a central part of attracting, retaining and motivating the best executives and employees, we believe it is not the sole or exclusive reason why exceptional executives or employees choose to join and stay at Logitech, or why they work hard to achieve results for shareholders. In this regard, both the Compensation Committee and management believe that providing a working environment and opportunities in which executives and employees can develop, express their individual potential, and make a difference, are also a key part of Logitech's success in attracting, retaining and motivating executives and employees.

ROLE OF THE COMPENSATION COMMITTEE

The Compensation Committee reviews and approves our compensation programs, including the specific compensation of our Chairman, our President and Chief Executive Officer, and our other executive officers.

Under the Compensation Committee's charter, the Committee has the authority to engage its own advisors (including compensation consultants) to assist it in carrying out its responsibilities. In February 2008 the Committee retained Frederic W. Cook & Co., Inc. (Fred Cook) to provide analysis, advice and guidance with respect to executive compensation. The Committee had not formerly retained its own advisors. Fred Cook only provides services to the Compensation Committee, and has not provided and is not providing other services to the Company or its management.

ROLE OF EXECUTIVE OFFICERS IN COMPENSATION DECISIONS

While the Compensation Committee sets the compensation of our CEO and other executive officers, it looks to management to make recommendations to the Committee with respect to both overall guidelines and specific compensation decisions. In determining fiscal year 2009 executive officer compensation the Compensation Committee also met with and considered the analysis and recommendations of Fred Cook.

Management's fiscal year 2009 executive officer compensation proposals to the Compensation Committee were primarily developed by Logitech's Vice President of Worldwide Human Resources and executive compensation staff, in consultation with Guerrino De Luca, Logitech's Chairman and Gerald Quindlen, Logitech's President and Chief Executive Officer (other than with respect to their own proposed compensation). The proposed base salary, bonus targets and equity incentive award recommendation for Mr. De Luca for fiscal year 2009 were developed by Logitech's Vice President of Worldwide Human Resources and executive compensation staff, in consultation with Gerald Quindlen. The proposed base salary, bonus targets and equity incentive award recommendation for Mr. Quindlen for fiscal year 2009 were developed by Logitech's Vice President of Worldwide Human Resources and executive compensation staff, in consultation with Guerrino De Luca. As part of the annual personnel review and succession planning process, Mr. Quindlen also provides the Board and the Compensation Committee with his perspective on the performance of Logitech's executive officers, and Mr. De Luca provides the Board with his perspective on the performance of Mr. Quindlen.

Once the Compensation Committee received the analysis and recommendations from the independent compensation consultant and management, it made all decisions regarding executive officer fiscal year 2009 compensation without Mr. De Luca, Mr. Quindlen or any executive officer present. The Committee considered, but was not in any way bound by, the recommendations made by management.

DETERMINING TOTAL EXECUTIVE COMPENSATION

Overview

The Compensation Committee considers a variety of factors when determining total executive compensation, including:

- Competitive considerations.
- Subjective elements, such as the scope of the executive's role, experience and skills, the individual's performance during the fiscal year and potential for future contribution to Logitech.
- The performance of Logitech.
- Accrued and realized gains from past equity incentive awards.

Competitive considerations

We attempt to compensate our executive officers competitively relative to industry peers. In order to evaluate Logitech's competitive position in determining fiscal year 2009 executive compensation, the Compensation Committee retained Fred Cook to benchmark Logitech's executive compensation, including the components of compensation, and to develop a recommendation for fiscal year 2009 base salary and target bonus compensation. Fred Cook created their own custom public peer group for Logitech, which differs from the group used by management in fiscal year 2008. The companies in the peer group were identified and selected solely by Fred Cook. The companies were selected based on (i) involvement in the PC-based consumer electronics industry, or (ii) revenues approximately equal to Logitech's and a presence near Silicon Valley in the San Francisco Bay Area. Management subsequently reviewed the group and did not express any reservations on its composition. The competitive market data for the Fred Cook study included a mix of widely recognized external compensation surveys, as well as data disclosed in the peer companies' proxy statements.

The public peer group companies are as follows:

3Com	Cypress Semiconductor	NVIDIA
Activision	Electronic Arts	Polycom
Agilent	Intuit	SanDisk
AMD	Lexmark International	Sybase
Autodesk	McAfee	Symantec
BMC Software	NCR	Teradata
Brocade Communications	Network Appliance	Verisign
Cadence Design	Novell	Western Digital

Although Logitech is a Swiss company, Logitech primarily competes for executive management talent with technology companies in the United States, and particularly in the high-technology area of Silicon Valley. As a result, the peer group data consisted primarily of U.S. public technology companies. Logitech ranked approximately at the median of the peer group in terms of annual sales, net income and market capitalization at the time of the Fred Cook review.

In addition, to assist the Committee in its review of executive compensation, Logitech's executive compensation staff provides compensation data compiled from widely recognized executive compensation surveys.

Logitech's compensation targeting

Logitech seeks to be at the median for total compensation, and for components of compensation, for its executives against the companies with whom it competes for executive talent, based on the peer group and survey data. The Fred Cook executive compensation review, conducted in March 2008, compared Logitech executive compensation, including base salary, short-term incentives, equity compensation and equity compensation design, against the peer group. The equity compensation design review included a comparison of the use of stock options, restricted stock units and performance-based restricted stock units among the peer group. Based on the results of the Fred Cook review, Logitech's total target cash compensation (consisting of base salary and target short-term cash incentives) is consistent with the median, with the exception of the target cash compensation for Mr. Quindlen, which is below the median. However, the compensation review indicated that equity compensation is below the peer group median. As a result of the low equity incentive compensation compared to the peer group, total Logitech executive compensation is below the median, as discussed further below under the heading "Elements of Compensation/Executive Compensation Practices." The resulting compensation decisions for fiscal year 2009 based on this review are discussed further below.

In addition, the compensation paid to a particular executive officer may vary from the median based on consideration of the factors listed above under the heading "Overview."

Effect of individual performance

The differences in compensation among the individual named executive officers, as disclosed in the Summary Compensation Table below, were primarily related to market compensation in each position, a subjective assessment of the executive's impact on the Company's past and future performance, succession planning and retention. The Compensation Committee does not review executive officers' individual performance against pre-established individual performance metrics devised by the Compensation Committee, between the Compensation Committee and the respective executive, or otherwise.

Effect of realized compensation on future pay decisions

The Compensation Committee considers actual realized compensation received in determining if our compensation programs are meeting their objectives of pay-for-performance and retention. The Compensation Committee generally does not reduce compensation plan targets based on realized compensation, as we do not want to create a disincentive for exceptional performance. However, the possible cash compensation increases and the amount of equity incentive awards may be adjusted based on actual realized compensation. As an example, Daniel Borel, our Chairman until January 1, 2008, and one of our co-founders, received a base salary and the same target bonus opportunity as Mr. De Luca while Mr. De Luca was CEO, but never received any stock option grants or other equity incentive compensation from the Company in recognition of Mr. Borel's large Logitech shareholdings. In addition, Mr. De Luca's total annual compensation as CEO was typically below that of other high-technology company CEOs, in recognition of his realized and accrued option gains as a result of the significant share price appreciation of the Company over the time Mr. De Luca served as CEO.

Other factors

To further assess the appropriateness of compensation, the Compensation Committee also reviews pay mix, to ensure a significant portion of pay is at-risk. The Committee also reviews total compensation statements, also known as "tally sheets", which set out the amount of each pay component as well as the sum of all remuneration in order to gauge the reasonableness of each element and the total potential expense. For newly hired executives, consideration is given to the base salary of the individual at his or her prior employment and any unique personal circumstances that motivated the executive to leave that prior position and join Logitech.

In determining Mr. De Luca's and Mr. Quindlen's 2009 compensation the Compensation Committee reviewed and considered the same data as for other named executive officers, as discussed above, but also considered the following:

- Internal pay equity data; and
- Mr. De Luca's and Mr. Quindlen's total equity incentive position.

Timing of compensation decisions

Executive cash compensation (base salary plus target bonus) is typically reviewed at the Compensation Committee's March meeting in an effort to align cash compensation changes to the fiscal year, which begins in April. Compensation increases are not automatic each year and are largely dependent upon relative pay rates for the industry and Company and individual performance. In addition, at the March meeting the Committee typically considers the equity incentive award grant for the Chairman and the CEO. The Committee typically considers the equity incentive award grants for the other executive officers as part of the Company's yearly employee equity incentive grant cycle, which typically occurs in September. However, the Committee may also make executive compensation decisions at other times during the fiscal year in the event of an executive new hire or promotion or other reasons. In December 2008 the Committee made special stock option grants to executive officers and certain other employees to increase the retention value of the equity incentives held by the executive officers and other employees.

ELEMENTS OF COMPENSATION / EXECUTIVE COMPENSATION PRACTICES

The principal components of our executive compensation programs are:

- Base salary.
- Short-term cash incentive awards.
- Long-term equity incentive awards.

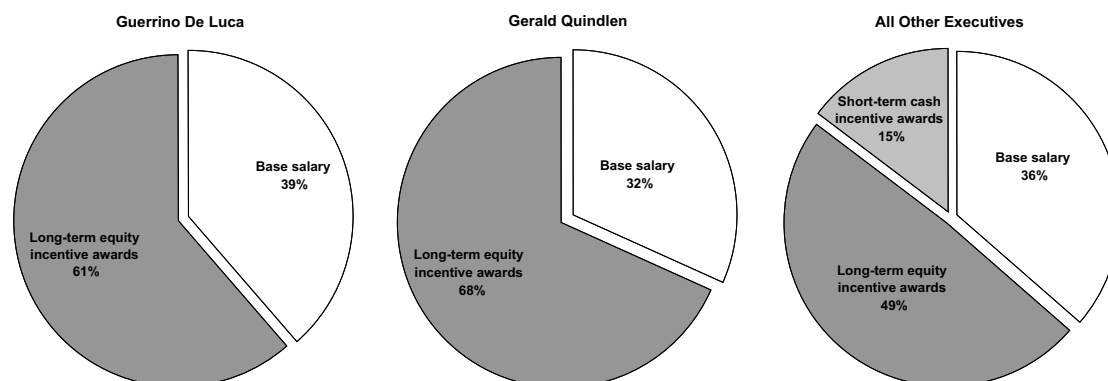
Our executive officers are also eligible to participate in our health and benefits plans, retirement savings plans, and our employee share purchase plans, which are generally available to our employees. We also provide limited perquisites, as described below.

The following table outlines our objectives for each of the principal components of executive compensation.

Element of Compensation	Objective
Base salary	<ul style="list-style-type: none"> • Reward individuals' current contributions to the company • Compensate individuals for their expected day-to-day performance
Short-term cash incentive awards	<ul style="list-style-type: none"> • Align executive compensation with annual and semi-annual performance • Make a significant portion of the executive's yearly cash compensation variable and subject to the achievement of company business goals. • Motivate and reward the executive for above-target performance
Long-term equity incentive awards	<ul style="list-style-type: none"> • Support retention of the executive • Directly align executive and shareholder interests • Provide a direct incentive for future performance

In determining how we allocate an executive's total compensation package among these various principal components, we emphasize compensation elements that reward performance against measures that correlate closely with increases in shareholder value. Accordingly, a significant portion of our executive compensation is at-risk, including the short-term cash incentive awards and long-term equity incentive awards. Our CEO and other executive officers have a higher percentage of at-risk compensation (and thus greater upside potential and downside risk) relative to Logitech's other employees. We believe this is appropriate because our executive officers have the greatest influence on Logitech's performance. Long-term equity incentive awards, which for fiscal year 2009 consisted of stock options and performance-based restricted stock units, represent the largest component of pay in order to encourage sustained long-term performance and ensure alignment with Logitech's shareholders.

The charts below indicate the percentage of total compensation costs in fiscal year 2009 represented by base salary, short-term cash incentives (bonus payments), and long-term equity incentive awards for each of Guerrino De Luca, Gerald Quindlen and all other named executive officers. All underlying amounts are taken from the Summary Compensation Table.



Base salary

Base salary is the fixed portion of executive pay and is set to reward individuals' current contributions to Logitech and compensate them for their expected day-to-day performance. In setting base salary levels for fiscal year 2009, the Compensation Committee considered, in its reasoned business judgment, the executive's experience, scope of the executive's role, past achievement of the executive at the Company, the anticipated value of the executive's future contribution to Logitech, and competitive pay practices. Of these factors, competitive pay practices were the primary determinant of base salaries.

Mr. De Luca's base salary as Chairman in fiscal year 2009 was \$550,000, which did not increase over his base salary as Chairman in fiscal year 2008. Mr. Quindlen's base salary in fiscal year 2009 was \$787,500, an increase from his base salary as CEO in fiscal year 2008 of \$750,000. The base salary for the other named executive officers during fiscal year 2009 is set out in the Summary Compensation Table.

In aggregate, base salaries for the named executive officers for fiscal year 2009 are at or above the median of the peer group.

Short-term cash incentive awards

Short-term cash incentive awards link cash incentives to Logitech's annual and semi-annual performance, make a significant portion of the executive's yearly cash compensation variable and subject to the achievement of Logitech business goals, and motivate and reward executives for above-target performance. In fiscal year 2009 Logitech named executive officers were eligible for short-term cash incentive awards under programs established under the Logitech Management Performance Bonus Plan (the "Bonus Plan").

Under the Bonus Plan named executive officers and others selected for participation were eligible to receive cash bonuses based on the performance of the Company or the participants' business or functional unit, or both, against fiscal year 2009 target performance measures. For each participant there was a minimum performance threshold, below which no bonus amount would be paid. Above-target performance could be rewarded with a 2 for 1 or a 3 for 1 award payout, for each percentage by which actual performance exceeded certain thresholds. Further details on the Bonus Plan are set out below.

Performance measures for fiscal year 2009 bonus programs

In fiscal year 2009 funding of the bonus programs was based on two key performance measures:

<u>Performance Measure</u>	<u>Why It is Used</u>	<u>Measurement Basis</u>
Revenue	Revenue growth is an essential component of long-term success and viability and enables future strategic investments.	Generally Accepted Accounting Principles (GAAP).
Operating Income	Generating an increase in per-share value for investors is a priority, as operating profit allows Logitech to re-invest in R&D, operations and people for future success.	Generally Accepted Accounting Principles (GAAP), excluding share-based compensation expense

The bonus program in fiscal year 2009 for Mr. De Luca and Mr. Quindlen was measured on an annual basis. The bonus program in fiscal year 2009 for all other named executive officers was measured on a semi-annual basis. For all named executive officers the revenue and operating income goals in the 2009 bonus programs were set equal to Logitech's fiscal year 2009 business plan as approved by the Board, except that part of the goals for Junien Labrousse were based on the performance of the product group. Please see further details below under the heading "Bonus Plan performance targets and results for fiscal year 2009."

Timing of bonus payments

If earned, the annual bonus is paid to the Chairman and the Chief Executive Officer in one installment in May for the fiscal year ended March 31, and the semi-annual bonuses are generally paid to the other named executive officers in November and May for the two fiscal six-month performance periods. No bonus was paid to the Chairman or the Chief Executive Officer in respect of fiscal year 2009, as both Mr. De Luca and Mr. Quindlen declined the bonus payments they had otherwise earned under the terms of their fiscal year 2009 bonus program. Bonus amounts were earned and paid to other named executive officers in respect of the April 1, 2008 to September 30, 2008 performance period as set out in the Summary Compensation Table and the Grants of Plan-Based Awards Table below. No bonus was paid to any other named executive officer in respect of the October 1, 2008 to March 31, 2009 performance period as the minimum performance thresholds were not met.

Formula used

The formula for determining the bonus awards in fiscal year 2009 was as follows:

$$\boxed{\text{Executive's eligible wages}} \times \boxed{\text{Executive's target bonus percentage}^{(1)}} \times \boxed{\text{Bonus Plan funding percentage}^{(2)}} = \boxed{\text{Annual or semi-annual bonus award}}$$

- (1) Expressed as a percentage of base salary.
- (2) Based on achievement against target performance measures, including a potential for a 2 for 1 or a 3 for 1 increase in the funding percentage for each percentage by which actual performance exceeds target performance thresholds.

The target performance measures under the Bonus Plans for fiscal year 2009 are disclosed in the table below under the heading "Bonus Plans performance targets and results for fiscal year 2009."

Named executive officer bonus targets

Each of Guerrino De Luca, our Chairman, and Gerald Quindlen, our CEO, was eligible for an annual target bonus of 100% of his base salary under the fiscal year 2009 bonus program. The maximum bonus for both Mr. De Luca and Mr. Quindlen was 300% of base salary. The minimum performance required before any bonus payment is made was 80% of the target performance.

All of Logitech's other named executive officers were eligible for annual target bonuses ranging from 50% to 67% of their base salaries, depending on their positions, with a maximum bonus of 300% of their base salaries. The minimum performance required before any bonus payment is made was 80% of the target performance, except that the minimum performance for Logitech operating income in the first half of fiscal year 2009 was 70% of the target performance. In each case, the annual target bonus was divided into semi-annual bonus targets.

The target bonus opportunities for named executive officers in fiscal year 2009 are in aggregate below the median of the peer group.

Bonus Plan performance targets and results for fiscal year 2009

The performance targets and actual results from the Bonus Plan in fiscal year 2009 for our named executive officers are set out in the following table:

Executive	FY09 Measurement Period	Performance Measure⁽¹⁾	Minimum Performance Target (thousands)	Performance Target (thousands)	Maximum Performance Target (thousands)	Actual Achievement (thousands)	Performance/ Funding⁽²⁾
Guerrino De Luca, Gerald Quindlen	Full fiscal year	Net Sales (50%)	\$2,168.49	\$2,710.61	\$4,526.72	\$2,208.83	81.49%
		Operating Income (50%)	280.26	350.33	585.05	109.65	—
Junien Labrousse	1st half FY 2009	Net Sales (50%)	947.55	1,184.44	1,978.02	1,171.16	98.88%
		Operating Income (25%)	89.31	127.58	213.06	121.97	95.60%
	2nd half FY 2009	PG Profit Contribution (25%) ⁽³⁾	250.53	313.16	522.98	304.25	97.15%
		Net Sales (50%)	1,220.94	1,526.17	2,548.71	1,035.42	—
		Operating Income (25%)	178.21	222.76	372.01	12.36	—
		PG Profit Contribution (25%) ⁽³⁾	367.75	459.69	767.68	206.89	—
Mark Hawkins,	1st half FY 2009	Net Sales (50%)	947.55	1,184.44	1,978.02	1,171.16	98.88%
		Operating Income (50%)	89.31	127.58	213.06	121.97	95.60%
David Henry	2nd half FY 2009	Net Sales (50%)	1,220.94	1,526.17	2,548.71	1,035.42	—
		Operating Income (50%)	178.21	222.76	372.01	12.36	—

- (1) The operating income performance measure excludes share-based compensation expense.
- (2) If the minimum performance target for a performance measure was not met, there was no performance funding for that measure for the period. Although the minimum performance threshold for fiscal year 2009 Net Sales was met under the fiscal year 2009 bonus program for Mr. De Luca and Mr. Quindlen, they each declined the bonus of \$222,750 and \$318,937, respectively, otherwise payable to them.
- (3) Product Group Profit Contribution, which consists of Logitech operating income before sales & marketing and general & administrative operating expenses.

The cash bonus awards earned and paid in respect of fiscal year 2009 were based solely on the formula funding results prescribed by the above measures, with no additional discretionary adjustments, except that Mr. De Luca and Mr. Quindlen each declined the payment of any bonus amounts to them in respect of fiscal year 2009 performance.

Long-term equity incentive awards

During fiscal year 2009 the Compensation Committee granted our named executive officers long-term equity incentive awards in the form of stock options and, for the first time, performance-based restricted stock units, or PRSUs, in order to align their incentives with the long-term interests of our shareholders, to support retention of the executives, and to provide a direct incentive for future performance.

Stock options provide the opportunity to purchase shares at a fixed exercise price, allowing the recipient to benefit from increases in share price from the date of grant. The options have a four-year vesting period, with the options vesting in four equal annual increments, to encourage a long-term perspective and to encourage key employees to remain at Logitech. All options granted to named executive officers to date have an exercise price equal to the fair market value of Logitech's shares on the effective grant date.

The performance-based restricted stock units provide the executive officer the opportunity, if the minimum performance threshold is met, to receive Logitech shares based on the relative total shareholder return, or TSR, of Logitech shares against the Nasdaq 100 index over the two-year performance period. If threshold performance is achieved, the number of shares awarded is pro-rated according to performance (see "Structure of the PRSUs"). The Compensation Committee adopted the use of PRSUs for executive officers during fiscal year 2009 in part to align Logitech's equity compensation for executives more closely with the peer group, and also to supplement the use of option grants and to further align the interests of executive officers with shareholders. The PRSUs are intended to:

- Link compensation to key financial metrics of growth and profitability.
- Support pay-for-performance philosophy and retention efforts.
- Be less dilutive to shareholders than stock options.

Determination of long-term equity incentive awards

The Compensation Committee is responsible for determining who should receive equity incentive awards, when the awards should be made, the exercise price per share and the number of shares or other rights to be granted. Long-term equity incentive awards may be granted only by the Compensation Committee or the full Board of Directors. The Compensation Committee regularly reports its activity, including approvals of grants, to the Board. We do not have any program, plan, or practice to select equity compensation (including stock option) grant dates in coordination with the release of material non-public information, nor do we time the release of information for the purpose of affecting value. We do not backdate options or grant options retroactively.

Criteria considered in determining amount of long-term equity incentive awards

The factors the Compensation Committee uses to determine the amount of equity incentive awards to grant are: market practice, the accrued value of past grants and associated retention value, projected business needs, the projected impact of shareholder dilution, and the associated compensation expense that will be included in our financial statements. The total number of net shares granted under Logitech's equity compensation plans, excluding the Employee Share Purchase Plans, has represented less than 2% of total shares outstanding in each of the last three fiscal years. The total number of net shares granted in a fiscal year, also referred to as dilution, is equal to the total equity incentive awards granted less cancellations, divided by shares outstanding.

Long-term equity incentive awards granted in fiscal year 2009

During fiscal year 2009 the number of shares subject to equity incentive awards granted to Logitech's named executive officers was determined by the Compensation Committee in their subjective review based on the executive compensation review, accrued value of past grants, individual and corporate performance, and peer group and survey data. The Committee considered peer group data in particular in adopting the use of performance-based restricted stock units for executive officers, including the named executive officers, and in setting the total equity incentive compensation for the named executive officers for fiscal year 2009, excluding the special incentive grants discussed below.

In December 2008 the Committee approved special incentive stock option grants to executive officers and certain other employees. The factors the Committee considered in approving the special grants were the competitive environment, retention risks and succession planning for key employees, Logitech's share price performance, and the accrued and unrealized gains from past equity performance awards. The Committee approved the grants in order to increase the actual and perceived retention value of both vested and unvested equity incentive awards held by the executive officers and other employees.

Grants to Mr. Quindlen. Mr. Quindlen received a stock option grant for 100,000 shares on April 1, 2008 as part of his fiscal year 2009 annual compensation as CEO. Mr. Quindlen received a performance restricted stock unit grant for 25,000 shares, assuming 100% target performance, on October 1, 2008 as part of the annual stock focal process. He also received a grant for 100,000 stock options on December 12, 2008, to support his retention and to support his long-term interest in increasing shareholder value. Slightly more than half of Mr. Quindlen's total target compensation in fiscal year 2009 was provided through long-term equity incentive awards. The total number of stock options (200,000) and PRSUs (25,000) was based upon the mix of compensation components, the Compensation Committee's consideration of the accrued value of past grants to Mr. Quindlen, as well as the Compensation Committee's estimate of Mr. Quindlen's potential for future contributions to Logitech's success.

Grant to Mr. De Luca. Mr. De Luca received a stock option grant for 30,000 shares on April 1, 2008 as part of his fiscal year 2009 compensation as Chairman. Mr. De Luca did not receive a grant of PRSUs or any other option grants during fiscal year 2009.

Grants to Other Named Executive Officers. The equity incentive award grants made to all Logitech named executive officers during fiscal year 2009 are set out in the Grants of Plan-Based Awards in Fiscal Year 2009 table, below. The value of long-term equity incentive awards in the form of stock options and PRSUs granted during fiscal year 2009 was in aggregate below the peer group, based on the March 2008 compensation review data.

Timing of grants

Long-term equity incentive award grants to executive officers are typically and predominantly made at regularly scheduled, predetermined meetings of the Compensation Committee. These meetings are scheduled up to 18 months in advance and take place before the regularly scheduled, predetermined meetings of the full Board. Between the dates of regularly scheduled Compensation Committee meetings, the Compensation Committee made grants to new hires and promoted employees by consent according to a predetermined schedule. The grant schedule is determined prior to the beginning of the fiscal year. On limited occasions, grants may be made at an interim meeting of the Compensation Committee or of the Board, which generally are scheduled for the purpose of approving the hiring and compensation package for newly hired or promoted executives. The timing of interim meetings, if they occur, is based on the activity which generated the need for the meeting, not Logitech's share price. In December 2008 the Committee approved special stock option grants to executive officers and certain other employees at an interim meeting held in part for that purpose, as discussed above.

Stock option exercise price

The exercise price of a newly granted option (i.e., not an option assumed or granted in relation to an acquisition) is Logitech's closing share price on Nasdaq on the date of grant, for options denominated in U.S. dollars, or the closing share price on the SIX Swiss Exchange on the date of grant, for options denominated in Swiss francs. Options granted to executive officers are typically denominated in U.S. dollars. The grant date may be the day of the Compensation Committee meeting or consent, or a subsequent date shortly after the date of the meeting or consent, but never a date prior to the date of the meeting or consent. The grant date is specified by the Compensation Committee at the time of its approval.

Stock option vesting

Options granted to executive officers and employees vest 25% per year over four years, in equal increments on each annual anniversary of the original grant date. Grants made prior to fiscal year 2008 to newly-hired employees vest on each annual anniversary of the employee hire date.

PRSU Performance Measure

The performance measure for the performance-based restricted stock units granted in fiscal year 2009 is the relative total shareholder return ("TSR"), expressed as a percentile rank, of Logitech shares against the TSR of companies included in the Nasdaq 100 Index. The Compensation Committee believes this measure is a key reflection of Logitech's operational and financial performance, because it focuses on relative performance against other mid- to large-size technology companies.

For purposes of the PRSUs, relative TSR reflects (i) the aggregate change in the 30-day average closing price of Logitech shares against the companies in the Nasdaq 100 Index, and (ii) the value (if any) returned to shareholders in the form of dividends or similar distributions, assumed to be reinvested in shares when paid, each at the beginning and the end of a two-year performance period.

Structure of the PRSUs

The structure of the PRSUs is summarized in the table below:

<u>Percentile Rank of Logitech TSR against Nasdaq 100 Index TSR</u>	<u>Vested percentage of shares subject to PRSU</u>
Below 40 th Percentile Rank (threshold)	0%
40 th Percentile Rank	50%
60 th Percentile Rank (target)	100%
75 th Percentile Rank and Above	200%

If the minimum performance threshold of a 40th percentile rank of Logitech TSR against the Nasdaq 100 Index TSR over the 2-year performance period is not met, no shares subject to the PRSUs will vest. For a percentile rank between the 40th and 60th percentiles, or between the 60th and 75th percentiles, the percent of shares subject to the PRSU that will vest will be determined by straight-line interpolation.

The Compensation Committee set the minimum performance threshold, and the vested percentages against the corresponding TSR percentile ranks, based on the historical TSR of Logitech shares against the Nasdaq 100 Index.

OTHER COMPENSATION ELEMENTS

Other cash compensation

The Compensation Committee may award discretionary bonuses in order to recognize outstanding individual performance or to assist in the retention of key talent. No such discretionary awards were made to the named executive officers in fiscal year 2009.

Deferred compensation plan

Executive officers based in the United States are also eligible to participate in the Logitech Inc. Deferred Compensation Plan and a predecessor plan, which is an unfunded and unsecured plan that allows employees of Logitech Inc., the Logitech subsidiary in the United States, who earn more than a threshold amount the opportunity to defer U.S. taxes on their base salary and bonus or commission compensation. Under the plan, compensation may be deferred until termination or other specified dates chosen by the participants, and deferred amounts are credited with earnings based on investment benchmarks chosen by the participants. The earnings credited to the participants are funded solely by the plan investments. Logitech does not make contributions to this plan. Information regarding named executive officer participation in the Deferred Compensation Plan can be found in the Non-Qualified Deferred Compensation for Fiscal Year 2009 table and the accompanying narrative.

Severance and related benefits

All executive officers are eligible to receive benefits under certain conditions in accordance with Logitech’s Change of Control Severance Agreement (the “Change of Control Agreement”), as described in the section “Potential Payments Upon Termination or Change in Control.”

The purpose of the Change of Control Agreements is to support retention in the event of a prospective change of control. Should a change of control occur, benefits will be paid after a “double trigger” event as described in “Potential Payments Upon Termination or Change in Control.” Other than in the case of the Change of Control Agreement for Mr. Quindlen, benefits are capped at the amounts prescribed under Sections 280G and 4999 of the U.S. Tax Code and Logitech does not provide payments to reimburse its executive officers for additional taxes incurred (also known as “gross-ups”) in connection with a change of control.

The Change of Control Agreement with Mr. Quindlen provides a tax gross-up to reimburse him for any additional taxes incurred under Section 280G of the U.S. Tax Code in connection with a change of control. This additional benefit was provided to Mr. Quindlen to be competitive with terms for other peer CEOs. In addition, under Mr. Quindlen's employment agreement, if his employment is involuntarily terminated without cause Mr. Quindlen is entitled to his base salary and target bonus as described in "Potential Payments Upon Termination or Change in Control." This term in Mr. Quindlen's agreement is intended to provide consideration for his service to Logitech and the potential length of time until subsequent employment is secured if he is involuntarily terminated without cause.

To determine the level of benefits to be provided under each change of control agreement, the Committee considered the circumstances of each type of severance, the impact on shareholders, and market practices.

Perquisites

Logitech's executive officer benefit programs are substantially the same as for all other eligible employees. Mr. De Luca received the occasional service of a car and driver during fiscal year 2009, and Mr. Quindlen was provided with limited personal tax preparation services. Expenses related to these services are imputed as income to Mr. De Luca and Mr. Quindlen and the additional tax liabilities are paid by Logitech by a gross-up payment. The aggregate amounts of these services plus the gross-up payment are reflected in the Summary Compensation Table below under the heading "All Other Compensation."

Other Benefits

Logitech's executive officers are eligible to receive the same benefits as all other employees, including the following:

- Company contributions to defined contribution retirement programs, such as the Logitech Inc. 401(k).
- Health, welfare and life insurance benefits.
- Opportunity for participation in the Logitech Employee Share Purchase Plans.

OTHER COMPENSATION POLICIES

Derivatives

We do not permit any Company insiders, including officers and directors, to trade in puts, calls, warrants or other derivative Logitech securities traded on an exchange or in any other organized securities market.

Recovery of compensation for restatements and misconduct

We do not have a general policy regarding the recovery of compensation following a financial restatement; however, our Logitech International S.A. 2006 Stock Incentive Plan and our Logitech Management Performance Bonus Plan provide that awards under the plans are suspended or forfeited if the plan participant:

- has committed an act of embezzlement, fraud or breach of fiduciary duty;
- makes an unauthorized disclosure of any Logitech trade secret or confidential information; or
- induces any customer to breach a contract with Logitech.

Any decision to suspend or cause a forfeiture of any award held by an executive officer is subject to the approval of the Board of Directors.

Additional tax considerations

U.S. Tax Code Section 162(m)

We are limited by Section 162(m) of the U.S. Tax Code to a deduction for U.S. federal income tax purposes of up to \$1,000,000 of compensation paid to our CEO and any of our three most highly compensated executive officers, other than our Chief Financial Officer, in a taxable year. Compensation above \$1,000,000 may be deducted if, by meeting certain technical requirements, it can be classified as “performance-based compensation.” The Compensation Committee considers the implications of Section 162(m) of the U.S. Tax Code in setting and determining executive officer long-term equity incentive award grants and in setting short-term cash incentive award compensation.

The Logitech International S.A. 2006 Stock Incentive Plan approved by our shareholders in 2006 permits certain grants of awards under that plan to qualify as “performance-based compensation.” Bonuses paid to executives under the Logitech Management Performance Bonus Plan, including any bonuses earned in fiscal year 2009, may similarly qualify under Section 162(m). Although the Compensation Committee uses the requirements of Section 162(m) as a guideline, deductibility is not the sole factor it considers in assessing the appropriate levels and types of executive compensation and it will elect to forego deductibility when the Committee believes it to be in the best interests of the Company and its shareholders.

In addition to considering the tax consequences, the Compensation Committee considers the accounting consequences, including the impact of the Financial Accounting Standard Board’s Statement of Financial Accounting Standards 123(R), of its decisions in determining the forms of different equity awards.

COMPENSATION BELOW THE EXECUTIVE LEVEL

Similar to Logitech’s executive compensation programs, Logitech’s compensation for its employees below the level of executive officer have been designed to attract, retain and motivate the skilled employees that are essential to Logitech’s success. However, one essential difference between compensation of executives and for employees below the executive level is that, for employees below the executive level, short-term incentives in the form of cash bonuses or profit sharing and long-term equity incentive awards comprise a smaller portion of the employee’s total target compensation. This means there is less total compensation at risk for non-executive employees based on the Company’s performance, while also meaning, similarly, that there is less potential for increased compensation from superior Company performance.

Components – Non-Executive Compensation

The key components of Logitech’s compensation for employees below the executive level are as follows:

Base salary. Base salary is set to reward employees’ current contributions to Logitech and compensate them for their expected day-to-day performance.

Short-term cash incentives. Logitech has a bonus program for employees at the director level or above, a profit-sharing program for employees below the director level, and, for sales personnel, sales commission plans. All professional staff other than sales personnel participate in the bonus program or the profit sharing program. The potential target compensation from the bonus and profit sharing programs is established, employee-by-employee, as a percentage of the employee’s annual base salary. The potential target compensation for sales personnel under sales commission plans is set on the basis of their sales quotas.

Long-term equity incentive awards. Approximately one-third of the Company's professional staff receive long-term equity incentive awards, in the form of stock options and, more recently for eligible employees at the level of director or above, restricted stock units, which represent the right to receive Logitech shares upon the vesting of the units. In addition, all full-time professional staff are eligible to participate in the Company's employee share purchase plans, which allow eligible employees to purchase Logitech shares at a 15% discount from the market price of Logitech's shares at the beginning or end of each six-month offering period.

Health and welfare, and other local benefits. Health and welfare and other local benefits are offered to employees based on the market practices and local law requirements of the various jurisdictions in which employees are based. In a limited number of jurisdictions we offer defined benefit or defined contribution pension plans for employees.

Compensation Philosophy – Non-Executive Compensation

The key features of Logitech's compensation philosophy for employees below the executive level are as follows:

- Base salary should be at approximately the median for comparable companies in the industry and in the region where the employee is based.
- The total level of compensation at risk for employees below the executive level should increase with the level of the employee, to reflect the relative impact of the employee on the Company's performance.
- High-performing employees should receive significantly higher potential compensation in the form of equity incentive awards in order to help retain and motivate these employees.
- Other than for the compensation of employees in the Company's sales organization, the performance measures under the Company's short-term incentives in the form of cash bonuses, profit sharing, or long-term equity incentive awards, should be based on the performance of the entire Logitech group, or the performance of the Logitech group plus the performance of the employee's department or unit, rather than on the performance of the individual employee. This is primarily to encourage collaboration among the Company's employees.
- For employees in the Company's sales organization, compensation should include commissions based on the employee's sales performance against sales quotas or targets. Approximately 30% to 40% of a salesperson's total target compensation is based on commissions. The Company believes this direct linking of salesperson compensation to individual performance helps drive sales performance and reflects competitive market practice.
- Equity incentive compensation is an important component of employee compensation. This reflects market practice, especially in California's Silicon Valley, where the Company has a significant presence, but the Company also believes that equity incentive compensation is a key differentiator in attracting and retaining employees in employment markets outside of the United States where, historically, equity incentive compensation was not or is not common.

Compensation for employees below the executive level is established based on guidelines developed by the Company's compensation & benefits department, market practices, and assessment of individual performance and potential for future contribution to Logitech by the employee's manager and the Company's human resources department. The Compensation Committee of the Board provides oversight of compensation below the executive level, reviews and approves the yearly short-term incentive program design and performance measures, reviews and approves the yearly long-term equity incentive award budget, and reviews and approves individual long-term equity incentive award grants.

SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2009

The following table provides information regarding the compensation and benefits earned during fiscal year 2009 by:

- Gerald Quindlen, our Chief Executive Officer;
- Mark J. Hawkins, our Chief Financial Officer during fiscal year 2009; and
- The three other most highly compensated individuals, including our Chairman, Guerrino De Luca, who were serving as executive officers of Logitech at the end of fiscal year 2009.

We refer to these individuals as our named executive officers. For more information, please refer to “Compensation Disclosure and Analysis,” as well as “Narrative Disclosure to Summary Compensation Table” and “Narrative Disclosure to Grants of Plan-Based Awards Table.”

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)⁽¹⁾</u>	<u>Bonus (\$)</u>	<u>Stock Awards(\$)⁽²⁾</u>	<u>Option Awards (\$)⁽²⁾</u>	<u>Non-equity Incentive Plan Compensation (\$)⁽³⁾</u>	<u>Changes in Nonqualified Deferred Compensation Earnings(\$)⁽⁴⁾</u>	<u>All Other Compensation (\$)⁽⁵⁾</u>	<u>Total (\$)</u>
Guerrino De Luca Chairman of the Board	FY09	\$550,000	—	—	\$ 872,842	—	—	\$18,128	\$1,440,970
	FY08	719,231	—	—	1,218,991	\$754,074	—	42,178	2,734,474
Gerald Quindlen President and Chief Executive Officer	FY09	787,500	—	\$174,375	1,521,895	—	—	9,626	2,493,396
	FY08	516,154	—	—	929,889	518,215	—	8,697	1,972,955
Mark J. Hawkins Former Sr. Vice President, Finance and Information Technology, and Chief Financial Officer	FY09	460,000	—	69,750	620,875	145,314	—	8,559	1,304,498
	FY08	430,000	150,000 ⁽⁶⁾	—	519,377	311,552	—	8,346	1,419,275
David Henry Sr. Vice President, Customer Experience and Chief Marketing Officer	FY09	460,000	—	87,188	495,635	134,136	—	9,201	1,186,159
	FY08	440,000	—	—	568,171	294,275	—	9,595	1,312,041
Junien Labrousse Executive Vice- President, Products . . .	FY09	680,000	—	130,781	736,619	222,333	—	10,415	1,780,148
	FY08	660,000	—	—	765,908	469,534	—	11,048	1,906,490

(1) Mr. Hawkins deferred a portion of his fiscal year 2009 non-equity incentive plan compensation, and Mr. Labrousse deferred a portion of his fiscal year 2009 salary and non-equity incentive plan compensation, under Logitech Inc.’s. Deferred Compensation Plan and a predecessor plan. The deferred amounts for each of Mr. Hawkins and Mr. Labrousse for fiscal year 2009 are included in the Salary and Non-Equity Incentive Plan Compensation columns in the Summary Compensation Table above, as well as in the Non-Qualified Deferred Compensation Table below. Each of the named executive officers also contributed a portion of his salary to Logitech’s 401(k) Plan.

- (2) Reflects the dollar amount recognized for financial statement reporting purposes with respect to fiscal year 2009, in compliance with FAS 123R, for stock options and performance restricted stock units granted in fiscal year 2005 through fiscal year 2009. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect Logitech's accounting expense for these awards and do not correspond to the actual value that will be recognized by the named executive officers with respect to these awards. The key assumptions for the valuation of the options and performance restricted stock units are presented in Note 13 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2009 filed with the SEC on June 1, 2009.
- (3) Reflects amounts earned under the Logitech Management Performance Bonus Plan in Fiscal Year 2009, except that Mr. De Luca and Mr. Quindlen declined bonus payments of \$222,750 and \$318,937, respectively, they each had otherwise earned and were entitled to under the terms of their fiscal year 2009 bonus program. The performance period for each of Mr. De Luca and Mr. Quindlen was the full fiscal year. Each other named executive officer had two half-fiscal year performance periods. A bonus was earned in the first half performance period, but none was earned in the second half performance period because the minimum performance threshold was not met.
- (4) Each of Mr. Hawkins and Mr. Labrousse had negative earnings during fiscal year 2009 on his balance in the Logitech Inc. Deferred Compensation Plan. Because the earnings are negative Logitech has elected not to include them in the Summary Compensation Table. For details see the Non-Qualified Deferred Compensation Table below.
- (5) Details regarding the various amounts included in this column are provided in the following table entitled "All Other Compensation Table for Fiscal Year 2009".
- (6) Pursuant to a letter agreement between Mr. Hawkins and Logitech dated March 4, 2006, when he joined Logitech, Logitech agreed to pay Mr. Hawkins a hire-on bonus of \$150,000 payable in the first payroll of fiscal year 2008, if still employed by Logitech. This amount reflects that payment.

All Other Compensation Table for Fiscal Year 2009

Name	Year	Car and Driver (\$) ⁽¹⁾	Tax Preparation Services (\$) ⁽²⁾	401(k) Plan (\$) ⁽²⁾	Group Term Life Insurance (\$)	Total (\$)
Guerrino De Luca	FY09	\$ 5,906	\$ —	\$6,804	\$5,418	18,128
	FY08	28,348	—	6,665	7,165	42,178
Gerald Quindlen	FY09	—	3,954	2,594	3,078	9,626
	FY08	—	—	6,929	1,768	8,697
Mark J. Hawkins	FY09	—	—	6,804	1,755	8,559
	FY08	—	—	6,888	1,458	8,346
David Henry	FY09	—	—	6,804	2,397	9,201
	FY08	—	—	7,304	2,291	9,595
Junien Labrousse	FY09	—	—	6,804	3,611	10,415
	FY08	—	—	8,481	2,567	11,048

- (1) Represents the cost to Logitech of \$3,795 and \$15,224 in fiscal years 2009 and 2008, respectively, related to Mr. De Luca's occasional use of a company car and driver to and from work, and tax gross-up payments of \$2,111 and \$12,824, respectively, relating to the income imputed to Mr. De Luca as a result.
- (2) Represents the cost to Logitech of \$2,625 in fiscal year 2009 related to these services, and a tax gross-up payment of \$1,329 relating to the income imputed to Mr. Quindlen as a result.
- (3) Represents 401(k) savings plan matching contributions, which are available to all of our regular employees who are on our U.S. payroll.

GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2009

The following table sets forth certain information regarding grants of plan-based awards to each of our named executive officers during fiscal year 2009. For more information, please refer to "Compensation Disclosure and Analysis."

Name	Type	Grant Date (MM/DD/YY)	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Actual (\$) ⁽²⁾	Estimated Future Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#) ⁽⁴⁾	Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value (\$) ⁽⁵⁾
				Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)				
Guerrino De Luca . .	Option	04/01/08	03/19/08	—	—	—	—	—	—	—	—	30,000	\$26.67	\$223,200
	FY 09 Bonus	N/A	N/A	\$440,000	\$550,000	\$1,650,000	\$ —	—	—	—	—	—	—	—
Gerald Quindlen . . .	Option	04/01/08	03/19/08	—	—	—	—	—	—	—	—	100,000	26.67	744,000
	PRSU	10/01/08	09/10/08	—	—	—	—	12,500	25,000	50,000	—	—	—	697,500
	Option	12/12/08	12/08/08	—	—	—	—	—	—	—	—	100,000	13.48	407,000
	FY 09 Bonus	N/A	N/A	630,000	787,500	2,362,500	—	—	—	—	—	—	—	—
Mark J. Hawkins . . .	Option	10/01/08	09/10/08	—	—	—	—	—	—	—	—	40,000	22.59	272,400
	PRSU	10/01/08	09/10/08	—	—	—	—	5,000	10,000	20,000	—	—	—	279,000
	1H Bonus	N/A	N/A	119,600	149,500	448,500	145,314	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	119,600	149,500	448,500	—	—	—	—	—	—	—	—
David Henry	Option	10/01/08	09/10/08	—	—	—	—	—	—	—	—	50,000	22.59	340,500
	PRSU	10/01/08	09/10/08	—	—	—	—	6,250	12,500	25,000	—	—	—	348,750
	Option	12/12/08	12/08/08	—	—	—	—	—	—	—	—	40,000	13.48	162,800
	1H Bonus	N/A	N/A	110,400	138,000	414,000	134,136	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	119,600	149,500	448,500	—	—	—	—	—	—	—	—
Junien Labrousse . .	Option	10/01/08	09/10/08	—	—	—	—	—	—	—	—	75,000	22.59	510,750
	PRSU	10/01/08	09/10/08	—	—	—	—	9,375	18,750	37,500	—	—	—	523,125
	Option	12/12/08	12/08/08	—	—	—	—	—	—	—	—	60,000	13.48	244,200
	1H Bonus	N/A	N/A	182,240	227,800	683,400	222,333	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	182,240	227,800	683,400	—	—	—	—	—	—	—	—

- (1) The amounts in these columns reflect possible payouts with respect to each applicable performance period under the fiscal year 2009 bonus programs under the Bonus Plan.
- (2) The amounts in this column reflect actual payouts with respect to each applicable performance period under the fiscal year 2009 bonus programs under the Bonus Plan. Mr. De Luca and Mr. Quindlen declined bonus payments of \$222,750 and \$318,937, respectively, they each had otherwise earned and were entitled to under the terms of their fiscal year 2009 bonus program. The actual payout amounts are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for fiscal year 2009.

- (3) Represents performance-based restricted stock units. All shares subject to the PRSUs are unvested. The actual amount, if any, of shares that will vest under the PRSUs will not be known until the end of the two-year performance period on September 30, 2010.
- (4) Represents stock options with an exercise price equal to the fair market value of Logitech shares on the grant date. These options vest and become exercisable at a rate of 25% per year over four years, on each yearly anniversary of the grant date.
- (5) Amounts in this column represent the market value of stock options and performance-based restricted stock units calculated in accordance with FAS 123R. For option awards, that number is calculated by multiplying the Black-Scholes value by the number of options awarded. For performance-based restricted stock units, that number is calculated by multiplying the value determined using the Monte Carlo method by the target number of units awarded. The key assumptions for the valuation of the options and performance restricted stock units are presented in Note 13 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2009 filed with the SEC on June 1, 2009.

NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS TABLE

Employment Agreements

We have entered into employment agreements with each of our named executive officers.

Employment Agreement with Guerrino De Luca

Under Mr. De Luca's employment agreement, effective January 28, 2008, the amount of Mr. De Luca's salary and target bonus is at the sole discretion of the Board of Directors. His fiscal year 2009 salary and target bonus are set out in the Summary Compensation Table, above, and did not increase or decrease over his fiscal year 2008 salary or target bonus as Chairman reflected in the agreement. Mr. De Luca is entitled to the same health and welfare benefits as are available to other employees of Logitech Inc. No severance payments are payable to Mr. De Luca in the event of his involuntary termination with or without cause under his employment agreement. For amounts payable to Mr. De Luca in the event of an involuntary termination of his service within 12 months after a "change of control" under the Change of Control Agreement in place with Mr. De Luca, please refer to "Potential Payments Upon Termination or Change in Control."

Employment Agreement with Gerald Quindlen

Mr. Quindlen was subject to two employment agreements in fiscal year 2009. The first, effective January 28, 2008, was replaced by a new employment agreement effective December 3, 2008. The terms of the two agreements are substantially the same, except that the new agreement reflects U.S. tax law changes regarding the treatment of severance payments and other deferred compensation arrangements, and also reflects his fiscal year 2009 annual base salary of \$787,500. However, the amount of Mr. Quindlen's salary and target bonus is at the sole discretion of the Board of Directors. He is entitled to the same health and welfare benefits as are available to other employees of Logitech Inc. Under his employment agreement, severance payments in the amount of one year of base salary plus target bonus, plus certain other amounts, are payable to Mr. Quindlen in the event of his involuntary termination without cause. For a further description of the severance terms and amounts under Mr. Quindlen's employment agreement, and of amounts payable to Mr. Quindlen in the event of an involuntary termination of his service within 12 months after a change of control under his Change of Control Agreement and under the terms of his outstanding equity incentive awards, please refer to "Potential Payments Upon Termination or Change in Control."

Employment Agreements with Other Named Executive Officers

We entered into employment agreements with each of our other named executive officers effective December 3, 2008. The purpose of these agreements was to reflect the current positions and compensation of the named executive officers. The fiscal year 2009 compensation of the named executive officers is set out in the Summary Compensation Table. Under the agreements, the amount of the executive's base salary and target bonus is at the sole discretion of the Board of Directors. Each executive is entitled to the same health and welfare benefits as are available to other employees of Logitech Inc. No severance payments are payable to the executive in the event of his involuntary termination with or without cause under the employment agreements. For amounts payable to the named executive officers in the event of an involuntary termination of service within 12 months after following a change of control under the Change of Control Agreements and the terms of their outstanding equity incentive awards, please refer to "Potential Payments Upon Termination or Change in Control."

Performance-Based Vesting Conditions

Please refer to "Compensation Disclosure and Analysis—Elements of Compensation / Executive Compensation Practices—Short-term cash incentive awards" for a discussion of performance measures applicable to the Bonus Plan during fiscal year 2009. In addition, please refer to "Compensation Disclosure and Analysis—Elements of Compensation / Executive Compensation Practices—Long-term equity incentive awards—Structure of the PRSUs" for a discussion of performance measures under the performance-based restricted stock units granted to named executive officers during fiscal year 2009.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth certain information regarding outstanding equity awards for each of our named executive officers as of March 31, 2009. This table includes unexercised and unvested stock options and unvested performance-based restricted stock units.

Certain of the options as granted to Mr. De Luca have exercise prices denominated in Swiss Francs. The U.S. Dollar exercise prices shown in the table below for such options are based on the closing Swiss Franc to U.S. Dollar conversion rate as provided by Telekurs on the trading day immediately preceding the grant date. The U.S. Dollar exercise price for such options as of March 31, 2009, the last day of Logitech's fiscal year 2009, are presented in the footnotes to the table based on The Federal Reserve Board's Swiss Franc to U.S. Dollar spot rate on March 31, 2009 of 1.1395 to 1.

Name	Grant Date (MM/DD/YY)	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable ⁽¹⁾	Option Exercise Price (\$)/Share	Option Expiration Date (MM/DD/YY)	Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾
Guerrino De Luca	10/18/00	767,048	—	\$ 5.94 ⁽⁴⁾	10/18/10	—	—
	09/24/01	141,076	—	5.11 ⁽⁵⁾	04/01/12	—	—
	10/16/02	800,000	—	6.84 ⁽⁶⁾	04/16/13	—	—
	04/08/04	400,000	—	11.91 ⁽⁷⁾	04/08/14	—	—
	04/01/05	300,000	100,000	15.51 ⁽⁸⁾	04/01/15	—	—
	04/01/06	100,000	100,000	20.05	04/01/16	—	—
	04/02/07	25,000	75,000	27.95	04/02/17	—	—
	04/01/08	—	30,000	26.67	04/01/18	—	—
Total	2,533,124	305,000					
Gerald Quindlen	11/02/05	150,000	50,000 ⁽⁹⁾	20.25	10/17/15	—	—
	10/02/06	30,000	30,000	21.61	10/02/16	—	—
	10/02/07	25,000	75,000	30.09	10/02/17	—	—
	10/19/07	75,000	225,000	34.39	10/19/17	—	—
	04/01/08	—	100,000	26.67	04/01/18	—	—
	10/01/08	—	—	—	—	25,000	\$257,000
	12/12/08	—	100,000	13.48	12/12/18	—	—
Total	280,000	580,000			25,000	257,000	
Mark J. Hawkins ⁽¹⁰⁾	04/24/06	—	100,000 ⁽¹¹⁾	21.43	04/03/16	—	—
	10/02/06	5,000	10,000	21.61	10/02/16	—	—
	10/02/07	15,000	45,000	30.09	10/02/17	—	—
	10/01/08	—	40,000	22.59	10/01/18	—	—
	10/01/08	—	—	—	—	10,000	102,800
Total	20,000	195,000			10,000	102,800	
David Henry	08/23/01	14,548	—	7.38	08/08/11	—	—
	10/16/02	15,000	—	6.77	04/16/13	—	—
	09/12/03	160,000	—	7.76	04/01/14	—	—
	07/12/04	160,000	—	11.44	07/12/14	—	—
	09/26/05	75,000	25,000	20.25	09/26/15	—	—
	10/02/06	25,000	25,000	21.61	10/02/16	—	—
	04/02/07	12,500	37,500	27.95	04/02/17	—	—
	10/02/07	12,500	37,500	30.09	10/02/17	—	—
	10/01/08	—	50,000	22.59	10/01/18	—	—
	10/01/08	—	—	—	—	12,500	128,500
	12/12/08	—	40,000	13.48	12/12/18	—	—
Total	474,548	215,000			12,500	128,500	
Junien Labrousse	09/12/03	100,000	—	7.76	04/01/14	—	—
	07/12/04	160,000	—	11.44	07/12/14	—	—
	09/26/05	75,000	25,000	20.25	09/26/15	—	—
	10/02/06	25,000	25,000	21.61	10/02/16	—	—
	04/02/07	35,000	105,000	27.95	04/02/17	—	—
	10/02/07	12,500	37,500	30.09	10/02/17	—	—
	10/01/08	—	75,000	22.59	10/01/18	—	—
	10/01/08	—	—	—	—	18,750	192,750
	12/12/08	—	60,000	13.48	12/12/18	—	—
Total	407,500	327,500			18,750	192,750	

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- (1) Unless otherwise indicated, the remaining shares subject to these options vest and become exercisable at a rate of 25% per year over four years from the grant date, on each yearly anniversary of the grant date.
 - (2) These are performance-based restricted stock units. All shares subject to the PRSUs are unvested. The actual amount, if any, of shares that will vest under the PRSUs will not be known until the end of the two-year performance period on September 30, 2010. Amounts in the table assume the shares will vest at 100% of the target.
 - (3) The market value of unvested PRSUs is calculated by multiplying the number of unvested PRSUs held by the applicable named executive officer by the closing price of our shares on March 31, 2009, which was \$10.28.
 - (4) The exercise price of the option as granted (as split-adjusted) is 10.50 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2009 is \$9.21 per share.
 - (5) The exercise price of the option as granted (as split-adjusted) is 8.15 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2009 is \$7.15 per share.
 - (6) The exercise price of the option as granted (as split-adjusted) is 10.25 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2009 is \$9.00 per share.
 - (7) The exercise price of the option as granted (as split-adjusted) is 15.21 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2009 is \$13.35 per share.
 - (8) The exercise price of the option as granted (as split-adjusted) is 18.55 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2009 is \$16.28 per share.
 - (9) This is a new-hire award. The award was granted November 2, 2005, with the first 25% of the shares subject to the option vesting on October 17, 2006, the one-year anniversary of Mr. Quindlen's starting date with Logitech, and the balance of the shares vesting in equal annual increments on the yearly anniversary of Mr. Quindlen's start date. The final installment vests and becomes exercisable on October 17, 2009.
 - (10) Mr. Hawkins' service with Logitech terminated April 24, 2009. All Mr. Hawkins' unexercisable options and PRSUs as of such date were cancelled on such date. Mr. Hawkins' exercisable options as of such date expire July 24, 2009.
 - (11) This is a new-hire award. The award was granted April 24, 2006, with the first 25% of the shares subject to the option vesting on April 3, 2007, the one-year anniversary of Mr. Hawkins's starting date with Logitech, and the balance of the shares vesting in equal annual increments on the yearly anniversary of Mr. Hawkins's start date. The third installment vested and became exercisable on April 3, 2009. No further installments will vest as Mr. Hawkins' service with Logitech terminated April 24, 2009.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2009

The following table sets forth the number of shares acquired and the value realized upon exercise of stock options during fiscal year 2009 by each of our named executive officers. No performance-based restricted stock units vested during fiscal year 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Guerrino De Luca	—	—	—	—
Gerald Quindlen	—	—	—	—
Mark J. Hawkins	50,000	459,770	—	—
David Henry	25,000	608,125	—	—
Junien Labrousse	—	—	—	—

- (1) The value realized equals the difference between the option exercise price and the fair market value of Logitech shares on the date of exercise, multiplied by the number of shares for which the option was exercised.

Pension Benefits for Fiscal Year 2009

None of our executive officers are beneficiaries under any retirement plan benefits maintained by Logitech. For additional information regarding other benefits provided upon retirement of Logitech executive officers, please refer to “Potential Payments Upon Termination or Change in Control.”

NON-QUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2009

The following table sets forth information regarding the participation by our named executive officers in the Logitech Inc. Deferred Compensation Plan and a predecessor plan during fiscal year 2009 and at fiscal year-end.

Name	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾	Logitech Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$) ⁽²⁾	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Guerrino De Luca	—	—	—	—	—
Gerald Quindlen	—	—	—	—	—
Mark J. Hawkins	\$ 25,000 ⁽³⁾	—	\$ (11,847)	—	\$ 57,941
David Henry	—	—	—	—	—
Junien Labrousse	315,764 ⁽⁴⁾	—	(407,996)	—	859,769

- (1) All contribution were made under the Logitech Inc. Deferred Compensation Plan or a predecessor plan.
- (2) Because the earnings are negative Logitech has elected not to include these amounts in the Summary Compensation Table.
- (3) Consists of \$25,000 of the bonus payment reported in the Summary Compensation Table under the column titled “Non-Equity Incentive Plan Compensation.”
- (4) Consists of \$39,231 of the FY 09 salary and \$166,799 of the FY 09 bonus payment reported in the Summary Compensation Table under the columns titled “Salary” and “Non-Equity Incentive Plan Compensation”, and \$109,734 of a bonus payment contributed during fiscal year 2009 but earned during fiscal year 2008 and reflected in the fiscal year 2008 figures in the Summary Compensation Table.

NARRATIVE DISCLOSURE TO NON-QUALIFIED DEFERRED COMPENSATION TABLE

The Logitech Inc. Deferred Compensation Plan effective January 1, 2009 allows the participating executive officers and other eligible employees to defer up to 80% of their annual base salary and up to 90% of annual cash bonuses or commissions.

Upon enrollment, participants select from a number of investment benchmarks selected by Logitech Inc.'s Deferred Compensation Committee for this purpose, and the participant's account is credited with an amount equal to the investment performance of the benchmark. Investment benchmarks may be changed by a participant no more than once each month.

Participants can elect upon enrollment to receive one lump-sum distribution per year beginning in the third year of plan participation. Although pre-retirement distributions can subsequently be postponed (subject to conditions) or canceled, participants cannot elect any additional pre-retirement distributions after initial enrollment, except in limited circumstances.

Distributions are generally payable to participants upon termination of employment in a lump sum or, in the case of retirement, disability or death, in a series of annual payments of up to 10 years, as elected by the participants, subject to any requirements of Section 409A of the U.S. Tax Code.

The Deferred Compensation Plan is the successor to an earlier plan that provided substantially similar benefits.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Set forth below is a description of the plans and agreements that could result in potential payments to Logitech executive officers in the case of their termination of employment or a change in control of Logitech.

Change of Control Severance Agreements

Each of our executive officers has executed a Change of Control Agreement with Logitech. The Change of Control Agreements with Mr. Quindlen and Mr. De Luca are slightly different than those of the other executive officers. There are no agreements providing for payment of any consideration to any non-executive member of the Board of Directors upon termination of his or her services with the Company.

The purpose of the Change of Control Agreements is to support retention in the event of a prospective change of control.

Under the Change of Control Agreement, each executive officer is eligible to receive the following benefits, should the executive officer be subject to an involuntary termination within 12 months after a "change of control" because his or her employment is terminated without cause or the executive resigns for good reason:

- The continuation of the executive's "current compensation" for 12 months;
- Continuation of health insurance benefits for up to 12 months;
- Acceleration of vesting for all stock options held by the executive;
- Acceleration of other employee equity incentives held by the executive if provided for under the terms of the grant agreement for the equity incentive; and
- Executive – level outplacement services of a value of up to \$5,000.

The term “current compensation” includes:

- The greater of (i) the executive’s annual base salary in effect immediately prior to the executive’s termination and (ii) the executive’s annual base salary in effect on the date of the Change of Control Agreement; plus
- The amount of the executive’s annual and quarterly bonuses for the fiscal year preceding the fiscal year in which severance benefits become payable to the executive.

The Change of Control Agreement defines the term “change of control” to mean:

- A merger or consolidation of Logitech with another corporation resulting in a greater than 50% change in the total voting power of Logitech or the surviving company immediately following the transaction;
- The complete liquidation of Logitech;
- The sale or other disposition of all or substantially all Logitech’s assets; or
- The acquisition by any person of securities of Logitech representing 50% or more of the total voting power of Logitech’s outstanding shares.

Guerrino De Luca Change of Control Agreement

The Change of Control Agreement with Mr. De Luca is the same as for the other executive officers, except that only those stock options granted by the Company to him before January 28, 2008, while he was serving as CEO, are subject to acceleration under the Agreement. Options granted to him after January 28, 2008 are not subject to acceleration. This term of Mr. De Luca’s Change of Control Agreement is different than the similar agreements for other executives because the Compensation Committee considered that the retention value of his Change of Control Agreement, which in the case of Mr. De Luca lies primarily in the accelerated vesting of otherwise unvested options, should decline over time as Mr. De Luca was further in time away from serving as Chief Executive Officer. No severance payments are payable to Mr. De Luca in the event of his involuntary termination with or without cause other than after a change of control.

Gerald Quindlen Change of Control and Employment Agreements

The Change of Control Agreement with Mr. Quindlen is the same as for the other executive officers, except that the Change of Control Agreement with Mr. Quindlen provides a tax gross-up to reimburse him for any additional taxes incurred under Section 280G of the U.S. Tax Code in connection with a change of control. This additional benefit was provided to Mr. Quindlen to be competitive with the Compensation Committee’s assessment of terms for other peer CEOs.

In addition, under Mr. Quindlen’s employment agreement, in the event he is terminated without “cause” other than after a change of control he is entitled to:

- an amount equal to his current annual base salary; plus
- his current annual targeted bonus amount.

“Cause” in Mr. Quindlen’s employment agreement is defined as (i) theft, dishonesty, misconduct or falsification of any employment or Company records; (ii) improper disclosure of the Company’s confidential or proprietary information; (iii) any action which has a material detrimental effect on the Company’s reputation or business; (iv) failure or inability to perform any assigned duties after written notice from the Company, and a reasonable opportunity to cure such failure or inability; (v) the conviction (including any plea of guilty or no contest) of a felony, or of any other criminal act if that act impairs the ability to perform duties or (vi) the failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested cooperation.

If any amounts become payable to Mr. Quindlen under his Change of Control Agreement, or any successor agreement, the aggregate amount of any amounts payable to Mr. Quindlen under his employment agreement will be reduced to the extent necessary so as to prevent the duplication of severance payments to him.

Performance-Based Restricted Stock Unit Award Agreements

The award agreements for the performance-based restricted stock units granted to named executive officers in fiscal year 2009 provide for the acceleration of vesting of the PRSUs under the same circumstances and conditions as under the Change of Control Agreements, namely, if the named executive officer is subject to an involuntary termination within 12 months after a change of control because his or her employment is terminated without cause or the executive resigns for good reason. In the event of such an involuntary termination, 100% of the shares subject to the PRSUs will vest if the change of control occurred within 1 year after the grant date of the PRSUs. If the change of control occurred more than 1 year after the grant date of the PRSUs, the number of shares subject to the PRSU that will vest will be determined by applying the performance criteria under the PRSUs as if the performance period had ended on the date of the change of control.

Tables of Potential Payments Upon Termination or Change in Control

For each Logitech named executive officer, the table below estimates the amount of compensation that would be paid in the event of an involuntary termination without cause after a change in control, subject to the terms of the standard Change of Control Agreement and the terms of the performance-based restricted stock unit award agreements. No compensation amounts are payable to any named executive officer in the event of a mutual agreement to terminate employment, whether upon retirement or otherwise. In addition, no compensation amounts are payable to any named executive officer, other than under the employment agreement with Mr. Quindlen, in the event of an involuntary termination other than after a change in control.

For Mr. Quindlen, the additional table below estimates the amount of compensation that would be paid in the event of an involuntary termination without cause, subject to the terms of Mr. Quindlen’s employment agreement.

The amounts shown assume that each of the terminations was effective as of March 31, 2009. The price used for determining the value of accelerated equity was the closing price of Logitech’s shares on Nasdaq on March 31, 2009, the last business day of the fiscal year, of \$10.28. For those unvested options held by Mr. De Luca that have exercise prices denominated in Swiss Francs, the U.S. Dollar equivalent of such exercise prices as of March 31, 2009 were calculated based on The Federal Reserve Board’s Swiss Franc to U.S. Dollar spot rate on March 31, 2009 of 1.1395 to 1.

Involuntary Termination After Change in Control

Name	Base Salary ⁽¹⁾	Bonus ⁽²⁾	Other Benefits ⁽³⁾	Value of Accelerated Equity Awards ⁽⁴⁾	280G cut-back /gross-up ⁽⁵⁾	Total
Guerrino De Luca	\$550,000	\$222,750	\$27,845	\$ —	—	\$ 800,595
Gerald Quindlen	787,500	318,937	33,399	257,000	—	1,396,836
Mark J. Hawkins	460,000	145,314	32,076	102,800	—	740,190
David Henry	460,000	134,136	32,718	128,500	—	755,354
Junien Labrousse	680,000	222,333	33,932	192,750	—	1,129,015

- (1) Represents fiscal year 2009 annual base salary in effect March 31, 2009.
- (2) Represents aggregate actual bonus earned or paid in fiscal year 2009. For Mr. De Luca and Mr. Quindlen the amounts were earned but declined by them.
- (3) Represents the estimated cost of medical and other health insurance premiums (COBRA) for one year after termination and \$5,000 in outplacement services.
- (4) Represents the aggregate intrinsic value (market value less exercise price) of unvested options and PRSUs held by the executive officer as of March 31, 2009.
- (5) Under the Change of Control agreements for all named executive officers other than Gerald Quindlen there is a “280G cut-back” so that, in effect, the maximum value of the cash payments plus accelerated equity awards to which an executive is entitled under the agreement is just under 3 times the average annual taxable compensation paid by Logitech to the executive in the prior five taxable years, calculated in accordance with the U.S. Tax Code. Mr. Quindlen’s Change of Control agreement contains a “280G tax gross-up”, so that if Mr. Quindlen is subject to the 280G excise tax in the event of a change of control, Logitech will pay Mr. Quindlen an extra amount to fully compensate him for the extra taxes incurred by him as a result of the excise tax. Because the total value of the cash payments plus accelerated equity awards payable to any named executive officer in the event of a change of control as of March 31, 2009 would not trigger 280G excise taxes assessable on any Logitech named executive officer, neither the 280G cut-back nor the 280G gross-up terms in the Change of Control agreements are applicable based on the assumptions in the table.

Involuntary Termination

Name ⁽¹⁾	Base Salary	Bonus	Other Benefits ⁽⁴⁾	Total
Gerald Quindlen	\$787,500 ⁽²⁾	\$787,500 ⁽³⁾	\$25,321	\$1,600,321

- (1) Mr. Quindlen is the only named executive officer entitled to any compensation amount for an involuntary termination other than after a change in control.
- (2) Represents fiscal year 2009 annual base salary in effect March 31, 2009.
- (3) Represents current annual target bonus amount.
- (4) Represents the estimated cost of medical and other health insurance premiums (COBRA) for one year after termination.

COMPENSATION OF DIRECTORS

The compensation of the members of the Board of Directors that are not Logitech employees is established by the Committee for Board Compensation, which consists of Guerrino De Luca, our Chairman, and Gerald Quindlen, our Chief Executive Officer. The Committee for Board Compensation reviews aggregate data on non-executive director compensation of comparable companies in setting compensation for Logitech's non-executive directors.

Under the Company's current policy, non-executive directors are paid an annual retainer of CHF 40,000 and receive CHF 2,500 for each board or committee meeting attended and also for each day of travel to attend board or committee meetings. The Lead Independent Director and the Chair of the Audit Committee each receives a further retainer of CHF 15,000. All directors are also reimbursed for business-class travel and expenses in connection with attendance at Board and Committee meetings. Board members have the option of receiving their Board fees in shares. Fees are paid in arrears for annual service. Annual service is generally measured between the dates of the Company's Annual General Meetings.

Each non-executive Director also receives options to purchase 30,000 Logitech shares upon his or her election to the Board for a three-year term and options to purchase 15,000 shares upon his or her re-election to the Board. These options are granted at the fair market value at the date of grant and become exercisable over three years in equal annual installments.

Directors who are Logitech employees do not receive any compensation for their service on the Board of Directors.

DIRECTOR SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned or paid by Logitech during fiscal year 2009 to continuing members of the Board of Directors who were not executive officers as of March 31, 2009. The compensation paid to Guerrino De Luca and Gerald Quindlen, the members of the Board of Directors that are Logitech executive officers as of March 31, 2009, is presented in the Summary Compensation Table.

Name	Fees Earned In Cash (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Total (\$)
Daniel Borel	\$ 74,882	\$ —	\$ 74,882
Matthew Bousquette	94,533	28,599	123,132
Erh-Hsun Chang	75,321	143,193 ⁽³⁾	218,514
Kee-Lock Chua	99,504	37,353	136,857
Sally Davis	95,598	94,286	189,884
Richard Laube	58,168	38,548	96,716
Robert Malcolm	85,841	92,888	178,729
Monika Ribar	107,017	47,143	154,160

- (1) Differences in the cash compensation among non-executive Board members are due to the number of Board or Board Committee meetings attended during the fiscal year. In addition, Mr. Chua and Ms. Ribar each received additional fees for serving as Lead Independent Director and Audit Committee Chair, respectively, and Mr. Laube's fees reflect that he joined the Board in the middle of fiscal year 2009.
- (2) Amounts shown reflect the compensation expense recognized by Logitech in fiscal year 2009, in compliance with FAS 123R, for stock options granted in fiscal year 2006 through fiscal year 2009. These amounts reflect Logitech's accounting expense for these awards and do not correspond to the actual value that will be recognized by the directors with respect to these awards. The key assumptions for the valuation of the options are presented in Note 13 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2009 filed with the SEC on June 1, 2009.

- (3) Reflects compensation expense recognized by Logitech in fiscal year 2009 for stock options granted to Mr. Chang in fiscal year 2007, as a Board member, and in fiscal years 2005 and 2006, while a Logitech executive officer. Mr. Chang served as a Logitech executive officer until April 2006.

The following table presents additional information with respect to the option awards held as of March 31, 2009 by members of the Board of Directors who were not executive officers as of fiscal year-end. Information regarding the option awards held as of March 31, 2009 by Guerrino De Luca and Gerald Quindlen, the only members of the Board of Directors that are Logitech executive officers as of such date, is presented in the Outstanding Equity Awards at Fiscal Year-End table.

Certain of the options as granted have exercise prices denominated in Swiss Francs. The U.S. dollar exercise price ranges shown in the table below for such options are based on the closing Swiss Franc to U.S. Dollar conversion rate as provided by Telekurs on the trading day immediately preceding the grant date.

The U.S. Dollar exercise price, or range of exercise prices, as of March 31, 2009, the last day of Logitech's fiscal year 2009, are presented in the footnotes to the table based on The Federal Reserve Board's Swiss Franc to U.S. Dollar spot rate on March 31, 2009 of 1.1395 to 1.

Name	Option Awards Outstanding at Fiscal Year End (#) ⁽¹⁾	Exercise Price (\$)/Share	Fiscal Years of Expiration	Option Awards Granted During Fiscal Year 2009 (#)	Grant Date Fair Value of Option Awards Granted in Fiscal Year 2009 (\$) ⁽²⁾
Daniel Borel	—	—	—	—	—
Matthew Bousquette	75,000	15.41—23.29	2016—2019	15,000 ⁽⁸⁾	104,850
Erh-Hsun Chang	505,000 ⁽³⁾	5.22—20.25	2012—2017	—	—
Kee-Lock Chua	135,000	8.68—19.43 ⁽⁴⁾	2011—2017	—	—
Sally Davis	30,000	27.78 ⁽⁵⁾	2018	—	—
Richard Laube	30,000	22.99 ⁽⁶⁾	2019	30,000 ⁽⁸⁾	208,500
Robert Malcolm	30,000	27.35	2018	—	—
Monika Ribar	95,000	11.79—27.78 ⁽⁷⁾	2015—2018	—	—

- (1) Includes both vested and unvested options to purchase Logitech shares.
- (2) Amounts in this column represent the fair value of stock options, calculated in accordance with FAS 123R, by multiplying the Black-Scholes value by the number of options awarded. The key assumptions for valuation of the stock options are presented in Note 13 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2009 filed with the SEC on June 1, 2009.
- (3) Includes an option for 30,000 shares granted to Mr. Chang in June 2006 as a member of the Board of Directors. The balance were granted to Mr. Chang while he was a Logitech executive officer, prior to joining the Board. Mr. Chang served as a Logitech executive officer until April 2006.
- (4) Two of the three option grants to Mr. Chua have exercise prices of 13.00 and 14.29 Swiss Francs, respectively, and the other has a U.S. Dollar exercise price of \$19.43. The range of the U.S. Dollar exercise prices as of March 31, 2009 is \$11.41 - \$19.43.
- (5) The exercise price of the option as granted to Ms. Davis is 34.45 Swiss Francs. The U.S. Dollar exercise price as of March 31, 2009 is \$30.23.
- (6) The exercise price of the option as granted to Mr. Laube is 26.18 Swiss Francs. The U.S. Dollar exercise price as of March 31, 2009 is \$22.97.

- (7) The two option grants to Ms. Ribar have exercise prices of 14.68 and 34.45 Swiss Francs, respectively. The range of the U.S. Dollar exercise prices as of March 31, 2009 is \$12.88 - \$30.23.
- (8) Options granted to Mr. Bousquette upon his re-election to the Board, and to Mr. Laube's election to the Board, on September 10, 2008. The shares subject to the options vest in equal annual installments over three years. The differences between the exercise prices, and the fair value, of the options granted to Mr. Bousquette against those granted to Mr. Laube are due to the difference in the respective closing prices of Logitech shares on the SIX Swiss Exchange and the Nasdaq Global Select Market on September 10, 2008. This is because it is Logitech's standard practice to set the exercise price of options priced in Swiss Francs (as are those granted to Mr. Laube) at the SIX Swiss Exchange closing price for Logitech shares on the grant date, and to set the exercise price of options priced in U.S. dollars (as are those granted to Mr. Bousquette) at the closing price of Logitech shares on Nasdaq on the grant date.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the shares that may be issued upon the exercise of options, PRSUs and other rights under our employee equity compensation plans as of March 31, 2009. These plans include the 1996 Employee Share Purchase Plan (U.S.), 2006 Employee Share Purchase Plan (Non-U.S.) and 2006 Stock Incentive Plan. The table also includes shares that may be issued upon the exercise of outstanding options under the 1996 Stock Plan (which plan terminated in 2006). The table does not include the additional shares that may be issuable pursuant to the proposed amendment to add an additional 3,500,000 shares to the 2006 Stock Incentive Plan that is the subject of Proposal No. 4 of this Invitation and Proxy Statement.

Plan Category	(a) Number of Securities to be Issued Upon Exercise Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights ⁽¹⁾	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity Compensation Plans			
Approved by Security Holders . . .	18,896,839	\$18	8,910,838
Equity Compensation Plans Not			
Approved by Security Holders . . .	—	—	—
Total	18,896,839	\$18	8,910,838

(1) The weighted average exercise price is calculated based solely on the outstanding options.

2006 Stock Incentive Plan

The Logitech International S.A. 2006 Stock Incentive Plan provides for the grant to eligible employees and non-employee members of the Board of Directors, of stock options, stock appreciation rights, restricted stock and restricted stock units, which are bookkeeping entries reflecting the equivalent of shares. As of March 31, 2009, Logitech has granted stock options and performance-based restricted stock units under the 2006 Plan and has made no grants of restricted shares or stock appreciation rights. Stock options granted under the 2006 Plan generally will have terms not exceeding ten years and will be issued at exercise prices not less than the fair market value on the date of grant. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria. The 2006 Plan expires on June 16, 2016. An aggregate of 14,000,000 shares is reserved for issuance under the 2006 Plan. As of March 31, 2009, a total of 5,064,930 shares were available for issuance under this plan.

1996 Stock Plan

Under the 1996 Stock Plan, Logitech granted options for shares. Options issued under the 1996 Plan generally vest over four years and remain outstanding for periods not to exceed ten years. Options were granted at exercise prices of at least 100% of the fair market value of the shares on the date of grant. Logitech made no grants of restricted shares, stock appreciation rights or stock units under the 1996 Plan. No further awards will be granted under the 1996 Plan.

Each option issued under the 1996 Stock Plan entitles the holder to purchase one share of Logitech International S.A. at the exercise price.

Employee Share Purchase Plans

Logitech maintains two employee share purchase plans, one for employees in the United States and one for employees outside the United States. The plan for employees outside the United States is named the 2006 Employee Share Purchase Plan (Non-U.S.) (“2006 ESPP”) and was approved by the Board of Directors in June 2006. The plan for employees in the United States is named the 1996 Employee Share Purchase Plan (U.S.) (“1996 ESPP”). The 1996 ESPP was the worldwide plan until the adoption of the 2006 ESPP in June 2006. Under both plans, eligible employees may purchase shares with up to 10% of their earnings at the lower of 85% of the fair market value at the beginning or the end of each six-month offering period. Purchases under the plans are limited to a fair value of \$25,000 in any one year, calculated in accordance with U.S. tax laws. There are two offering periods, each consisting of a six-month period during which payroll deductions of employee participants are accumulated under the share purchase plan. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. A total of 16,000,000 shares have been reserved for issuance under both the 1996 and 2006 ESPP plans. As of March 31, 2009, a total of 3,845,908 shares were available for issuance under these plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these statements as a result of certain factors, including those set forth in our Annual Report on Form 10-K for the fiscal year 2009 filed with the SEC, and below under the heading "Additional Financial Disclosures - Quantitative and Qualitative Disclosure about Market Risk."

References in this Annual Report to the "Company," "Logitech," "we," "our," and "us" refer to Logitech International S.A. and its consolidated subsidiaries.

Overview of Our Company

Logitech is a global leader in peripherals for personal computers and other digital platforms. We develop and market innovative products in PC navigation, Internet communications, digital music, home-entertainment control, video security, interactive gaming and wireless devices.

For the PC, our products include mice, trackballs, keyboards, gaming controllers, multimedia speakers, headsets, webcams, and 3D control devices. For digital music devices, our products include speakers, headphones, earphones and custom in-ear monitors. For gaming consoles, we offer a range of controllers and other accessories. In addition, we offer wireless music solutions for the home, advanced remote controls for home entertainment systems and PC-based video security systems for a home or small business.

We sell our products to a network of distributors and resellers ("retail") and to original equipment manufacturers ("OEMs"). Our worldwide retail network includes wholesale distributors, consumer electronics retailers, mass merchandisers, specialty electronics stores, computer and telecommunications stores, value-added resellers and online merchants. Our sales to our retail channels were 85% and 87% of our net sales for the fiscal years ended March 31, 2009 and 2008. The large majority of our revenues are derived from sales of our products for use by consumers.

Our markets are extremely competitive and characterized by short product life cycles, frequent new product introductions, rapidly changing technology, evolving customer demands, and aggressive promotional and pricing practices. We believe that the current global economic downturn has further increased competition in our markets, as competitors with larger financial resources than us, such as Microsoft, seek to gain market share by discounting prices or offering more favorable terms to customers, and competitors with smaller financial resources also discount prices or engage in other promotional practices in order to maintain their market share.

We believe continued investment in product research and development is critical to driving the innovation required to strengthen our competitive advantage. We are committed to identifying and meeting current and future customer trends with new and improved product technologies, as well as leveraging the value of the Logitech brand from a competitive, channel partner and consumer experience perspective. We believe innovation and product quality are important to gaining market acceptance and maintaining market leadership.

Over the last several years, we have broadened our product offerings and the markets in which we sell. Our product expansion has been primarily organic, but we have also grown as a result of a limited number of acquisitions that expanded our business into new product categories. In light of the current global economic situation, we will continue to evaluate our strategy related to our product offerings.

Summary of Financial Results

The severe global economic recession had a substantial negative impact on our financial results for fiscal year 2009. Our total net sales (retail and OEM) for the year decreased 7% to \$2,208.8 million compared with the prior fiscal year, with retail sales declining 23% and OEM sales declining 21% in the last six months of the fiscal year compared with the same period in the prior fiscal year. Retail sales in our Americas region and Europe, Middle East and Africa ("EMEA") region declined 15% and 11% in fiscal year 2009 compared with fiscal year 2008, reflecting consumers' reluctance to spend and their preference for purchasing lower-price products, as well as our channel partners' decisions to reduce inventory levels. Retail sales in our Asia Pacific region for fiscal year 2009 increased 16%. An increase in Asia Pacific sales of 38% in the first six months of the fiscal year was partially offset by a decline of 3% in the last six months.

Retail sales of all product lines except video decreased during fiscal year 2009. Video retail sales increased compared with the depressed sales levels in fiscal year 2008. Our gross margin for fiscal year 2009 decreased to 31.3% compared with 35.8% in the prior fiscal year, primarily due to the mix of products sold and increased promotional activity. Promotional activity includes contractual customer marketing and sales incentive programs, volume and consumer rebates and price protection programs, which impact our net sales and gross margin. Net income for the fiscal year ended March 31, 2009 decreased to \$107.0 million compared with \$231.0 million in the prior fiscal year. Net income for fiscal year 2009 included the negative impact of \$20.5 million in costs related to the restructuring plan initiated in January 2009 to reduce operating expenses and improve financial results in response to deteriorating global economic conditions.

Trends in Our Business

Most of our revenue comes from sales to our retail channels, which resell to consumers. As a result, our customers' demand for our products depends on their reactions to current economic conditions, as well as trends in consumer confidence and consumer spending. In the second half of fiscal year 2009, our customers substantially decreased their inventory purchases, in reaction to the global decline in consumer demand and, to a lesser extent, as a result of retailer consolidation. In addition, our sales to customers in Eastern Europe and other emerging markets have declined due to customers' lack of available credit to finance purchases of inventory. We believe it is likely that the decline in demand and sales compared with year-ago periods will continue in all our regions at least through the first quarter of fiscal year 2010.

We have a large and varied portfolio of product lines, grouped in several product families. Our total sales and profitability have been impacted recently by deteriorating general economic conditions. However, within and subject to the general trend of decreasing sales and profitability, we believe that increases or decreases in the retail sales level of a product family are dependent on the innovation we have designed into the product, customer acceptance of the product line, the popularity of the digital platforms the product line relates to, and the prices at which products are available. Historically, sales of individual product lines rise and fall over time, and we expect these types of trends to continue.

We have historically targeted peripherals for the PC platform, a market that is dynamically changing as a result of the declining popularity of desktop PCs and the increasing popularity of notebook PCs and mobile devices, such as "netbooks", mobile phones and smaller form factor devices with computing or web surfing capabilities. In our retail channels, notebook PCs and mobile devices are sold by retailers without peripherals. We believe this creates opportunities to sell products to consumers to help make their devices more productive and comfortable. However, consumer acceptance and demand for peripherals for use with smaller form factor computing devices such as notebook PCs and mobile devices is still uncertain. In particular, the increasing popularity of notebook PCs and mobile devices may result in a decreased demand by consumers for keyboards, desktops and speakers, which could negatively affect our sales of these products. We believe our future sales growth will be significantly affected by our ability to develop sales and innovations in our current products as well as emerging product categories which are not PC-dependent.

In addition, in our OEM channel, the shift away from desktop PCs has adversely affected our sales of OEM mice, which are sold with name-brand desktop PCs. Our OEM mice sales have historically made up the bulk of our OEM sales, and our OEM sales accounted for 15% and 13% of total revenues during fiscal years 2009 and 2008. We expect the trend of slowing OEM mice sales to continue. Our OEM sales were growing despite the decline in sales of mice due to our sales of microphones for use with particular game titles for gaming consoles. However, these sales are tied to the title distributor agreeing to distribute our microphone with their game, and to the popularity of the particular game title. We believe future OEM sales growth depends on the development of new titles or products, consumers' gaming purchase activity, and the manufacturers' decision to combine our products with theirs, none of which is assured to occur.

Although our financial results are reported in U.S. dollars, nearly half of our sales are made in currencies other than the U.S. dollar, such as the euro, British pound, Chinese renminbi and Japanese yen. Our product costs are primarily in U.S. dollars and Chinese renminbi. Our operating expenses are incurred in U.S. dollars, euros, Swiss francs, Taiwanese dollars and, to a lesser extent, 25 other currencies. In previous years, our pricing strategy generally included, among other factors, raising or lowering selling prices in other currencies over time to avoid disparity with U.S. dollar prices and to respond to currency-driven competitive pricing actions. In the current global economic downturn, our ability to manage local currency selling prices in response to changes in the U.S. dollar has been reduced because of weak consumer spending. We have chosen to prioritize sustaining and gaining market share in our product lines, rather than managing short-term exchange rate fluctuations.

Our gross margins vary with the mix of products sold, competitive activity, product life cycle, new product introductions, unit volumes, commodity and supply chain costs, foreign currency exchange rate fluctuations, geographic sales mix, and the complexity and functionality of new product introductions. Changes in consumer demand affect the need for us to undertake promotional efforts, such as cooperative marketing arrangements, customer incentive programs or price protection, which alters our product gross margins. Gross margins declined in fiscal year 2009, compared with the prior fiscal year, due to product mix and increases in promotional efforts in response to sagging consumer demand. We expect these trends to also affect gross margins in fiscal year 2010.

Logitech is incorporated in Switzerland but operates in various countries with differing tax laws and rates. A portion of our income before taxes and the provision for income taxes are generated outside of Switzerland. Therefore, our effective tax rate depends on the amount of profits generated in each of the various tax jurisdictions in which we operate. The higher effective tax rates for the fiscal year ended March 31, 2009 compared with the prior fiscal year are principally the result of decreased income before income taxes and changes in the geographical mix of income.

In the fiscal quarter ended March 31, 2009, we implemented a restructuring plan which reduced Logitech's salaried workforce globally by 515 employees, in addition to other actions aimed at reducing operating expenses. We incurred approximately \$20.5 million in pre-tax restructuring charges related to employee termination costs, contract termination costs and other associated costs in the fourth quarter of fiscal year 2009. We expect to incur an additional \$4 million to \$6 million in related charges in fiscal year 2010. The restructuring plan is expected to generate annual personnel cost savings beginning in fiscal year 2010 of approximately \$50 million, and approximately \$50 million additional variable cost savings through efforts to limit production costs and operating expenses. The size and timing of future restructuring charges and cost savings are estimates subject to significant future economic, competitive and other uncertainties, and there can be no assurance that we will fully realize the anticipated future results. In the event that the current economic conditions significantly worsen, further restructuring measures may be required in the future.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") requires the Company to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, net sales and expenses, and the disclosure of contingent assets and liabilities.

We consider an accounting estimate critical if it: (i) requires management to make judgments and estimates about matters that are inherently uncertain; and (ii) is important to an understanding of Logitech's financial condition and operating results.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results could differ from those estimates. Management has discussed the development, selection and disclosure of these critical accounting estimates with the Audit Committee of the Board of Directors.

We believe the following accounting estimates are most critical to our business operations and to an understanding of our financial condition and results of operations, and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Accruals for Customer Programs

We record accruals for product returns, cooperative marketing arrangements, customer incentive programs and price protection. The estimated cost of these programs is accrued in the period the Company sells the product or commits to the program as a reduction of revenue or as an operating expense, if we receive a separately identifiable benefit from the customer and can reasonably estimate the fair value of that benefit. Significant management judgment and estimates must be used to determine the cost of these programs in any accounting period.

Returns. The Company grants limited rights to return product. Return rights vary by customer, and range from just the right to return defective product to stock rotation rights to return a limited percentage of the previous quarter's purchases. Estimates of expected future product returns are recognized at the time of sale based on analyses of historical return trends by customer and by product, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle. Return trends are influenced by the timing of the sale, the type of customer, operational policies and procedures, product sell-through, product quality issues, sales levels, market acceptance of products, competitive pressures, new product introductions, product life cycle status, and other factors. Return rates can fluctuate over time, but are sufficiently predictable to allow us to estimate expected future product returns.

Cooperative Marketing Arrangements. The Company's cooperative marketing arrangements include contractual customer marketing and sales incentive programs. We enter into customer marketing programs with many of our distribution and retail customers allowing customers to receive a credit equal to a set percentage of their purchases of the Company's products, or a fixed dollar credit for various marketing programs. The objective of these programs is to encourage advertising and promotional events to increase sales of our products. Accruals for the estimated costs of these marketing programs are recorded based on the contractual percentage of product purchased in the period we recognize revenue. The Company also offers rebates and discounts for certain types of sell-through programs. Accruals for these sales incentive programs are recorded at the time of sale, or time of commitment, based on negotiated terms, historical experience and inventory levels in the channel.

Customer Incentive Programs. Customer incentive programs include volume and consumer rebates. We offer volume rebates to our distribution and retail customers related to purchase volumes or sales of specific products by distributors to specified retailers. Reserves for volume rebates are recognized as a reduction of the sale price at the time of sale. Estimates of required reserves are determined based on negotiated terms, consideration of historical experience, anticipated volume of future purchases, and inventory levels in the channel. Consumer rebates are offered from time to time at the Company's discretion directly to end-users. Estimated costs of consumer rebates and similar incentives are recorded at the time the incentive is offered, based on the specific terms and conditions. Certain incentive programs, including consumer rebates, require management to estimate the number of customers who will actually redeem the incentive based on historical experience and the specific terms and conditions of particular programs.

Price Protection and Special Pricing. We have contractual agreements with certain of our customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction (contractual price protection). At management's discretion, we also offer special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales to specific indirect partners. Our decision to make price reductions is influenced by channel inventory levels, product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Credits are issued for units that customers have on hand or in transit at the date of the price reduction. Reserves for the estimated amounts to be reimbursed to qualifying customers are established quarterly based on planned price reductions, analyses of qualified inventories on hand with distributors and retailers and historical trends by customer and by product.

We regularly evaluate the adequacy of our accruals for product returns, cooperative marketing arrangements, customer incentive programs and price protection. Future market conditions and product transitions may require the Company to take action to increase such programs. In addition, when the variables used to estimate these costs change, or if actual costs differ significantly from the estimates, we would be required to record incremental reductions to revenue or increase operating expenses. If, at any future time, the Company becomes unable to reasonably estimate these costs, recognition of revenue might be deferred until products are sold to end-users, which would adversely impact revenue in the period of transition.

Short-term Investments

We have short-term investments that are primarily auction rate securities and are classified as available-for-sale as of March 31, 2009. Auction rate securities generally have maturity dates greater than 10 years, with interest rates that typically reset through an auction every 28 days. The Company's short-term investments are reported at estimated fair value. The fair value of short-term investments is estimated based on quoted market prices, if available, or by estimating the values of the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral and applying discounted cash flow or option pricing methods to the estimated collateral value. The markets for the auction rate securities we hold as of March 31, 2009 have failed since August 2007, and due to continuing dislocations in the worldwide credit markets, are not expected to resume in the foreseeable future, if at all. As a result, the Company has valued the remaining \$1.6 million in short-term investments in its portfolio as of March 31, 2009 solely by pricing the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral pools and applying discounted cash flow or option pricing methods to the estimated collateral value.

Allowance for Doubtful Accounts

We sell our products through a worldwide network of distributors, retailers and OEM customers. Logitech generally does not require any collateral from its customers. However, we seek to control our credit risk through ongoing credit evaluations of our customers' financial condition.

We regularly evaluate the collectibility of our accounts receivable and maintain allowances for doubtful accounts. The allowances are based on management's assessment of the collectibility of specific customer accounts, including their credit worthiness and financial condition, as well as the Company's historical experience with bad debts and customer deductions, receivables aging, current economic trends and geographic or country-specific risks and the financial condition of our distribution channel. If management determines that a customer's accounts receivable balance is uncollectible, recognition of revenue from that customer is deferred until collectibility is reasonably assured.

As of March 31, 2009, two customers represented 18% and 10% of total accounts receivable. The customers comprising the ten highest outstanding trade receivable balances accounted for approximately 55% of total accounts receivable as of March 31, 2009. A deterioration of a significant customer's financial condition could cause actual write-offs to be materially different from the estimated allowance. If any of these customers' receivable balances should be deemed uncollectible or if actual write-offs are higher than historical experience, we would have to make adjustments to our allowance for doubtful accounts, which could result in an increase in the Company's operating expenses.

Inventory Valuation

The Company must order components for its products and build inventory in advance of customer orders. Further, our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand.

We record inventories at the lower of cost or market value and record write-downs of inventories which are obsolete or in excess of anticipated demand or market value. A review of inventory is performed each fiscal quarter that considers factors including the marketability and product life cycle stage, product development plans, component

cost trends, demand forecasts and current sales levels. We identify inventory exposures by comparing inventory on hand, in the channel and on order to historical and forecasted sales over six month periods. Inventory on hand which is not expected to be sold or utilized based on review of forecasted sales and utilization is considered excess, and we recognize the write-off in cost of sales at the time of such determination. At the time of loss recognition, a new, lower-cost basis for that inventory is established and subsequent changes in facts and circumstances would not result in an increase in the cost basis. If there were an abrupt and substantial decline in demand for Logitech's products or an unanticipated change in technological or customer requirements, we may be required to record additional write-downs which could adversely affect gross margins in the period when the write-downs are recorded.

Share-Based Compensation Expense

Share-based compensation expense includes compensation expense, reduced for estimated forfeitures, for awards granted after April 1, 2006 based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model for stock options and stock purchases and the Monte-Carlo simulation model for restricted stock units ("RSUs"). Compensation expense for these awards is recognized on a straight-line basis over the service period of the award. For share-based compensation awards granted prior to but not yet vested as of April 1, 2006, share-based compensation expense is based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model reduced for estimated forfeitures, and recognized on a straight-line basis over the service period for each separately vesting portion of the award. See Note 13-Employee Benefit Plans in the Notes to the Consolidated Financial Statements for further discussion of share-based compensation.

Our estimates of share-based compensation expense require a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns, future forfeitures, dividend yield, related tax effects and the selection of an appropriate fair value model. We estimate expected share price volatility based on historical volatility using daily prices over the term of past options, RSUs or purchase offerings, as we consider historical share price volatility as most representative of future stock option volatility. We estimate expected life based on historical settlement rates, which we believe are most representative of future exercise and post-vesting termination behaviors. We use historical data to estimate pre-vesting option forfeitures, and we record share-based compensation expense only for those awards that are expected to vest. The dividend yield assumption is based on the Company's history and future expectations of dividend payouts.

The assumptions used in calculating the fair value of share-based compensation expense and related tax effects represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, or if we decide to use a different valuation model, our share-based compensation expense could be materially different in the future from what we have recorded in the current period, which could materially affect our results of operations.

Accounting for Income Taxes

Logitech operates in multiple jurisdictions and its profits are taxed pursuant to the tax laws of these jurisdictions. The Company's effective tax rate may be affected by the changes in or interpretations of tax laws in any given jurisdiction, utilization of net operating loss and tax credit carryforwards, changes in geographical mix of income and expense, and changes in management's assessment of matters such as the ability to realize deferred tax assets. As a result of these considerations, we must estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating current tax exposure together with assessing temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income, considering all available evidence such as historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax strategies. We believe it is more likely than not that such assets will be realized; however, ultimate realization could be negatively impacted by market conditions and other variables not known or anticipated at this time. In the event we determine that we would not be able to realize all or part of our

deferred tax assets, an adjustment would be charged to earnings in the period such determination is made. Likewise, if we later determine that it is more likely than not that the deferred tax assets would be realized, the previously provided valuation allowance would be reversed.

We adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (“FIN 48”) as of April 1, 2007, as required. The implementation of the provisions of FIN 48 requires us to make certain estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than our estimates, or the related statutes of limitations expire without the assessment of additional income taxes, we will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on our income tax provision and our results of operations. Note 14 of the consolidated financial statements describes FIN 48 and the effects on our results of operations and financial position arising from its adoption.

Valuation of Long-Lived Assets

We review long-lived assets, such as investments, property, plant and equipment, and goodwill and other intangible assets for impairment whenever events indicate that the carrying amount of these assets might not be recoverable. Factors considered important which could require us to review an asset for impairment include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the assets or the strategy for the Company’s overall business;
- significant negative industry or economic trends;
- significant decline in the Company’s stock price for a sustained period; and
- market capitalization relative to net book value.

Recoverability of investments, property, plant and equipment, and other intangible assets is measured by comparing the projected undiscounted cash flows the asset is expected to generate with its carrying amount. If an asset is considered impaired, the impairment to be recognized is measured by the excess of the carrying amount of the asset over its fair value.

We evaluate goodwill for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable from our estimated future cash flows. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit’s carrying amount, including goodwill, to the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired, and a second test is performed to measure the amount of impairment loss. While the Company has fully integrated all of its acquired companies, it continues to maintain discrete financial information for 3Dconnexion and accordingly determines impairment for the goodwill acquired with the 3Dconnexion acquisition at the entity level. All other acquired goodwill is evaluated for impairment at a total enterprise level.

In determining fair value, we consider various factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods over which our assets will be utilized, and other variables. We calculate the Company’s fair value based on the present value of projected cash flows using a discount rate determined by management to be commensurate to the risk inherent in the Company’s current business model. To date, we have not recognized any impairment of goodwill. Logitech bases its fair value estimates on assumptions it believes to be reasonable, but which are inherently uncertain.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* (“SFAS 141R”). SFAS 141R will significantly change the accounting for business combinations in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development and restructuring costs. SFAS 141R is effective for fiscal years beginning after December 15, 2008 and, as such, we will adopt this standard for any future acquisitions beginning in fiscal year 2010, except that resolution of certain tax contingencies and adjustments to valuation allowances related to business combinations, which previously were adjusted to goodwill, will be adjusted to income tax expense for all such adjustments after April 1, 2009, regardless of the date of the original business combination.

In April 2009, the FASB issued FASB Staff Position No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (“FSP 141R-1”). This FSP amends the accounting in SFAS 141R for assets and liabilities arising from contingencies in a business combination. FSP 141R-1 requires that pre-acquisition contingencies be recognized at fair value, if fair value can be reasonably determined. If fair value cannot be reasonably determined, FSP 141R-1 requires measurement based on the best estimate in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*. FSP 141R-1 is effective for fiscal years beginning after December 15, 2008 and, as such, we will adopt this standard for any future acquisitions beginning in fiscal year 2010.

In April 2009, the FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (“FSP 157-4”). Based on the guidance, if an entity determines that the level of activity for an asset or liability has significantly decreased and that a transaction is not orderly, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transaction or quoted prices may be necessary to estimate fair value in accordance with FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS 157”). FSP 157-4 is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. Logitech will adopt FSP 157-4 in the first quarter of fiscal year 2010. We do not expect that FSP 157-4 will have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2009, the FASB issued FASB Staff Position No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP 107-1”), which amends FASB Statement No. 107, *Disclosures about Fair Values of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. FSP 107-1 also amends Accounting Principles Board Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. FSP 107-1 is effective for interim periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company will adopt FSP 107-1 in the first quarter of fiscal year 2010 and does not expect that the adoption of the FSP will have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2009, the FASB issued FASB Staff Position No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (“FSP 115-2 and 124-2”), which amends the other-than-temporary guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP 115-2 and 124-2 is effective for interim periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company will adopt FSP 115-2 and 124-2 in the first quarter of fiscal year 2010 and does not expect that the adoption of the FSP will have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2008, the FASB issued FASB Staff Position No. 142-3, *Determination of the Useful Life of Intangible Assets* (“FSP 142-3”). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (“SFAS 142”). The objective of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company will adopt FSP 142-3 in the first quarter of fiscal year 2010 and is currently evaluating the potential impact that the adoption of FSP 142-3 may have on its consolidated financial statements.

In December 2008, the FASB issued FASB Staff Position No. 132(R)-1, *Employers’ Disclosures about Postretirement Benefit Plan Assets* (“FSP 132(R)-1”). FSP 132(R)-1 requires detailed disclosures regarding the investment strategies, fair value measurements, and concentrations of risk of plan assets of a defined benefit pension or other postretirement plan. FSP 132(R)-1 is effective for fiscal years ending after December 15, 2009. We will adopt FSP 132(R)-1 in fiscal year 2010, and are evaluating the disclosure impact.

Results of Operations

Year Ended March 31, 2009 Compared with Year Ended March 31, 2008

Net Sales

Net sales by channel and product family for fiscal years 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Net sales by channel:			
Retail	\$ 1,887,343	\$ 2,067,288	(9)%
OEM	321,489	303,208	6%
Total net sales	<u>\$2,208,832</u>	<u>\$2,370,496</u>	(7)%
Net sales by product family:			
Retail — Pointing Devices	\$ 579,775	\$ 615,524	(6)%
Retail — Keyboards & Desktops	384,809	464,984	(17)%
Retail — Audio	445,362	478,455	(7)%
Retail — Video	248,339	238,728	4%
Retail — Gaming	127,052	146,016	(13)%
Retail — Remotes	102,006	123,581	(17)%
OEM	321,489	303,208	6%
Total net sales	<u>\$2,208,832</u>	<u>\$2,370,496</u>	(7)%

Logitech’s Pointing Devices product family includes our mice, trackballs and other pointing devices. Keyboards and desktops include cordless and corded keyboards and desktops. Audio includes speakers and headset products for the PC, the home, and mobile entertainment platforms and wireless music systems. Our video product family is comprised of PC webcams and WiLife video security systems. Gaming includes console and PC gaming peripherals. Remotes is comprised of our advanced remote controls. Net sales reflect accruals for product returns, cooperative marketing arrangements, customer incentive programs and price protection.

The decline in retail sales in fiscal year 2009 compared with fiscal year 2008 was attributable to the global economic downturn, as reflected in consumers’ reluctance to spend and their buying preference for lower-price products, and our channel partners’ decisions to reduce inventory levels. Retail sales declined 23% in the last six months of fiscal year 2009, compared with an increase of 11% in the first six months. OEM sales were higher for fiscal year 2009, due to demand in the first three fiscal quarters of the year for our microphones for singing games.

Approximately 46% of our sales in fiscal year 2009 were denominated in currencies other than the U.S. dollar, which compares with approximately 45% in fiscal year 2008. If foreign currency exchange rates in fiscal year 2009 had been the same as in fiscal year 2008, our total sales decrease would have been 6% instead of 7%. The negative impact on net sales of the strengthening of the U.S. dollar in the six months ended March 31, 2009 offset the positive effect of foreign currency exchange rate fluctuations which benefited net sales in the six months ended September 30, 2008, resulting in an immaterial impact of exchange rates on net sales for the fiscal year considered as a whole.

Retail Pointing Devices. Retail sales of our pointing devices decreased 6% and units decreased 2% in fiscal year 2009 compared with the prior fiscal year. Sales of corded mice declined 13%, with units decreasing 8%. Sales of cordless mice increased 4% and units increased 10%, primarily driven by sales of our notebook mice: the V450 Nano Cordless Mouse, the V220 Cordless Optical Mouse, and the V550 Nano Cordless Laser Mouse. The slower decline or higher increase in unit sales compared with dollar sales for cordless and corded mice indicates consumers' current preference for the value segment of our product lines.

Retail Keyboards and Desktops. Sales of keyboards and desktops decreased 17% and units decreased 10% during fiscal year 2009 compared with fiscal year 2008. Sales of corded keyboards and desktops decreased 5% and units decreased 7%. Sales of cordless keyboards and desktops decreased 21%, with a 17% decline in units, with strong sales of our cordless desktops EX 100 and MX 5500 more than offset by declines in sales of the MX5000 Laser and EX 110 cordless desktops.

Retail Audio. Retail audio sales declined 7% in fiscal year 2009, with units down 2%, primarily due to lower PC speaker sales, which decreased 20% in dollars and 8% in units. The decline in PC speaker sales was primarily attributable to weakness in our product line due to product transitions, in addition to the deteriorating demand environment. Sales of our iPod speakers increased 22% in fiscal year 2009, with an 8% increase in units, primarily due to strong contributions from our PureFi Anywhere 2 speakers. PC headset sales grew 9% and units increased 3%, driven by our new ClearChat PC Wireless and ClearChat Comfort USB headsets. Streaming Media and Ultimate Ears products also provided positive contributions to retail audio sales.

Retail Video. Video sales increased 4% and units increased 3%, primarily attributable to sales of our WiLife video security products in fiscal year 2009, and depressed comparative sales in fiscal year 2008. Sales of our Communicate MP and QuickCam Connect webcams were also strong, but were offset by a decline in sales of our QuickCam Communicate STX.

Retail Gaming. Retail sales of our gaming peripherals decreased 13% while units decreased 22% in fiscal year 2009. PC gaming sales decreased 13% with an 18% decrease in units, primarily due to lower sales of our G15 gaming keyboard and our MOMO Racing Force Feedback steering wheel, partially offset by sales of our G25 Racing Wheel. Console gaming sales decreased 12% with a 28% decline in units. The growth in sales of our GT Driving Force steering wheel were more than offset by declines in the sale of PlayStation gamepads and the Driving Force Pro steering wheel.

Retail Remotes. Retail remote sales decreased 17% and units increased 8% in fiscal year 2009, reflecting strong sales of our lower-priced Harmony One remote control, increased promotional activity and declines in the sales of our Harmony 880 and the higher-priced Harmony 1000.

Retail Regional Performance. Sales in our Americas region decreased 15% and units decreased 5% in fiscal year 2009 compared with fiscal year 2008, with sales declines in all product lines except video. The lower decline in units compared with sales dollars reflects a higher proportion of value-segment products in the overall product mix. Retail sales declined 26% in the Americas region in the last six months of the fiscal year, compared with flat sales in the first six months. EMEA region retail sales declined 11% in U.S. dollars and 8% in local currency across all product lines in fiscal year 2009, with units decreasing 8%. Sales in Eastern Europe and other emerging markets were particularly depressed, reflecting the economic downturn, customers' lack of available credit to finance purchases of inventory, and currency volatility. EMEA retail sales in the last six months of fiscal year 2009 decreased 26% over

the prior year, compared with an increase of 12% in the first six months of the fiscal year. Sales in our Asia Pacific region increased 16% in U.S. dollars and 11% in local currency in fiscal year 2009, and units increased 8%, driven by growth in all product lines. Asia Pacific region retail sales declined 3% in the last six months of fiscal year 2009, compared with an increase of 38% in the first six months.

OEM. Sales of OEM products increased 6% and units increased 2% during fiscal year 2009 compared with fiscal year 2008, primarily due to the continued success of our microphones for singing games for Playstation 3, Wii and Xbox 360 in the first three quarters of the fiscal year. OEM sales increased 38% in the first six months of fiscal year 2009 and declined 21% in the second six months. The Company does not expect sales of microphones for singing games to be a primary driver of OEM sales growth in the near future.

Gross Profit

Gross profit for fiscal years 2009 and 2008 was as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Net sales	\$2,208,832	\$2,370,496	(7)%
Cost of goods sold.	1,517,606	1,521,378	(0)%
Gross profit	<u>\$ 691,226</u>	<u>\$ 849,118</u>	(19)%
Gross margin	31.3%	35.8%	

Gross profit consists of net sales, less cost of goods sold which includes materials, direct labor and related overhead costs, costs of manufacturing facilities, costs of purchasing components from outside suppliers, distribution costs and write-down of inventories.

Gross profit decreased 19% in dollars and declined as a percentage of revenue primarily due to the decline in net sales, an increasingly promotional environment, the mix of products sold, and higher freight and intangible amortization costs in fiscal year 2009 compared with fiscal year 2008.

Operating Expenses

Operating expenses for fiscal years 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Marketing and selling	\$ 319,167	\$ 324,451	(2)%
% of net sales	14.4%	13.7%	
Research and development	128,755	124,544	3%
% of net sales	5.8%	5.3%	
General and administrative	113,103	113,443	0%
% of net sales	5.1%	4.8%	
Restructuring charges	20,547	—	0%
	0.9%	0.0%	
Total operating expenses	<u>\$581,572</u>	<u>\$ 562,438</u>	3%

Marketing and Selling

Marketing and selling expense consists of personnel and related overhead costs, corporate and product marketing, promotions, advertising, trade shows, customer and technical support and facilities costs.

Marketing and selling personnel costs increased in fiscal year 2009 compared with fiscal year 2008. Headcount was higher in the first three quarters of fiscal year 2009, partially due to the addition of the WiLife product marketing group. The impact of the 9% decrease in headcount resulting from the restructuring in the fourth quarter of fiscal year 2009 will be reflected in future quarters' expenses. Bad debt expense also increased significantly in fiscal year 2009, due to customers' financial difficulties related to the economic downturn. The increase in personnel costs and bad debt expense was more than offset by lower spending in advertising, marketing development funds and travel expenses compared with the prior year. The impact of year-over-year exchange rate changes on translation of foreign currency marketing and selling expenses to our U.S. dollar financial statements was not material.

Research and Development

Research and development expense consists of personnel and related overhead costs, contractors and outside consultants, supplies and materials, equipment depreciation and facilities costs, all associated with the design and development of new products and enhancements of existing products.

Research and development expense increased in fiscal year 2009 due to research and development costs of companies acquired in fiscal years 2009 and 2008. The impact of year-over-year exchange rate changes on translation of foreign currency research and development expenses to our U.S. dollar financial statements, particularly from the stronger Swiss franc and Taiwanese dollar relative to the U.S. dollar during the fiscal year ended March 31, 2009, also contributed to the increase. These increases were partially offset by decreased travel and other discretionary expenses in the second half of fiscal year 2009. Personnel costs were approximately the same in fiscal years 2009 and 2008. The impact of the 8% decrease in research and development headcount resulting from the restructuring in the fourth quarter of fiscal year 2009 will be reflected in future quarters' expenses.

General and Administrative

General and administrative expense consists primarily of personnel and related overhead and facilities costs for the finance, information systems, executive, human resources and legal functions.

General and administrative expense was approximately the same in fiscal years 2009 and 2008. Personnel costs increased 2% during fiscal year 2009 primarily due to an increase in share-based compensation expense. The impact of the 22% decrease in general and administrative headcount resulting from the restructuring in the fourth quarter of fiscal year 2009 will be reflected in future quarters' expenses. The impact of year-over-year exchange rate changes on translation of foreign currency general and administrative expenses to our U.S. dollar financial statements, particularly from the stronger Swiss franc relative to the U.S. dollar during the fiscal year ended March 31, 2009, also contributed to the increase. These increases were offset by decreases in consulting fees and travel expenses resulting from cost containment efforts in fiscal year 2009.

Restructuring Charges

Restructuring charges consist of termination benefits, asset impairment charges, contract termination costs and other charges associated with the restructuring plan initiated in January 2009.

The restructuring plan reduced our salaried workforce by 515 employees, resulting in \$16.4 million in termination benefits to those employees. Termination benefits are calculated based on regional benefit practices and local statutory requirements. An additional \$3.4 million in pension plan curtailment and settlement costs were incurred as a result of the terminations. Restructuring charges also included exit costs associated with the closure of existing facilities and write downs of fixed assets that will not be placed in service due to the abandonment of the related projects.

The following table summarizes restructuring-related activities during fiscal year 2009 (in thousands):

	<u>Total</u>	<u>Termination Benefits</u>	<u>Asset Impairments</u>	<u>Contract Termination Costs</u>	<u>Other</u>
Balance at March 31, 2008	\$ —	\$ —	\$ —	\$ —	\$ —
Charges	20,547	16,428	556	200	3,364
Cash payments	(12,764)	(12,579)	—	(185)	—
Charges against assets	(556)	—	(556)	—	—
Other	(3,485)	(121)	—	—	(3,364)
Foreign Exchange	51	51	—	—	—
Balance at March 31, 2009	<u>\$ 3,794</u>	<u>\$ 3,779</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ —</u>

Interest Income, Net

Interest income and expense for fiscal years 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Interest income	\$ 8,648	\$ 15,752	(45)%
Interest expense	(20)	(244)	(92)%
Interest income, net	<u>\$ 8,628</u>	<u>\$ 15,508</u>	(44)%

Interest income was lower for fiscal year 2009 due to significantly lower interest rates compared with the prior year.

Other Income (Expense), Net

Other income and expense for fiscal years 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Foreign currency exchange gains, net	\$ 13,680	\$ 10,616	29%
Gain on sale of investments, net	—	27,761	(100)%
Write-down of investments	(2,727)	(79,823)	(97)%
Other, net	(2,442)	2,072	(218)%
Other income (expense), net	<u>\$ 8,511</u>	<u>\$ (39,374)</u>	(122)%

The increase in foreign exchange gains during fiscal year 2009 was due to gains on sales of euros for U.S. dollars. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains.

During the fiscal years ended March 31, 2009 and 2008, we recorded write-downs of \$2.7 million and \$79.8 million related to other-than-temporary declines in the estimated fair value of our short-term investments. During fiscal year 2008, we also recorded a realized gain of \$33.7 million on short-term investments sold as part of a confidential settlement agreement, and a realized loss of \$6.0 million related to the sale of all of our short-term investments collateralized by corporate debt.

Other, net decreased significantly during fiscal year 2009 compared with the prior year, due primarily to losses in our management deferred compensation plan investments. Other income in fiscal year 2008 also includes \$1.0 million gain on the sale of our ioPen retail product line.

Provision for Income Taxes

The provision for income taxes and effective tax rate for fiscal years 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Provision for income taxes	\$ 19,761	\$ 31,788
Effective income tax rate	15.6%	12.1%

The provision for income taxes consists of income and withholding taxes. The increase in the effective tax rate to 15.6% compared with 12.1% in fiscal year 2008 is primarily due to decreased income before income taxes and changes in the Company's geographic mix of income.

On October 3, 2008, *The Emergency Economic Stabilization Act of 2008*, which contains the *Tax Extenders and Alternative Minimum Tax Relief Act of 2008*, was enacted into law by the U.S. Congress. Under the Act, the research tax credit was retroactively extended for amounts paid or incurred after December 31, 2007 and before January 1, 2010. As a result, the income tax expense for fiscal year 2009 reflected a \$2.0 million tax benefit for research tax credits.

On February 20, 2009, California budget legislation was enacted that will affect the methodology used by corporate taxpayers to apportion income to California. These changes will become effective for the Company's fiscal year ending March 31, 2012. The Company believes that these changes will not have a material impact on its results of operations or financial condition.

Year Ended March 31, 2008 Compared with Year Ended March 31, 2007

Net Sales

Net sales by channel and product family for fiscal years 2008 and 2007 were as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>Change %</u>
Net sales by channel:			
Retail	\$2,067,288	\$ 1,844,395	12%
OEM	303,208	222,174	36%
Total net sales	<u>\$2,370,496</u>	<u>\$ 2,066,569</u>	15%
Net sales by product family:			
Retail — Pointing Devices	\$ 615,524	\$ 508,449	21%
Retail — Keyboards & Desktops	464,984	372,266	25%
Retail — Audio	478,455	408,314	17%
Retail — Video	238,728	314,514	(24)%
Retail — Gaming	146,016	149,113	(2)%
Retail — Remotes	123,581	91,739	35%
OEM	303,208	222,174	36%
Total net sales	<u>\$2,370,496</u>	<u>\$ 2,066,569</u>	15%

Retail sales growth in fiscal year 2008 was primarily attributable to strong contributions from pointing devices, keyboards, desktops, audio products and remotes. OEM sales were higher as a result of strong sales of gaming peripherals, keyboards and desktops. We achieved strong sales growth in spite of a highly promotional market that resulted in higher consumer rebates as compared with the prior fiscal year. Approximately 54% of the Company's

sales were denominated in currencies other than the U.S. dollar in fiscal year 2008. Net sales growth benefited from the strengthening of the euro during fiscal year 2008; however this benefit does not consider the impact that currency fluctuations had on our pricing strategy, which may result in selling prices in one currency being raised or lowered to avoid disparity with U.S. dollar prices and to respond to currency-driven competitive pricing actions.

Retail Pointing Devices. Sales of our pointing devices increased 21% and units increased 13% during fiscal year 2008 compared with fiscal year 2007. The growth was led by sales of our cordless mice which increased 30% during the year, with units increasing 40%. Our VX Nano Cordless Laser Mouse for notebooks, our V220 Cordless Optical Mouse for notebooks and our V320 Cordless Mouse for notebooks were the primary contributors to the sales growth during the year.

Retail Keyboards and Desktops. Sales of keyboards and desktops increased 25% and units increased 19% during fiscal year 2008 compared with the prior fiscal year, primarily due to strong contributions from our Cordless Desktop Wave and our MX 3200 Laser Cordless Desktop in our high-end category and the Cordless Desktop EX 90 in our value segment. Our notebook stands also contributed to our growth in this category.

Retail Audio. Our retail audio sales increased 17% in dollars and 2% in units in fiscal year 2008 compared with the prior year. The growth was primarily from sales of PC speakers, which increased 38% with unit growth of 26%, driven by sales of our Z-5500 Digital speakers and our X-240 and Z-2300 speakers. Sales of our Pure-Fi Anywhere speakers in the digital music category also contributed to the sales of our audio products.

Retail Video. The Company's video sales in dollars and units decreased 24% in fiscal year 2008 compared with fiscal year 2007, primarily due to slower than expected consumer demand in the webcam market, particularly in our EMEA region, where video sales decreased 40% as compared with the prior fiscal year. The decline in video sales in comparison with the prior year began in the fourth quarter of fiscal year 2007.

Retail Gaming. Sales of retail gaming peripherals in fiscal year 2008 decreased 2% and units decreased 17% compared with the prior fiscal year. PC gaming sales increased 3%, primarily driven by sales of our G15 Gaming Keyboard and our G25 Racing Wheel. Console gaming sales decreased 13% and units decreased 28% as compared with the prior fiscal year, due to a decline in sales related to peripherals for prior generation consoles, particularly the PlayStation 2. Sales of our cordless controllers for PlayStation 3 did not offset the decline in prior generation consoles.

Retail Remotes. Remote control sales in fiscal year 2008 increased 35% and units increased 20% as compared with fiscal year 2007. The growth was primarily attributable to sales of our new Harmony One and our Harmony 1000 remote controls.

Retail Regional Performance. The Company's Americas and Asia Pacific regions achieved double-digit retail sales growth of 12% and 32% and unit growth of 8% and 13% compared with the prior fiscal year. Growth in the Americas region was driven by solid contributions from sales of pointing devices, remotes, keyboards and desktops. In the Asia Pacific region, all product lines except video achieved double-digit retail sales growth. Retail sales in the EMEA region increased 8% and units increased 2%, led by sales of remotes, audio products, pointing devices, keyboards and desktops. Sales in the EMEA region have been disproportionately impacted by the decline in video sales, which decreased 40% compared with the prior fiscal year. Modest sales growth in the EMEA region has hindered the Company's overall sales growth for each of the four quarters of fiscal year 2008. The disparity between sales growth and unit growth in all regions was primarily due to product mix and currency fluctuations. In particular, the strengthening of the euro in fiscal year 2008 positively impacted the sales growth in the EMEA region; however this benefit does not consider the impact that currency fluctuations have on the Company's pricing strategy, which may result in selling prices in one currency being raised or lowered to avoid disparity with U.S. dollar prices and to respond to currency-driven competitive pricing actions.

OEM. Our OEM products achieved 36% sales growth and 12% unit growth during fiscal year 2008 compared with fiscal year 2007. OEM sales of gaming peripherals increased significantly, driven by microphones for singing games for PlayStation 3, Wii and Xbox 360. Keyboards and desktops also made a strong contribution to our OEM sales growth in fiscal year 2008.

Gross Profit

Gross profit for fiscal years 2008 and 2007 was as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>Change %</u>
Net sales	\$2,370,496	\$2,066,569	15%
Cost of goods sold.	<u>1,521,378</u>	<u>1,357,044</u>	12%
Gross profit	<u>\$ 849,118</u>	<u>\$ 709,525</u>	20%
Gross margin	35.8%	34.3%	

Gross profit increased 20% in fiscal year 2008 compared with the prior fiscal year. The growth resulted from an increase in sales combined with higher margins associated with our newly launched products. Gross margin improvements were achieved primarily on cordless mice, cordless keyboards, PC speakers and console gaming peripherals. In addition, we continued to make an effort to reduce product costs and increase supply chain efficiencies during fiscal year 2008.

Operating Expenses

Operating expenses for fiscal years 2008 and 2007 were as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>Change %</u>
Marketing and selling	\$ 324,451	\$ 272,264	19%
% of net sales.	13.7%	13.2%	
Research and development	124,544	108,256	15%
% of net sales.	5.3%	5.2%	
General and administrative	113,443	98,143	16%
% of net sales.	4.8%	4.7%	
Total operating expenses	<u>\$562,438</u>	<u>\$ 478,663</u>	18%

Marketing and Selling

Marketing and selling expenses increased 19% in fiscal year 2008 compared with fiscal year 2007 primarily due to increased personnel costs related to headcount additions during the year to support higher retail sales levels as well as increased advertising and product promotion costs such as our advertising campaign for our remotes product line launched during the fourth quarter of fiscal year 2008. The impact of exchange rate changes on translation of foreign currency marketing and selling expenses to the Company's U.S. dollar financial statements, particularly from the stronger euro and Swiss franc relative to the U.S. dollar, also contributed to the increase.

Research and Development

The increase in research and development expense reflects our commitment to continued investment in research and development initiatives, particularly in the audio, video and control devices product lines. Increased personnel costs related to headcount additions in the last half of fiscal year 2007 were the largest contributor to the increases in research and development expense for fiscal year 2008. The impact of exchange rate changes on translation of foreign currency research and development expenses to the Company's U.S. dollar financial statements, particularly from the stronger euro, Swiss franc and Canadian dollar relative to the U.S. dollar, also contributed to the increase.

General and Administrative

General and administrative expense increased primarily as a result of an increase in personnel and occupancy expenses. Personnel costs increased 19% during the year due to headcount increases in the latter half of fiscal year 2007 to support new systems and internal control procedures implemented during fiscal year 2007. Depreciation expense increased significantly compared with the prior fiscal year primarily due to equipment and computer hardware purchases during fiscal year 2008. Rent expense also increased during the year due to expanded facilities. The impact of exchange rate changes on translation of foreign currency general and administrative expenses to the Company's U.S. dollar financial statements, particularly from the stronger euro and Swiss franc relative to the U.S. dollar, also contributed to the increase.

Interest Income, Net

Interest income and expense for fiscal years 2008 and 2007 were as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>Change %</u>
Interest income	\$ 15,752	\$ 9,083	73%
Interest expense	(244)	(350)	(30)%
Interest income, net	<u>\$ 15,508</u>	<u>\$ 8,733</u>	78%

Interest income was higher for fiscal year 2008 due to higher invested balances in cash, short-term bank deposits and short-term investments, and slightly higher returns earned on invested amounts.

Other Income (Expense), Net

Other income and expense for fiscal years 2008 and 2007 were as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>Change %</u>
Foreign currency exchange gains, net	\$ 10,616	\$ 6,190	72%
Gain on sale of investments, net.	27,761	9,048	207%
Write-down of investments	(79,823)	—	—
Other, net	2,072	724	186%
Other income (expense), net	<u>\$ (39,374)</u>	<u>\$ 15,962</u>	(347)%

During fiscal year 2008, we recorded a write-down of \$79.8 million related to an other-than-temporary decline in the estimated fair value of our short-term investments. We also recorded a gain of \$33.7 million related to the short-term investments that we sold as part of a confidential settlement agreement in the third quarter of fiscal year 2008. In addition, we sold all of our investments collateralized by corporate debt during the third quarter of fiscal year 2008 and recorded a realized loss of \$6.0 million. The change in foreign currency exchange gains during fiscal year 2008 resulted primarily from gains related to the sale of the Company's euro currency for U.S. dollars. The Company does not speculate in currency positions, but is alert to opportunities to maximize its foreign exchange gains. Other income also includes \$1.0 million gain on the sale of our ioPen retail product line.

Other income for fiscal year 2007 included a gain of \$9.1 million on the sale of our investment in Anoto Group AB, a publicly traded Swedish technology company from which we licensed our digital pen technology.

Provision for Income Taxes

The provision for income taxes and effective tax rate for fiscal years 2008 and 2007 were as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Provision for income taxes	\$ 31,788	\$ 25,709
Effective income tax rate	12.1%	10.1%

The provision for income taxes consists of income and withholding taxes. The increase in the effective tax rate to 12.1% compared with 10.1% in fiscal year 2007 is primarily due to changes in the Company's geographic mix of income and other-than-temporary declines in the estimated fair value of our short-term investments. The Company did not derive a tax benefit from the other-than-temporary declines in the estimated fair value of short-term investments.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

At March 31, 2009, net working capital was \$709.4 million, compared with \$723.2 million at March 31, 2008. The decrease in working capital over the prior year was due to a decrease in accounts receivable and inventory balances, partially offset by a decrease in accounts payable and accrued liabilities.

During fiscal year 2009, operating activities generated cash of \$200.6 million. Our largest source of operating cash flows was cash collections from customers. We used \$113.1 million in investing activities, \$64.4 million of which was paid primarily for our acquisitions of Ultimate Ears and SightSpeed, and \$48.3 million was used for capital expenditures, including investments for manufacturing equipment, leasehold improvements, tooling costs and computer hardware and software purchases. Net cash used in financing activities was \$41.2 million. We used \$78.9 million during fiscal year 2009 to repurchase shares under our share buyback programs, while proceeds from the exercise of employee stock options provided \$31.1 million.

At March 31, 2009, we had cash and cash equivalents of \$492.8 million and short-term investments of \$1.6 million. Cash and cash equivalents are carried at cost, which is equivalent to fair value. Short-term investments are carried at fair value, determined by estimating the values of the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral and applying discounted cash flow or option pricing methods to the estimated collateral value. The Company considers the inputs used to measure the fair value of its short-term investments as Level 3 within the fair value hierarchy, as described in Note 4 of our consolidated financial statements. Due to continued disruptions in the U.S. credit market, we recorded a \$2.7 million impairment loss related to the other-than-temporary decline in the fair value of our short-term investments during fiscal year 2009. We also recorded an unrealized gain of \$0.4 million related to temporary increases in the fair value of our short-term investments. Further changes in the fair value of our short-term investments would not materially affect our liquidity or capital resources.

The Company has credit lines with several European and Asian banks totaling \$139.0 million as of March 31, 2009. As is common for businesses in European and Asian countries, these credit lines are uncommitted and unsecured. Despite the lack of formal commitments from the banks, we believe that these lines of credit will continue to be made available because of our long-standing relationships with these banks and our current financial condition. At March 31, 2009, the Company had no outstanding borrowings under these lines of credit. There are no financial covenants under these facilities.

The Company has financed its operating and capital requirements primarily through cash flow from operations and, to a lesser extent, from capital markets and bank borrowings. Our normal short-term liquidity and long-term capital resource requirements are provided from three sources: cash flow generated from operations, cash and cash equivalents on hand, and borrowings, as needed, under its credit facilities.

Based upon our available cash balances and credit lines, and the trend of our historical cash flow generation, we believe we have sufficient liquidity to fund operations for the foreseeable future, despite the anticipated decline in sales and profits.

Cash Flow from Operating Activities

The following table presents selected financial information and statistics for fiscal years 2009, 2008 and 2007 (dollars in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Accounts receivable, net	\$ 213,929	\$ 373,619	\$ 310,377
Inventories	\$ 233,467	\$ 245,737	\$ 217,964
Working capital.	\$ 709,382	\$ 723,221	\$ 549,125
Days sales in accounts receivable (DSO) ⁽¹⁾	47 days	56 days	54 days
Inventory turnover (ITO) ⁽²⁾	5.2x	6.3x	6.2x
Net cash provided by operating activities	\$200,587	\$ 393,079	\$303,825

(1) DSO is determined using ending accounts receivable as of the most recent quarter-end and net sales for the most recent quarter.

(2) ITO is determined using ending inventories and annualized cost of goods sold (based on the most recent quarterly cost of goods sold).

During fiscal year 2009, the Company's operating activities generated net cash of \$200.6 million compared with \$393.1 million in the prior year. The decrease was due primarily to a decline in net income during the year. DSO for fiscal year 2009 improved by 9 days compared with fiscal year 2008 due to higher collections and lower sales. Typical payment terms require customers to pay for product sales generally within 30 to 60 days; however, terms may vary by customer type, by country and by selling season. Extended payment terms are sometimes offered to a limited number of customers during the second and third fiscal quarters. The Company does not modify payment terms on existing receivables, but may offer discounts for early payment. Inventory turnover decreased compared with the prior year because sales decreased at a faster rate than inventory was reduced.

During fiscal year 2008, the Company's operating activities generated net cash of \$393.1 million compared with \$303.8 million in the prior year. The increase was primarily due to improved working capital efficiency and operating profit. DSO for fiscal year 2008 increased by 2 days compared with fiscal year 2007. Our accounts receivable increased at a faster rate than our net sales, which contributed to the increase in DSO.

Cash Flow from Investing Activities

Cash flows from investing activities during fiscal years 2009, 2008 and 2007 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Purchases of property, plant and equipment	\$ (48,263)	\$ (57,900)	\$ (47,246)
Purchases of short-term investments	—	(379,793)	(416,475)
Sales of short-term investments	—	538,479	201,850
Sale of investment.	—	13,308	12,874
Acquisitions, net of cash acquired	(64,430)	(59,722)	(20,524)
Premiums paid on cash surrender value life insurance policies	(427)	(1,151)	(537)
Net cash provided by (used in) investing activities	<u>\$ (113,120)</u>	<u>\$ 53,221</u>	<u>\$ (270,058)</u>

Our purchases of plant and equipment during fiscal year 2009 were principally for computer hardware and software purchases, machinery and equipment and normal expenditures for tooling.

In fiscal year 2009, we acquired the Ultimate Ears companies for \$31.8 million, net of cash acquired of \$0.2 million, including transaction costs of \$0.5 million and excluding a \$1.8 million holdback provision which has been recorded as a liability in the accompanying consolidated financial statements. We also acquired SightSpeed for \$31.1 million in cash including transaction costs of \$1.0 million. In addition, we paid \$2.0 million for a pre-acquisition contingency recorded during the third quarter of fiscal year 2009 related to our WiLife acquisition and \$0.4 million for patent rights acquired pursuant to a patent settlement agreement.

Our purchases of plant and equipment during fiscal year 2008 were principally for machinery and equipment for two new production and manufacturing facilities, including a new surface mount technology factory in China, leasehold improvements for a new office facility in Switzerland, computer hardware and software purchases, and normal expenditures for tooling.

During the third quarter of fiscal year 2008, we sold 50% of all of our short-term investments as part of a confidential settlement agreement and received \$84.3 million in cash. In addition, we sold our remaining short-term investments collateralized by corporate debt for \$28.3 million, at a realized loss of \$6.0 million. We also reinvested \$130.9 million into short-term bank deposits, which are classified as cash equivalents in the Company's balance sheet. The balance of the activity in short-term investments related to purchases and sales made during the first quarter of fiscal year 2008. The Company no longer invests in auction rate securities.

We received \$11.3 million during fiscal year 2008 from the sale in March 2007 of the balance of our investment in Anoto. We also received \$2.0 million from the sale of our ioPen retail product line.

In fiscal year 2008, the Company acquired WiLife, Inc. for \$22.0 million, net of cash acquired of \$0.1 million and including \$0.7 million in transaction costs. We also paid a deferred payment of \$37.7 million to the former shareholders of Intrigue Technologies, Inc., which we acquired in May 2004.

The Company's purchases of property, plant and equipment in fiscal year 2007 were primarily normal expenditures for tooling costs, machinery and equipment, and computer hardware and software. In April 2006, we sold 42% of our Anoto stock for \$12.9 million. In fiscal year 2007, we acquired Slim Devices Inc. for \$20.4 million, net of \$0.2 million cash acquired and including \$0.6 million in transaction costs.

Cash Flow from Financing Activities

The following tables present information on our cash flows from financing activities, including information on our share repurchases during fiscal years 2009, 2008 and 2007 (in thousands except per share amounts):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Repayments of short-term debt, net	\$ —	\$ (11,739)	\$ (2,181)
Purchases of treasury shares	(78,870)	(219,742)	(138,095)
Proceeds from sale of shares upon exercise of options and purchase rights	31,119	50,603	44,706
Excess tax benefits from share-based compensation	6,592	15,231	13,076
Net cash used in financing activities	<u>\$ (41,159)</u>	<u>\$ (165,647)</u>	<u>\$ (82,494)</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of shares repurchased	2,803	7,784	5,610
Value of shares repurchased	\$ 78,870	\$ 219,742	\$ 138,095
Average price per share	\$ 28.14	\$ 28.23	\$ 24.62

Cash used in financing activities during fiscal year 2009 included share repurchases of 2.8 million shares, totaling \$78.9 million under the Company's June 2007 buyback program. The buyback program announced in June 2007 authorized the purchase of up to \$250.0 million in Logitech shares. We received proceeds of \$31.1 million from the sale of 3.1 million shares upon exercise of employee stock options and share purchases under our stock plans. In addition, tax benefits recognized on the exercise of share-based payment awards provided \$6.6 million.

During fiscal year 2008, we repaid in full our short-term debt borrowings of \$11.7 million. We also repurchased 7.8 million shares for \$219.7 million under the buyback programs announced in May 2006 and June 2007. The buyback program announced in May 2006 authorized the purchase of up to \$250.0 million in Logitech shares. The sale of 4.7 million shares upon exercise of employee stock options pursuant to the Company's stock plans realized \$50.6 million during fiscal year 2008. In addition, cash of \$15.2 million was provided by tax benefits recognized on the exercise of share-based payment awards.

During fiscal year 2007, we used \$138.1 million for share repurchases of 5.6 million shares pursuant to the Company's buyback programs announced in June 2005 and May 2006. The buyback program announced in June 2005 authorized the purchase of up to CHF 300.0 million (approximately \$235.0 million based on exchange rates at the date of announcement) in Logitech shares. Cash flow from financing activities included \$44.7 million in proceeds from the sale of 5.2 million shares under the Company's employee option and share purchase plans, and \$13.1 million related to tax benefits recognized on the exercise of share-based payment awards. Short-term debt was reduced by \$2.2 million.

Cash Outlook

We have financed our operations and capital requirements primarily through cash flow from operations and, to a lesser extent, capital markets and bank borrowings. Our working capital requirements and capital expenditures may increase to support future expansion of Logitech operations. Future acquisitions or expansion of our operations may be significant and may require the use of cash. In addition, continued deterioration of global economic conditions may adversely affect our operations and may also require the use of cash.

In June 2007, we announced the approval by our Board of Directors of a new share buyback program authorizing the repurchase of up to \$250 million of our shares. The approved amount remaining under the June 2007 program at March 31, 2009 was \$125.7 million. We significantly lowered our share repurchase activity in the second half of fiscal year 2009 compared with the prior fiscal year in order to maximize our cash position in light of the current economic environment.

In September 2008, our Board of Directors approved a new share buyback program, which authorizes the Company to invest up to \$250 million to purchase its own shares. The September 2008 program is subject to the approval of the Swiss Takeover Board and the completion of our current share buyback program of \$250 million.

In the fiscal quarter ended March 31, 2009, we implemented a restructuring plan which reduced Logitech's salaried workforce globally by 515 employees, in addition to other actions aimed at reducing operating expenses. We incurred \$20.5 million in pre-tax restructuring charges related to employee termination costs, contract termination costs and other associated costs in the fourth quarter of fiscal year 2009. We expect to incur an additional \$4 million to \$6 million in fiscal year 2010. The restructuring plan is expected to generate annual personnel cost savings beginning in fiscal year 2010 of approximately \$50 million, and approximately \$50 million additional variable cost savings through efforts to limit production costs and operating expenses. The size and timing of future restructuring charges and cost savings are estimates subject to significant future economic, competitive and other uncertainties, and there can be no assurance that we will fully realize the anticipated future results. In the event that the current economic conditions significantly worsen, further restructuring measures may be required in the future.

In December 2006, we acquired Slim Devices, Inc., a privately held company specializing in network-based audio systems for digital music. The purchase agreement provides for a possible performance-based payment, payable in the first calendar quarter of 2010. The performance-based payment is based on net revenues from the sale of products and services in calendar year 2009 derived from Slim Devices' technology. The maximum performance-based payment is \$89.5 million, and no payment is due if the applicable net revenues total \$40 million or less. The total performance-based payment amount, if any, will be recorded in goodwill and will not be final until the end of calendar year 2009. As of March 31, 2009, no amounts were payable towards performance-based payments under our acquisition agreement.

In November 2007, we acquired WiLife, Inc., a privately held company that manufactures PC-based video cameras for self-monitoring a home or a small business. The purchase agreement provides for a possible performance-based payment, payable in the first calendar quarter of 2011. The performance-based payment is based on net revenues attributed to WiLife during calendar year 2010. No payment is due if the applicable net revenues total \$40.0 million or less. The maximum performance-based payment is \$64.0 million. The total performance-based payment amount, if any, will be recorded in goodwill and will not be known until the end of calendar year 2010.

Other contractual obligations and commitments of the Company which require cash are described in the following sections.

Over the past several years, we have been able to generate positive cash flow from our operating activities. We generated cash from operations of \$200.6 million in fiscal year 2009. Despite the deteriorating economic environment, we believe that our cash and cash equivalents, cash flow generated from operations, and available borrowings under our bank lines of credit will be sufficient to fund our operations for the foreseeable future.

Contractual Obligations and Commitments

As of March 31, 2009, the Company's outstanding contractual obligations and commitments included: (i) equipment financed under capital leases, (ii) facilities leased under operating lease commitments, (iii) purchase commitments and obligations, (iv) long-term liabilities for income taxes payable, and (v) defined benefit pension plan obligations. The following summarizes our contractual obligations and commitments at March 31, 2009 (in thousands):

	Total	Payments Due by Period ⁽¹⁾			
		Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating leases	\$ 46,850	\$ 12,805	\$ 16,945	\$ 10,140	\$ 6,960
Purchase commitments — inventory	106,686	106,686	—	—	—
Purchase obligations — capital expenditures	8,267	8,267	—	—	—
Purchase obligations — operating expenses	27,616	27,616	—	—	—
Other liabilities ⁽²⁾	137,401	—	—	—	—
Total contractual obligations and commitments	<u>\$ 326,820</u>	<u>\$ 155,374</u>	<u>\$ 16,945</u>	<u>\$ 10,140</u>	<u>\$ 6,960</u>

- (1) The table above does not include the performance based payments that we may have to make as part of our acquisition agreements described above.
- (2) Other liabilities at March 31, 2009 included \$10.5 million for deferred compensation, \$101.5 million related to our FIN 48 income tax liability, \$22.7 million in pension liability related to our defined benefit pension plans, of which \$2.9 million is payable in the next 12 months, and \$2.7 million related to various other obligations. As the specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table.

Operating Leases

The remaining terms on our non-cancelable operating leases expire in various years through 2027. Our asset retirement obligations on these leases as of March 31, 2009 were not material.

Purchase Commitments

We expect to continue making capital expenditures in the future to support product development activities and ongoing and expanded operations. At March 31, 2009, fixed purchase commitments for capital expenditures amounted to \$8.3 million, and primarily related to commitments for manufacturing equipment, tooling, computer software and computer hardware. We also have commitments for inventory purchases made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers. At March 31, 2009, fixed purchase commitments for inventory amounted to \$106.7 million, which are expected to be fulfilled by December 31, 2009. We also had other commitments of \$27.6 million for consulting, marketing arrangements, advertising and other services. Although open purchase commitments are considered enforceable and legally binding, the terms generally allow us the option to reschedule and adjust our requirements based on business needs prior to the delivery of the purchases.

Income Taxes Payable

At March 31, 2009, we had \$101.5 million in non-current income taxes payable, including interest and penalties, related to our FIN 48 income tax liability. At this time, we cannot make a reasonably reliable estimate of the period in which a cash settlement will be made with the tax authorities.

Defined Benefit Pension Plan Obligations

At March 31, 2009, we had \$22.7 million in pension liability related to our defined benefit pension plans, of which \$2.9 million is payable in the next 12 months. See Note 13 – Employee Benefit Plans for more information.

Off-Balance Sheet Arrangements

The Company has not entered into any transactions with unconsolidated entities whereby we have 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 financing, liquidity, market risk or credit risk support to the Company.

Guarantees

The Company has guaranteed the purchase obligations of some of its contract manufacturers and original design manufacturers to certain component suppliers. These guarantees generally have a term of one year and are automatically extended for one or more years as long as a liability exists. The amount of the purchase obligations of these manufacturers varies over time, and therefore the amounts subject to the Company's guarantees similarly varies. At March 31, 2009, the amount of outstanding guaranteed purchase obligations was approximately \$0.1 million. The maximum potential future payments under two of the three guarantee arrangements is limited to \$2.8 million in total. The third guarantee is limited to purchases of specified components from the named supplier.

Logitech International S.A., the parent holding company, has guaranteed certain contingent liabilities of various subsidiaries related to specific transactions occurring in the normal course of business. The maximum amount of the guarantees was \$4.9 million as of March 31, 2009. As of March 31, 2009, \$4.9 million was outstanding under these guarantees. We do not believe, based on historical experience and information available as of the date of this report, that it is probable that any amounts will be required to be paid under any of the Company's guarantee arrangements.

Indemnifications

The Company indemnifies certain of its suppliers and customers for losses arising from matters such as intellectual property rights and safety defects, subject to certain restrictions. The scope of these indemnities varies and may include indemnification for damages and expenses, including reasonable attorneys' fees. In addition, we have entered into indemnification agreements with our officers and directors, and the bylaws of our subsidiaries contain similar indemnification obligations to our agents. No amounts have been accrued for indemnification provisions as of March 31, 2009. We do not believe, based on historical experience and information available as of the date of this report, that it is probable that any amounts will be required to be paid under these indemnification arrangements.

ADDITIONAL FINANCIAL DISCLOSURES

MARKETING, SALES AND DISTRIBUTION

Principal Markets

Net sales to unaffiliated customers by geographic region were as follows (in thousands):

	Year ended March 31,		
	2009	2008	2007
EMEA	\$ 1,001,337	\$ 1,117,060	\$ 1,027,852
Americas	785,862	888,529	729,207
Asia Pacific	421,633	364,907	309,510
Total net sales.....	\$2,208,832	\$2,370,496	\$2,066,569

Revenues from sales to customers in Switzerland, our home domicile, represented a small portion of our total consolidated net sales in fiscal year 2009 and no single country other than the United States represented more than 10% of our total consolidated net sales. In fiscal years 2009, 2008 and 2007, Ingram Micro Inc. and its affiliated entities together accounted for 14% of our net sales in each year. No other customers individually accounted for more than 10% of our net sales during fiscal years 2009, 2008 and 2007. The material terms of our distribution agreements with Ingram Micro Inc. and its affiliated entities are summarized as follows:

- The agreements are non-exclusive in the particular territory and contain no minimum purchase requirements.
- Each agreement may be terminated for convenience at any time by either party. Most agreements provide for termination on 30 days' written notice from either party, with two Ingram Micro agreements providing for termination on 90 days' notice.
- We generally offer an allowance for marketing activities equal to a negotiated percentage of sales and volume rebates related to purchase volumes or sales of specific products to specified retailers. These terms vary by agreement.
- Most agreements allow price protection credits to be issued for on-hand or in transit new inventory if we, in our sole discretion, lower the price of the product.
- We grant limited rights to return product, which vary by distributor. Under most of the Ingram Micro agreements, the Ingram Micro entities may return defective products and may return up to 10% of the previous quarter's purchases, if they place an offsetting order for the amount they returned.

Marketing

Logitech builds awareness of our products and recognition of our brand through targeted advertising, public relations efforts, distinct packaging of our retail products, in-store promotions and merchandising, a Worldwide Web site and other efforts. We also acquire knowledge of our users through customer feedback and market research, including focus groups, product registrations, user questionnaires, primary and multi-client surveys and other techniques. In addition, manufacturers of PCs and other products also receive customer feedback and perform user market research, which sometimes results in requests to Logitech for specific products, features or enhancements.

Sales and Distribution

Logitech sells through many distribution channels, including distributors, OEMs and regional and national retail chains, including online retailers. We support these retail channels with third-party distribution centers located in North America, Europe and Asia Pacific. These centers perform final configuration of products and product localization with local language manuals, packaging, software CDs and power plugs. In addition, Logitech's distribution mix includes e-commerce in the U.S. as well as e-commerce capabilities in several European countries.

In retail channels, Logitech's direct sales force sells to distributors and large retailers. Our distributor customers typically resell products to retailers, value-added resellers, and systems integrators with whom Logitech does not have a direct relationship. These distributors in the U.S. include D&H Distributing, Ingram Micro Inc. and Tech Data Corporation. In Europe, pan-European distributors include Tech Data Corporation, Ingram Micro and Gem Distribution. We also sell to many regional distributors such as Actebis in Germany, MC Dos in the Netherlands, Vinzeo in Spain and Channel Distribution in the United Arab Emirates.

Logitech's products can be found in major retail chains, where they typically have access to significant shelf space. These chains in the U.S. include Best Buy, Office Depot, Staples, Target and Wal-Mart, and in Europe include MediaMarkt/Saturn, Carrefour, KESA Group, FNAC, Dixons Stores Group PLC and most key national consumer electronics chains. Logitech products can also be found at the top online e-tailers, which include Amazon.com, Buy.com, CDW, Insight, and others.

Logitech's OEM products are sold to large OEM customers through a direct sales force, and we support smaller OEM customers through distributors. We count the majority of the world's largest PC manufacturers among our customers.

Through our operating subsidiaries, we maintain sales offices or sales representatives in 41 countries.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Logitech's shares are listed and traded on both the SIX Swiss Exchange, where the share price is denominated in Swiss francs, and on the Nasdaq Global Select Market, where the share price is denominated in U.S. dollars. Prior to October 2006, Logitech's American Depositary Shares ("ADSs") traded on the Nasdaq Global Select Market, with each ADS representing one registered share. In October 2006, we exchanged Logitech shares for our ADSs on a one-for-one basis, so that the same Logitech shares trade on the Nasdaq Global Select Market as on the SIX Swiss Exchange.

The trading symbol for Logitech shares is LOGI on Nasdaq and LOGN on the SIX Swiss Exchange. As of May 1, 2009, there were 191,606,620 shares issued (including 11,931,242 shares held as treasury stock) held by 16,094 holders of record, and the closing price of our shares was CHF 15.41 (\$13.52 based on exchange rates on such date) per share on the SIX Swiss Exchange and \$13.67 per share as reported by the Nasdaq Stock Market.

SIX Swiss Exchange

The following table sets forth certain historical share price information for the Company's shares traded on the SIX Swiss Exchange, as reported by the SIX Swiss Exchange. The U.S. dollar equivalent is based on the noon buying rate on the trading day of the month in which the high or low closing sales price occurred. The noon buying rate is the rate in New York City for cable transfers in selected currencies as certified for customs purposes by the Federal Reserve Bank of New York.

	Price per Registered Share on the SIX Swiss Exchange			
	High	Low	High	Low
	CHF	CHF	\$	\$
Quarterly Highs and Lows:				
Fiscal 2008:				
First quarter	34.95	31.20	28.81	25.43
Second quarter	34.66	30.65	29.69	25.45
Third quarter	41.52	34.16	36.82	28.93
Fourth quarter	40.50	23.44	36.38	23.77
Fiscal 2009:				
First quarter	34.22	24.18	32.65	24.13
Second quarter	30.46	24.56	27.92	22.35
Third quarter	25.14	14.29	22.43	11.68
Fourth quarter	18.01	9.00	16.26	7.74

Nasdaq Global Select Market

The following table sets forth certain historical share price information for the Company's shares traded on the Nasdaq Global Select Market.

	<u>Price per share on Nasdaq</u>	
	<u>High</u>	<u>Low</u>
	\$	\$
Quarterly Highs and Lows:		
Fiscal 2008:		
First quarter	28.96	25.36
Second quarter	29.55	25.76
Third quarter	37.07	29.00
Fourth quarter	36.20	23.91
Fiscal 2009:		
First quarter	33.34	24.13
Second quarter	27.91	21.98
Third quarter	22.59	11.17
Fourth quarter	16.11	7.64

Dividends

Under Swiss law, a corporation may only pay dividends upon a vote of its shareholders. This vote typically follows the recommendation of the corporation's board of directors. Logitech has not paid dividends since 1996 in order to retain earnings for use in the operation and expansion of the business and, in more recent years, to repurchase its shares.

Dividends paid and similar cash or in-kind distributions made by Logitech to a holder of Logitech shares (including dividends or liquidation proceeds and stock dividends) are subject to a Swiss federal anticipatory tax at a rate of 35%. The anticipatory tax must be withheld by Logitech from the gross distribution, and paid to the Swiss Federal Tax Administration.

A Swiss resident holder and beneficial owner of Logitech shares may qualify for a full refund of the Swiss anticipatory tax withheld from such dividends. A holder and beneficial owner of Logitech shares who is a non-resident of Switzerland, but a resident of a country that maintains a double tax treaty with Switzerland, may qualify for a full or partial refund of the Swiss anticipatory tax withheld from such dividends by virtue of the provisions of the applicable treaty between Switzerland and the country of residence of the holder and beneficial owner of the Logitech shares.

In accordance with the tax convention between the United States and the Swiss Confederation ("Treaty"), a mechanism is provided whereby a United States resident (as determined under the Treaty), and United States corporations, other than U.S. corporations having a "permanent establishment" or a fixed base, as defined in the Treaty, in Switzerland, generally can obtain a refund of the Swiss anticipatory tax withheld from dividends in respect of Logitech shares, to the extent that 15% of the gross dividend is withheld as final withholding tax (i.e. 20% of the gross dividend may generally be refunded). In specific cases, U.S. companies not having a "permanent establishment" or a fixed base in Switzerland owning at least 10% of Logitech registered shares may receive a refund of the Swiss anticipatory tax withheld from dividends to the extent it exceeds 5% of the gross dividend (i.e. 30% of the gross dividend may be refunded). To get the benefit of a refund, holders must beneficially own Logitech shares at the time such dividend becomes due.

Share Repurchases

The following table sets forth certain information related to purchases made by Logitech of its equity securities (in thousands, except share and per share amounts):

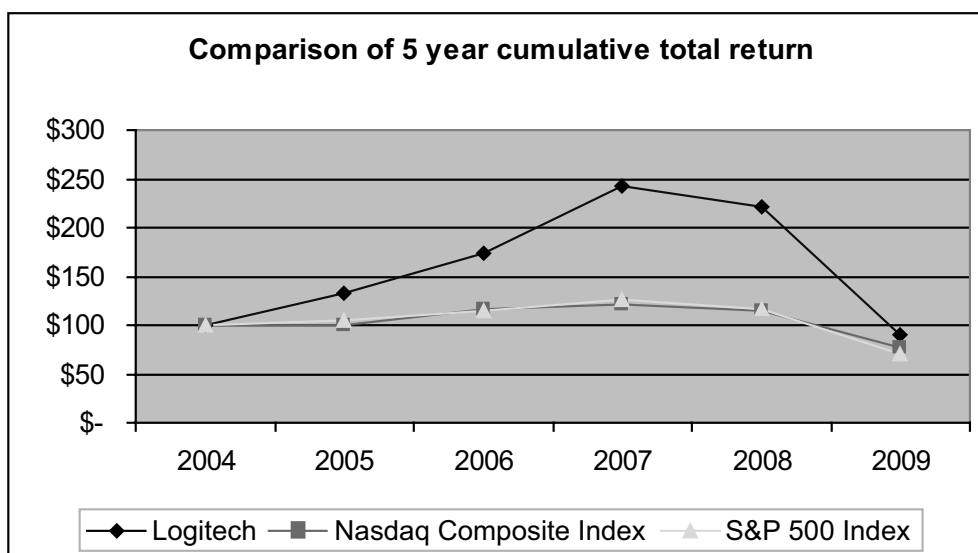
Period	Total Number of Shares Purchased as Part of Publicly Announced Programs	Average Price Paid Per Share		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Programs
		in USD	in CHF	
April 2008	—	—	—	\$ 204,616
May 2008	928,000	\$ 31.07	CHF 32.21	175,788
June 2008	624,000	\$ 32.35	CHF 33.24	155,599
July 2008	—	—	—	155,599
August 2008	470,000	\$ 26.95	CHF 27.87	142,931
September 2008	581,000	\$ 24.67	CHF 27.03	128,599
October 2008	—	—	—	128,599
November 2008	200,000	\$ 14.26	CHF 16.49	125,746
December 2008	—	—	—	125,746
January 2009	—	—	—	125,746
February 2009	—	—	—	125,746
March 2009	—	—	—	125,746
Total	<u>2,803,000</u>			

In fiscal year 2009, we repurchased shares pursuant to our buyback program announced in June 2007 authorizing the purchase of an additional \$250 million of our shares. The June 2007 program is in effect until the 2010 Annual General Meeting, unless concluded earlier or discontinued. All share repurchases by the Company during fiscal year 2009 were made as part of publicly announced programs. In September 2008, our Board of Directors approved a new share buyback program, which authorizes the Company to invest up to \$250 million to purchase its own shares. The September 2008 program is subject to the approval of the Swiss Takeover Board and the completion of our current share buyback program of \$250 million.

Performance Graph

The information contained in the Performance Graph shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

The following graph compares the cumulative total stockholder return on our shares, the Nasdaq Composite Index, and the S&P 500 Information Technology Index. The graph assumes that \$100 was invested in our shares, the Nasdaq Composite Index and the S&P 500 Information Technology Index on March 31, 2004, and calculates the return quarterly through March 31, 2009. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	<u>March 31,</u>					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Logitech	\$100	\$133	\$174	\$243	\$222	\$90
Nasdaq Composite Index	\$100	\$100	\$117	\$121	\$114	\$77
S&P 500 Index	\$100	\$105	\$115	\$126	\$117	\$71

Selected Financial Data

The financial data below should be read in conjunction with Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These historical results are not necessarily indicative of the results to be expected in the future.

	Year ended March 31,				
	2009	2008	2007	2006 ⁽¹⁾	2005 ⁽¹⁾
	(In thousands, except per share amounts)				
Consolidated statements of operations and cash flow data:					
Net sales	\$2,208,832	\$2,370,496	\$2,066,569	\$1,796,715	\$1,482,626
Gross profit	691,226	849,118	709,525	574,110	503,587
Operating expenses:					
Marketing and selling	319,167	324,451	272,264	221,504	200,350
Research and development	128,755	124,544	108,256	87,953	73,900
General and administrative	113,103	113,443	98,143	65,742	57,663
Restructuring charges	20,547	—	—	—	—
Total operating expenses	581,572	562,438	478,663	375,199	331,913
Operating income	109,654	286,680	230,862	198,911	171,674
Net income	\$ 107,032	\$ 231,026	\$ 229,848	\$ 181,105	\$ 149,266
Net income per share:					
Basic	\$ 0.60	\$ 1.27	\$ 1.26	\$ 1.00	\$ 0.84
Diluted	\$ 0.59	\$ 1.23	\$ 1.20	\$ 0.92	\$ 0.77
Shares used to compute net income per share:					
Basic	178,811	181,362	182,635	181,361	177,008
Diluted	182,911	187,942	190,991	198,769	198,250
Net cash provided by operating activities	\$ 200,587	\$ 393,079	\$ 303,825	\$ 152,217	\$ 213,674
	March 31,				
	2009	2008	2007	2006	2005
	(In thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	\$ 492,759	\$ 482,352	\$ 196,197	\$ 245,014	\$ 341,277
Short-term investments	\$ 1,637	\$ 3,940	\$ 214,625	\$ —	\$ —
Total assets	\$ 1,421,530	\$ 1,526,932	\$ 1,327,463	\$ 1,057,064	\$ 1,027,697
Long-term debt, net of current maturities	\$ —	\$ —	\$ —	\$ 4	\$ 147,788
Shareholders’ equity	\$ 997,708	\$ 960,044	\$ 844,524	\$ 685,176	\$ 526,149

(1) Net income for fiscal years 2006 and 2005 does not include the effect of share-based compensation expense, because Logitech implemented Financial Accounting Standards No. 123 (revised 2004), *Share-based Payment*, effective April 1, 2006.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. As a global concern, the Company faces exposure to adverse movements in foreign currency exchange rates and interest rates. These exposures may change over time as business practices evolve and could have a material adverse impact on the Company's financial results.

Foreign Currency Exchange Rates

The Company is exposed to foreign currency exchange rate risk as it transacts business in multiple foreign currencies, including exposure related to anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. Logitech transacts business in over 30 currencies worldwide, of which the most significant to operations are the Chinese renminbi ("CNY"), euro, British pound, Japanese yen, Taiwanese dollar, Mexican peso and Swiss franc. The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, Swiss franc, Japanese yen or the local currency of the country as their functional currencies. Accordingly, unrealized foreign currency gains or losses resulting from the translation of net assets or liabilities denominated in foreign currencies to the U.S. dollar are accumulated in the cumulative translation adjustment component of other comprehensive income in shareholders' equity.

The table below provides information about the Company's underlying transactions that are sensitive to foreign exchange rate changes, primarily assets and liabilities denominated in currencies other than the functional currency, where the net exposure is greater than \$0.5 million at March 31, 2009. The table below represents the U.S. dollar impact on earnings of a 10% appreciation and a 10% depreciation of the functional currency as compared with the transaction currency (in thousands):

<u>Functional Currency</u>	<u>Transaction Currency</u>	<u>Net Exposed Long (Short) Currency Position</u>	<u>FX Gain (Loss) From 10% Appreciation of Functional Currency</u>	<u>FX Gain (Loss) From 10% Depreciation of Functional Currency</u>
U.S. dollar	Chinese renminbi	\$104,088	\$(9,463)	\$11,565
Euro	British pound	24,949	(2,268)	2,772
Japanese yen	U.S. dollar	(23,341)	2,122	(2,593)
Taiwanese dollar	U.S. dollar	12,540	(1,140)	1,393
Mexican peso	U.S. dollar	(7,184)	653	(798)
U.S. dollar	Swiss franc	(6,916)	629	(768)
Euro	Swiss franc	(4,222)	384	(469)
U.S. dollar	Euro	3,152	(287)	350
U.S. dollar	Canadian dollar	(1,697)	154	(189)
Euro	Swedish krona	(1,500)	136	(167)
Euro	Croatian kuna	980	(89)	109
Euro	United Arab Emirates dirham	942	(86)	105
Euro	Danish krone	684	(62)	76
Euro	Czech koruna	(566)	51	(63)
Euro	Polish zloty	522	(47)	58
		<u>\$ 102,431</u>	<u>\$(9,313)</u>	<u>\$ 11,381</u>

Long currency positions represent net assets being held in the transaction currency while short currency positions represent net liabilities being held in the transaction currency.

The Company's principal manufacturing operations are located in China, with much of its component and raw material costs transacted in CNY. However, the functional currency of its Chinese operating subsidiary is the U.S. dollar as its sales and trade receivables are transacted in U.S. dollars. To hedge against any potential significant appreciation of the CNY, the Company transferred a portion of its cash investments to CNY accounts. At March 31, 2009, net assets held in CNY totaled \$104.1 million. The Company continues to evaluate the level of net assets held in CNY relative to component and raw material purchases and interest rates on cash equivalents.

From time to time, certain subsidiaries enter into forward exchange contracts to hedge inventory purchase exposures denominated in U.S. dollars. The amount of the forward exchange contracts is based on forecasts of inventory purchases. These forward exchange contracts are denominated in the same currency as the underlying transactions. Logitech does not use derivative financial instruments for trading or speculative purposes. Gains and losses in the fair value of the effective portion of contracts are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. As of March 31, 2009, the notional amount of forward foreign exchange contracts outstanding for forecasted inventory exposures was \$21.9 million. These forward contracts generally mature within three months. Deferred realized gains of \$1.5 million and deferred unrealized losses of \$1.3 million are recorded in accumulated other comprehensive loss at March 31, 2009, and are expected to be reclassified to cost of goods sold when the related inventory is sold.

The Company also enters into foreign exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on certain foreign currency receivables or payables. These forward contracts generally mature within one to three months. The Company may also enter into foreign exchange swap contracts to economically extend the terms of its foreign exchange forward contracts. Gains or losses in fair value on forward contracts which offset translation losses or gains on foreign currency receivables or payables are recognized in earnings monthly and are included in other income (expense).

The notional amounts of foreign exchange forward contracts outstanding at March 31, 2009 were \$8.0 million. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2009 were \$20.2 million. Unrealized net losses on the contracts outstanding at March 31, 2009 were \$0.4 million.

If the U.S. dollar had appreciated by 10% compared with the foreign currencies in which we have forward or swap contracts, an unrealized gain of \$4.2 million in our forward foreign exchange contract portfolio would have occurred. If the U.S. dollar had depreciated by 10% compared with the foreign currencies in which we have forward or swap contracts, a \$4.2 million unrealized loss in our forward foreign exchange contract portfolio would have occurred.

Interest Rates

Changes in interest rates could impact the Company's anticipated interest income on its cash equivalents and short-term investments. The Company prepared sensitivity analyses of its interest rate exposures to assess the impact of hypothetical changes in interest rates. Based on the results of these analyses, a 100 basis point decrease or increase in interest rates from the March 31, 2009 and March 31, 2008 period end rates would not have a material effect on the Company's results of operations or cash flows.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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REPORT ON CORPORATE GOVERNANCE 2009

REPORT ON CORPORATE GOVERNANCE

Logitech believes that sound corporate governance practices are essential to an open and responsible corporation. Our corporate governance practices reflect a continuing commitment to corporate accountability, sound judgment, and transparency to shareholders.

As a company whose securities are listed on both the SIX Swiss Exchange and the Nasdaq Global Select Market, our commitment to sound corporate governance principles is guided by the legal and regulatory requirements of both Switzerland and the United States. In addition, Logitech's internal guidelines regarding corporate governance are provided in our Articles of Incorporation, Organizational Regulations (Bylaws), and Board Committee Charters.

This Report has been designed to comply with the Corporate Governance Directive of the SIX Swiss Exchange. Portions of the Report are also incorporated by reference from our Invitation and Proxy statement for our 2009 Annual General Meeting, available at <http://ir.logitech.com>.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Operational Group Structure

Logitech is a global leader in peripherals for personal computers and other digital platforms, developing and marketing innovative products in PC navigation, Internet communications, digital music, home-entertainment control, video security, interactive gaming and wireless devices. For the PC, our products include mice, trackballs, keyboards, gaming controllers, multimedia speakers, headsets, webcams, and 3D control devices. For digital music devices, our products include speakers, headphones, earphones and custom in-ear monitors. For gaming consoles, we offer a range of controllers and other accessories. In addition, we offer wireless music solutions for the home, advanced remote controls for home entertainment systems and PC-based video security systems for a home or small business.

We generate revenues from sales of our personal peripheral products to a worldwide network of retail distributors and resellers and to original equipment manufacturers (OEMs). Our sales to our retail channels comprise the large majority of our revenues. For the fiscal year ended March 31, 2009, we generated net sales of \$2.2 billion, operating income of \$109.7 million, net income of \$107.0 million, employed approximately 6,400 employees and conducted business in over 100 countries.

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in North America, Europe and Asia Pacific. Shares of Logitech International S.A. are listed on both the Nasdaq Global Select Market (Ticker: LOGI, CUSIP H50430232), and the SIX Swiss Exchange (Ticker: LOGN; security number: 257513). The International Securities Identification Number (ISIN) of our shares is CH0025751329. As of March 31, 2009, our market capitalization, based on outstanding shares of 179,482,542, net of treasury shares, amounted to approximately \$1.8 billion (CHF 2.1 billion). Refer to section 1.2 below for information on Logitech International S.A.'s holdings in its shares as of March 31, 2009.

References in this Report on Corporate Governance to the "Company" refers to Logitech International S.A. References to "Logitech," "we," "our," and "us" refer to Logitech International S.A. and its consolidated subsidiaries.

Logitech operates in a single industry segment encompassing the design, manufacturing and marketing of personal peripherals for personal computers and other digital platforms. Our research and product management teams are organized along product lines, and are responsible for product strategy, industrial design and development, and technological innovation. Our global marketing and sales organization helps define product opportunities and

bring our products to market, and is responsible for building the Logitech brand and consumer awareness of our products. This organization is comprised of retail and OEM sales and marketing groups. Our retail sales and marketing activities are organized into three geographic regions: Americas (including North, Central and South America), Europe-Middle East-Africa, and Asia Pacific. Our OEM sales team is organized as a worldwide organization with representatives in each of our three regions. Our OEM customers include the majority of the world's largest PC manufacturers.

Since 1994, we have had our own manufacturing operations in Suzhou, China, which currently handle approximately half of our total production. We outsource the remaining production to contract manufacturers and original design manufacturers located in Asia. Both our in-house and outsourced manufacturing is managed by our worldwide operations group. The worldwide operations group also supports the business units and marketing and sales organizations through management of distribution centers and of the product supply chain, and the provision of technical support, customer relations and other services.

Logitech International S.A. directly or indirectly owns 100% of all the companies in the Logitech group, through which it carries on its business and operations. Principal operating subsidiaries include: Logitech Inc., Logitech Europe S.A., Logitech (Intrigue) Inc. and Logitech Technology (Suzhou) Co., Ltd. For a list of Logitech subsidiaries, refer to the table on page 156. None of Logitech International S.A.'s subsidiaries have securities listed on a stock exchange as of March 31, 2009.

1.2 Significant Shareholders

Greater than 3% Shareholders as of March 31, 2009

The table below sets out, to the knowledge of the Company, beneficial owners holding more than 3% of the voting rights of the Company as of March 31, 2009. The number of voting rights of the Company as of March 31, 2009 is equal to the number of shares issued, 191,606,620 shares.

Information on the share ownership of the Company by directors, executive officers and greater than 5% shareholders as of June 30, 2009, based on the number of the Company's shares outstanding (which is equal to the shares issued less the shares held in the Company's treasury) is set out in the Company's Invitation and Proxy Statement for the 2009 Annual General Meeting, available at <http://ir.logitech.com>, under the heading "Security Ownership of Certain Beneficial Owners and Management as of June 30, 2009".

<u>Name</u>	<u>Number of Shares</u>	<u>% of Voting Rights⁽²⁾</u>	<u>Relevant Date</u>
Daniel Borel ⁽¹⁾	11,200,471	5.8%	March 31, 2009
Logitech International S.A.	12,124,078	6.3%	March 31, 2009
FMR LLC ⁽³⁾	9,344,721	4.9%	January 6, 2009
The Capital Group Companies, Inc. ⁽⁴⁾	9,780,117	5.1%	February 25, 2009
Thornburg Investment Management ⁽⁵⁾	11,922,284	6.2%	April 25, 2008

- (1) Mr. Borel has not entered into any written shareholders' agreements.
- (2) In compliance with Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 and Article 12 paragraph 2 of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading dated October 25, 2008, shareholdings are calculated based on the aggregate number of voting rights entered into the Swiss commercial register. This aggregate number was 191,606,620 voting rights as of March 31, 2009.
- (3) Number of shares held by FMR LLC is based on a notification received by the Company on January 7, 2009 informing the Company that the ownership of FMR LLC, on behalf of funds managed by and clients of FMR LLC and its direct and indirect subsidiaries, had fallen below 5% of the Company's voting rights.

- (4) Number of shares held by The Capital Group Companies, Inc. is based on a notification received by the Company on February 26, 2009 informing the Company that the ownership of The Capital Group Companies, Inc., on behalf of funds managed by and clients of The Capital Group, had exceeded 5% of the Company's voting rights.
- (5) Number of shares held by Thornburg Investment Management is based on a notification received by the Company on May 22, 2008 informing the Company that the ownership of Thornburg Investment Management, on behalf of funds managed by and clients of the Thornburg Group, had exceeded 5% of the Company's voting rights.

Under Swiss law shareholders who own voting rights exceeding certain percentage thresholds of a company incorporated in Switzerland whose shares are listed on a stock exchange in Switzerland are required to notify the company and the relevant Swiss exchange of such holdings. Following receipt of this notification, the company is required to inform the public in Switzerland.

Logitech has not been notified of any ownership of options or other derivative securities of the Company, whether privately or publicly traded, by any significant shareholder of the Company that is not a member of the Board of Directors or an executive officer.

1.3 Cross-shareholdings

Logitech has no shareholdings in companies that to its knowledge have shareholdings in Logitech.

2. Capital Structure

2.1 Share Capital

As of March 31, 2009, Logitech International S.A.'s nominal share capital was CHF 47,901,655, consisting of 191,606,620 shares with a par value of CHF 0.25 each.

Nominal conditional share capital designated to cover the potential issuance of shares under employee equity incentive plans amounts to CHF 6,250,000, consisting of 25,000,000 shares. In addition, nominal conditional share capital designated to cover conversion rights that may be granted in connection with a future issuance of debt obligations convertible into Logitech shares amounts to CHF 6,250,000, consisting of 25,000,000 shares. Refer to section 2.2 for more information on the Company's authorized and conditional capital.

2.2 Details on the Company's Authorized and Conditional Share Capital

Authorized share capital. Under Swiss corporate law the total nominal par value of the shares authorized by shareholders for future issuance, other than to cover derivative securities, is referred to as authorized share capital. As of March 31, 2009 Logitech has no authorized share capital.

Conditional share capital. Under Swiss corporate law the total nominal par value of the shares authorized by shareholders for future issuance on the conversion or exercise of derivative securities issued by a company is referred to as conditional share capital. Under Swiss law a company must have sufficient conditional capital or available treasury shares to cover any conversion rights under derivative securities at the time the derivative securities are issued.

Pursuant to Article 25 of the Company's Articles of Incorporation, the share capital of the Company may be increased by CHF 6,250,000 through the issuance of up to 25,000,000 shares with a par value of CHF 0.25 each. The purpose of this conditional share capital is to cover option or other equity rights granted or that may be granted to employees, officers and directors of Logitech under its employee equity incentive plans. The conditional share capital increase does not have an expiration date. The shareholders do not have pre-emptive rights to subscribe to the newly

issued shares issued out of conditional share capital. For more information on Logitech's employee equity incentive plans please refer to Note 13 – Employee Benefit Plans - to our Consolidated Financial Statements included in our Annual Report.

Although the Company has been authorized by its shareholders to use conditional capital to meet its obligations to deliver shares as a result of employee purchases or exercises under its employee equity incentive plans, the Company has for some years used shares held in treasury to fulfill its obligations under the plans.

In addition, pursuant to Article 26 of the Company's Articles of Incorporation, the share capital of the Company may also be increased by CHF 6,250,000 through the issuance of up to 25,000,000 shares with a par value of CHF 0.25 each. The purpose of this conditional share capital is to cover conversion rights that may be granted in connection with a future issuance of bonds convertible into Logitech shares. The conditional share capital increase does not have an expiration date. The shareholders do not have pre-emptive rights to subscribe to the newly issued shares issuable on conversion of the bonds.

The Board of Directors may limit or withdraw the shareholders' right to subscribe for the bonds by preference for valid reasons, in particular (a) if the bonds are issued in connection with the financing or refinancing of the acquisition of one or more companies, businesses or parts of businesses, or (b) to facilitate the placement of the bonds on the international markets or to increase the security holder base of the Company. If the shareholders' right to subscribe for the bonds by preference is limited or withdrawn, the bonds must be issued at market conditions, the exercise period of the conversion rights must not exceed 7 years from the date of issuance of the bonds, and the conversion price must be set at a level that is not lower than the market price of the shares preceding the determination of the final conditions for the bonds.

2.3 Changes in Shareholders' Equity

As of March 31, 2009, 2008, 2007 and 2006, balances in shareholders' equity of Logitech International S.A., based on the parent company's Swiss Statutory Financial Statements, were as follows (in thousands):

	As of March 31,			
	2009	2008	2007	2006
Share capital	CHF 47,902	CHF 47,902	CHF 47,902	CHF 47,902
Legal reserves:				
General reserve	9,580	9,580	9,580	9,580
Reserve for treasury shares	389,648	400,710	272,844	238,707
Unappropriated retained earnings	354,924	316,586	378,300	CHF 352,032
Total shareholders' equity	<u>CHF 802,054</u>	<u>CHF 774,778</u>	<u>CHF 708,626</u>	<u>648,221</u>

In June 2007, the Company's Board of Directors approved a change in the Company's Articles of Incorporation which eliminated the conditional share capital for 10,900,000 shares with a par value of CHF 0.25 each. The purpose of this conditional share capital was to cover conversion rights granted in connection with the issuance of Logitech's convertible bonds in 2001. This conditional share capital was no longer required, as the Company satisfied its conversion obligations during fiscal year 2006 through the delivery of treasury shares rather than the issuance of shares from conditional share capital.

The following table shows authorized and conditional share capital as of the last four fiscal year ends (in thousands):

	As of March 31,			
	2009	2008	2007	2006
Authorized share capital	CHF —	CHF 10,000	CHF 10,000	CHF 10,000
First conditional share capital	CHF 6,250	CHF 15,165	CHF 15,165	CHF 15,165
Second conditional share capital	CHF 6,250	CHF —	CHF 2,725	CHF 2,725

For information on Logitech's shareholders' equity as of March 31, 2009 and 2008, refer to the Swiss Statutory Balance Sheets on page 207 of our Annual Report.

During fiscal years 2009, 2008 and 2007, Logitech repurchased shares under the following share buyback programs (in thousands):

	Date of Announcement	Approved Buyback Amount	Equivalent USD Amount ⁽¹⁾	Expiration Date
June 2007		USD 250,000	\$250,000	June 2010
May 2006		USD 250,000	\$250,000	June 2009
June 2005		CHF 300,000	\$235,000	June 2008

- (1) For the program announced June 2005, represents the approved buyback amount in U.S. dollars, calculated based on exchange rates on the announcement date.

The Company repurchased shares under these buyback programs as follows (in thousands):

Date of Announcement	Amount Repurchased During Year ended March 31, ⁽¹⁾							
	Program to date		2009		2008		2007	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
June 2007	4,553	\$124,254	2,803	\$ 78,870	1,750	\$ 45,384	—	\$ —
May 2006	8,760	\$250,968	—	\$ —	6,034	\$174,358	2,726	\$ 76,610
June 2005	11,286	\$236,098	—	\$ —	—	\$ —	2,884	\$ 61,485
	<u>24,599</u>	<u>\$ 611,320</u>	<u>2,803</u>	<u>\$ 78,870</u>	<u>7,784</u>	<u>\$ 219,742</u>	<u>5,610</u>	<u>\$ 138,095</u>

- (1) Represents the amount in U.S. dollars, calculated based on exchange rates on the repurchase dates.

For further information on Logitech's share repurchases please refer to "Additional Financial Disclosures – Market for Logitech's Shares, Related Shareholder Matters, and Share Repurchases" in our Annual Report.

2.4 Share Categories

Registered Shares. Logitech International S.A. has only one category of shares – registered shares with a par value of CHF 0.25 per share. Each of the 191,606,620 issued shares carries the same rights. There are no preferential rights. However, a shareholder must be entered in the share register of the Company to exercise voting rights and the rights deriving therefrom (such as the right to convene a general meeting of shareholders or the right to put an item on the meeting's agenda). Refer to section 6 for an outline of participation rights of the Company's shareholders.

Each share entitles its owner to dividends declared, even if the owner is not registered in the share register of the Company. Under Swiss law, a company pays dividends upon approval by its shareholders. This request for shareholder approval typically follows the recommendation of the Board. Logitech has not paid dividends since 1996, using retained earnings to invest in the growth of the Company and, in more recent years, to repurchase the Company's shares.

Unless this right is restricted in compliance with Swiss law and the Company's Articles of Incorporation, shareholders have the pre-emptive right to subscribe for newly issued shares. Refer to section 2.2 for a description of the provisions of the Company's Articles of Incorporation relating to the restriction of the shareholders' pre-emptive subscription rights.

2.5 Non-Voting Shares and Bonus Certificates

The Company has not issued non-voting shares ("bons de participation," "Partizipationsscheine"). The Company has not issued certificates or equity securities that provide financial rights in consideration for services rendered or claims waived (referred to as "bonus certificates," "bons de jouissance," or "Genussscheine").

2.6 Limitations on Transferability and Nominee Registration

The Company and its agent, The Bank of New York Mellon, as US transfer agent, maintain a share register that lists the names of the registered owners of the Company's shares. Registration in the share register occurs upon request and is not subject to any conditions. Nominee companies and trustees can be entered into the share register with voting rights. There are no restrictions on transfers of shares under the Company's Articles of Incorporation or Swiss law. However, only holders of shares that are recorded in the share register are recognized as shareholders, and a transfer of shares reflected in the share register is recognized by the Company only to the extent we are notified of the transfer.

Refer to section 6.1 for the conditions for exercise of shareholders' voting rights.

2.7 Conversion and Option Rights

Logitech does not have any outstanding bonds or other publicly traded securities with conversion rights and has not issued warrants on its shares.

Logitech has issued stock options and restricted stock units, including performance-based restricted stock units, to its employees and directors. Please refer to Logitech's Compensation Report included with its Invitation and Proxy Statement, available at <http://ir.logitech.com>, under the heading "Equity Compensation Plan Information" for details on option rights and restricted stock units issued under our employee equity incentive plans, as well as other information regarding those plans, and to Note 13 – Employee Benefit Plans – included in our Consolidated Financial Statements.

3. The Board of Directors

For the current members of our Board of Directors, further information regarding the Board of Directors, Board Committees, and the allocation of responsibility between the Board of Directors and executive officers, please see our Invitation and Proxy Statement for the 2009 Annual General Meeting, available at <http://ir.logitech.com>, under the heading "Corporate Governance and Board of Directors Matters."

4. Senior Management

4.1 Members of Senior Management

The current members of our senior management, referred to by Logitech as our “executive officers,” are set out below.

Guerrino De Luca 56 Years Old Director since 1998 Chairman of the Board of Directors Italian national	<i>Guerrino De Luca</i> has served as Chairman of the Logitech Board of Directors since January 2008. He served from February 1998 to January 2008 as Logitech’s President and Chief Executive Officer, and has been a director since June 1998. Prior to joining Logitech, Mr. De Luca served as Executive Vice President of Worldwide Marketing for Apple, Inc. from February 1997 to September 1997, and as President of Claris Corporation, a U.S. personal computing software vendor, from May 1994 to February 1997. Prior to joining Claris, Mr. De Luca held various positions with Apple in the United States and in Europe. Mr. De Luca holds a BS degree in Electronic Engineering from the University of Rome, Italy.
Gerald P. Quindlen 50 Years Old President and Chief Executive Officer U.S. national	<i>Gerald Quindlen</i> has served as Logitech’s President and Chief Executive Officer since January 2008. He has been a member of the Board of Directors since September 2008. Mr. Quindlen joined Logitech as Senior Vice President, Worldwide Sales and Marketing in October 2005. From August 1987 to September 2004, Mr. Quindlen worked for Eastman Kodak Company where he was Vice President of Global Sales and Operations for the Consumer and Professional Imaging Division, and previously held senior sales or marketing management positions in the United States, Japan and Asia Pacific. From September 2004 to September 2005, Mr. Quindlen was a private consultant. Prior to his 17 year tenure at Eastman Kodak, he worked for Mobil Oil Corporation in engineering. Mr. Quindlen holds a BS degree in chemical engineering from Villanova University in Pennsylvania, and an MBA degree in Finance from the University of Pennsylvania’s Wharton School.
Werner Heid 50 Years Old Senior Vice President, Worldwide Sales & Marketing German national	<i>Werner Heid</i> joined Logitech as Senior Vice President, Worldwide Sales & Marketing, in February 2009. Prior to joining Logitech, Mr. Heid was a consultative CEO to private equity firms from 2006 to 2009. Previously, he served as the president and chief executive officer of Iomega Corporation, the provider of consumer and small-business data-storage solutions, from 2001 to 2006. Before joining Iomega, Mr. Heid was the executive vice president of global sales, marketing and service for InFocus Corporation, a leading supplier of multimedia projection systems for consumers and business, from 2000 to 2001. He joined InFocus when it acquired Proxima Corporation, where Mr. Heid served as president from 1998 to 2000. Prior to taking on his leadership role at Proxima, Mr. Heid was with Hewlett-Packard Corporation for 14 years, in both Europe and the United States. At Hewlett-Packard, he led the business definition and the successful global market launch of the company’s All-In-One and color copier product businesses. Mr. Heid holds a masters degree in electrical engineering from University Karlsruhe in Germany.

David Henry
 52 Years Old
 Senior Vice President, Customer
 Experience and Chief Marketing Officer
 U.S. national

David Henry joined Logitech as Senior Vice President, Control Devices Business Unit, in August 2001 and was named Senior Vice President, Customer Experience and Chief Marketing Officer in March 2007. From January 2000 to June 2001, Mr. Henry served as Vice President of Business Development and Product Management of Xigo Inc., a U.S. on-line intelligence software company. From November 1997 to January 2000, Mr. Henry held various positions with Iomega, a U.S. portable storage company. His last position with Iomega was Vice President and General Manager of Magnetic Products. Mr. Henry holds a BS degree in Mechanical Engineering from Union College of New York.

Junien Labrousse
 51 Years Old
 Executive Vice President, Products
 French national

Junien Labrousse joined Logitech as Vice President of the Video Division in 1997. He was named Senior Vice President, Video Business Unit in April 2001, Senior Vice President, Entertainment and Communications in July 2005 and Executive Vice President, Products in March 2007. Prior to joining Logitech, he was Vice President of Engineering from 1995 to 1997 at Winnov LP, a U.S. company engaged in the development and marketing of multimedia products. For more than 10 years he held several engineering and management positions at Royal Philips Electronics NV, a global electronics company, in research and in the semiconductor business division. Mr. Labrousse holds an MS degree in Electrical Engineering from the Ecole Superieure d’Ingenieurs de Marseille, France and an MBA degree from Santa Clara University in California.

L. Joseph Sullivan
 56 Years Old
 Senior Vice President, Worldwide
 Operations
 U.S. national

L. Joseph Sullivan joined Logitech in October 2005 as Vice President, Operations Strategy, and was appointed Senior Vice President, Worldwide Operations in April 2006. Prior to joining Logitech, Mr. Sullivan was Vice President of Operational Excellence and Quality for Carrier Corporation, a subsidiary of United Technologies, from 2001 to 2005. Previously, he was with ACCO Brands, Inc. in engineering and manufacturing management roles from 1998 to 2001. Mr. Sullivan holds a BS degree in Marketing Management and an MBA degree in Operations Management from Suffolk University in Massachusetts.

4.2 Involvements outside Logitech of the Executive Officers

No Logitech executive officer currently has supervisory, management, or material advisory functions outside Logitech. None of the Company’s executive officers hold any official functions or political posts.

4.3 Management Contracts

Logitech has not entered into any contractual relationships regarding the management of the Company or its subsidiaries.

5. Compensation, Shareholdings and Loans

Please refer to Logitech’s Compensation Report in our Invitation and Proxy Statement for our 2009 Annual General Meeting, available at <http://ir.logitech.com>, for information on Logitech’s compensation of its Board members and executive officers, and regarding how and why we make compensation decisions.

In addition, for information required to be disclosed under Swiss law regarding compensation during fiscal year 2009 of the individual members of the Board and of the executive officers, in aggregate, and regarding the security ownership of members of the Board of Directors and of Logitech executive officers as of March 31, 2009, among other disclosures, please refer to Note 19 – Other Disclosures Required by Swiss Law – included in the Consolidated Financial Statements included in the 2009 Annual Report.

6. Shareholders' Participation Rights

6.1 Exercise and Limitations to Shareholders' Voting Rights

Each registered share confers the right to one vote at a general meeting of shareholders. There are no limitations to the number of voting rights that a shareholder or group of shareholders is entitled to exercise, and there are no preferential voting rights. To exercise voting rights at a general meeting of shareholders, a shareholder must have registered their shares by the date set by the Board of Directors for the closing of the share register before each general meeting of shareholders. Refer to section 2.6 for more information on the registration process.

Any shareholder may be represented at a meeting by a person of its choice who need not be a shareholder of the Company. The power of attorney must be made in writing. The use of a form prepared by the Company may be required.

There are currently no limitations under Swiss law or in the Company's Articles of Incorporation restricting the rights of shareholders outside Switzerland to hold or vote Logitech shares.

6.2 Shareholders' Resolutions for which a Particular Majority is Required

In general, the resolutions of the general meeting of shareholders are passed with a simple majority of the votes cast. However, a number of resolutions may only be passed with a majority of two-thirds of the votes represented, including the following.

- change in the Company's corporate purpose;
- creation of shares with privileged voting rights;
- restriction of the transferability of the shares;
- creation of authorized or conditional capital;
- capital increases to be paid-in by means of existing reserves, against contributions in kind, or conducted with a view to the acquisition of specific assets;
- grant of special benefits;
- suppression or limitation of the shareholders' preferential subscription right;
- change of the registered office of the Company; and
- liquidation of the Company.

6.3 Convocation of the General Meeting of Shareholders

The Board of Directors generally convenes a general meeting of shareholders. The convocation notice is made in writing and under Swiss law must be sent to each registered shareholder at the address recorded in the share register at least 20 days prior to the meeting.

Under our Articles of Incorporation one or more shareholders who represent together at least 10% of the share capital of the Company may demand that the Board of Directors convene a meeting. Such demands must be made in writing and received by the Board of Directors at least 60 days before the date of the proposed meeting.

The Company has received an exemption from compliance with a Nasdaq listing standard that requires that the quorum for shareholder meetings be at least 33 1/3% of the outstanding voting shares. Under Swiss law, public companies do not have specific quorum requirements for shareholder meetings. Accordingly, Logitech, like most other Swiss public companies, does not observe quorum requirements with respect to its shareholder meetings. In compliance with Swiss law, Logitech sends an invitation to all of its registered shareholders and publishes the notice of the meeting in the Swiss financial press. It also sends a proxy statement, or a notice of availability of the proxy statement, in either case prepared in accordance with U.S. securities laws, to all registered shareholders and all beneficial shareholders where requested by the registered shareholder or required by law. Logitech has combined the invitation required under Swiss law and the proxy statement required under U.S. law into one document, titled Invitation and Proxy Statement, for its 2009 Annual General Meeting. Also, to encourage attendance, Logitech holds its Annual General Meeting close to its operations in Switzerland.

6.4 Shareholders' Right to Place Items on the Agenda of a Meeting

Under the Company's Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of the Company's issued share capital or (ii) an aggregate par value of one million Swiss francs, may demand that an item be placed on the agenda of a meeting of shareholders.

A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. Demands by registered shareholders to place an item on the agenda of a meeting of shareholders should be sent to: Secretary to the Board of Directors, Logitech International S.A., CH 1143 Apples, Switzerland, or c/o Logitech Inc., 6505 Kaiser Drive, Fremont, CA 94555, USA.

6.5 Registration in the Company's Share Register

Registration into the Company's share register, or the sub-register maintained by the Company's U.S. transfer agent, The Bank of New York Mellon, occurs upon request and is not subject to any condition. The Company's share register closes before a general meeting of shareholders on a date designated by the Board of Directors. Only those shareholders who are registered in the share register on the day the share register is closed have the right to vote at the meeting.

7. Mandatory Offer and Change of Control Provisions

7.1 Mandatory Offer

Under Swiss law any shareholder who acquires more than 33 1/3% of the voting rights of a Swiss company whose shares are listed in whole or in part in Switzerland is required to make an offer to acquire all listed equity securities of the company at a minimum price. Logitech International S.A.'s Articles of Incorporation do not remove this requirement. The Articles do not increase the participation threshold above which an offer must be made. Consequently, any person having acquired more than a third of the Company's voting rights will be required to make an offer for all outstanding shares of the Company.

7.2 Change of Control Provisions

Please refer to Logitech's Compensation Report included in its Invitation and Proxy Statement for the 2009 Annual General Meeting, available at <http://ir.logitech.com>, for information on the severance and change of control agreements in place with Logitech's executive officers, and regarding the potential payments in the event of termination of service of an executive officer or a change-in-control of Logitech.

8. Auditors

Under the Company's Articles of Incorporation, the shareholders elect the Company's independent registered public accounting firm each year at the Annual General Meeting. Re-election is permitted.

The Company's auditors are currently PricewaterhouseCoopers SA, Lausanne branch, 45, Avenue C.F. Ramuz, P.O. Box 1172, CH-1001, Lausanne, Switzerland. PwC assumed its first audit mandate for Logitech in 1988. They were re-elected as the Company's auditors in September 2008. The responsible principal audit partner as of March 31, 2009 is Travis Randolph. For purposes of U.S. securities law reporting, PricewaterhouseCoopers LLP, San Jose, California, serves as the Company's independent registered public accounting firm.

Please refer to Logitech's Compensation Report included in its Invitation and Proxy Statement for the 2009 Annual General Meeting, available at <http://ir.logitech.com>, under the heading "Independent Public Accountants" and "Report of the Audit Committee" for further information regarding the audit and non-audit fees paid by Logitech to PricewaterhouseCoopers during fiscal year 2009, pre-approval policies for non-audit work by PricewaterhouseCoopers, and the supervisory and control instruments of the Board of Directors, including the Audit Committee of the Board, over the work and activities of PricewaterhouseCoopers.

9. Information Policy

The Company reports its financial results quarterly with an earnings press release. Quarterly financial results are scheduled to be released as follows:

Q2FY10 Earnings Release and Conference Call	October 22, 2009
Q3FY10 Earnings Release and Conference Call	January 21, 2010
Q4FY10 Earnings Release and Conference Call	April 22, 2010

The Company's 2009 Annual General Meeting is to be held September 1, 2009 at Palais de Beaulieu in Lausanne, Switzerland.

All registered shareholders and all shareholders in the United States that hold their shares through a U.S. bank or brokerage or other nominee receive a copy of the Logitech Annual Report and Invitation and Proxy Statement, or a notice that such documents are available. The Annual Report contains an overview of Logitech's business in the fiscal year, audited financial statements for the group and the Company, the Report on Corporate Governance and other key financial and business information. The Invitation and Proxy Statement includes a description of the matters to be acted upon at the Annual General Meeting of shareholders, a Compensation Report on executive officer and Board member compensation, and other disclosures required under applicable Swiss and U.S. laws.

Logitech holds public conference calls after our quarterly earnings releases to discuss the results and present an opportunity for institutional analysts to ask questions of the Chief Executive Officer and Chief Financial Officer. Logitech also holds periodic analyst days where senior management present reviews of Logitech's business. These events are webcast and remain available on Logitech's Investor Relations website for a period of time after the events. Logitech senior management also regularly participates in institutional investor seminars and roadshows, many of which are also webcast.

Our Investor Relations Web site is located at <http://ir.logitech.com>. We post and maintain an archive of our earnings and other press releases, current reports, annual and quarterly reports, earnings release schedule, information regarding annual general meetings, further information on corporate governance, and other information regarding the Company on the Investor Relations Web site. The information we post includes, and in the future will include, filings we make with the U.S. Securities and Exchange Commission ("SEC"), including reports on Forms 8-K, 10-K, 10-Q, 20-F, 6-K, our proxy statement related to our annual shareholders' meeting, including our Compensation Report on executive officer and Board member compensation, and any amendments to those reports or statements filed or furnished pursuant to U.S. securities laws. All such filings and information are available free of charge on the web site, and we make them available on the web site as soon as reasonably possible after we file or furnish them with the SEC. The contents of these web sites are not intended to be incorporated by reference into this report or in any other report or document we file and our references to these Web sites are intended to be inactive textual references only.

In addition, Logitech publishes press releases upon occurrence of significant events within Logitech. Shareholders and members of the public may elect to receive e-mails when Logitech issues press releases upon occurrence of significant events within Logitech or other press releases by subscribing through <http://ir.logitech.com/alerts.cfm>.

As a Swiss company traded on the SIX Swiss Exchange, and as a company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, we file reports on transactions in Logitech securities by members of Logitech's Board of Directors and executive officers. The reports that we file with the SEC on Forms 3, 4 and 5 may be accessed on our website or on the SEC's website at <http://www.sec.gov>, and the reports that we file that are published by the SIX Swiss Exchange may be accessed at http://www.six-swiss-exchange.com/marketpulse/news/management_transactions_en.html.

For no charge, a copy of our annual reports and filings made with the SEC can be requested by contacting our Investor Relations department: Logitech Investor Relations, 6505 Kaiser Drive, Fremont, CA 94555 USA, Main 510-795-8500, e-mail: investorrelations@logitech.com

The public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

LOGITECH INTERNATIONAL S.A.
Consolidated Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Group Holding %</u>	<u>Share Capital</u>	
EUROPE				
3Dconnexion GmbH	Federal Republic of Germany	100	EUR	27,727
3Dconnexion Holding S.A.	Switzerland	100	CHF	100,000
3Dconnexion Polska Sp z.o.o.	Poland	100	PLZ	50,000
Labtec Europe S.A.	Switzerland	100	CHF	150,000
Logi Trading and Services Limited Liability Company	Hungary	100	HUF	3,000,000
Logitech U.K. Limited.	United Kingdom	100	EUR	20,000
Logitech (Jersey) Limited	Jersey, Channel Islands	100	USD	188
Logitech 3D Holding GmbH	Federal Republic of Germany	100	USD	28,039
Logitech Czech Republic, s.r.o.	Czech Republic	100	CZK	200,000
Logitech Espana BCN SL	Spain	100	EUR	50,000
Logitech Europe S.A.	Switzerland	100	CHF	100,000
SAS Logitech France	Republic of France	100	EUR	182,939
Logitech GmbH	Federal Republic of Germany	100	EUR	25,565
Logitech Ireland Services Limited	Ireland	100	EUR	3
Logitech Italia SRL	Republic of Italy	100	EUR	20,000
Logitech Nordic AB.	Sweden	100	SEK	100,000
Logitech Benelux B.V.	Kingdom of the Netherlands	100	EUR	18,151
Logitech Poland Spolka z.o.o.	Poland	100	PLN	50,000
Logitech S.A.	Switzerland	100	CHF	200,000
Logitech Austria GmbH.	Austria	100	EUR	35,000
Logitech Middle East FZ-LLC	United Arab Emirates	100	AED	100,000
Logitech (Streaming Media) SA	Switzerland	100	CHF	100,000
Logitech Hellas MEPE.	Greece	100	EUR	18,000
Logitech Schweiz AG	Switzerland	100	CHF	100,000
Logi Trading and Services LLC	Romania	100	HUF	3,000,000
Limited Liability Company "Logitech".	Russia	100	RUB	20,000
Logi Peripherals Technologies (South Africa) (Proprietary) Limited.	South Africa	100	ZAR	1,000
AMERICAS				
3Dconnexion Inc.	United States of America	100	USD	70,708
Dexxa Accessorios De Informatica Do Brasil Ltda.	Brazil	100	BRL	10,000
Logitech (Intrigue) Inc.	Canada	100	CAD	1,661,340
Labtec Inc.	United States of America	100	USD	44,864
Logitech de Mexico S.A. de C.V.	Mexico	100	MXN	50,000
Logitech Canada Inc.	Canada	100	CAD	100
Logitech Inc.	United States of America	100	USD	11,522,396
Logitech (Streaming Media) Inc.	United States of America	100	USD	10
Logitech (Slim Devices) Inc.	United States of America	100	USD	10
WiLife, Inc.	United States of America	100	USD	10
Logitech Servicios Latinoamérica, S.A. de C.V.	Mexico	100	MXN	50,000

LOGITECH INTERNATIONAL S.A.
Consolidated Subsidiaries—(Continued)

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Group Holding %</u>	<u>Share Capital</u>	
AMERICAS (continued)				
Ultimate Ears LLC	United States of America	100	USD	—
Ultimate Ears Incorporated	United States of America	100	USD	10
UE Consumer, LLC	United States of America	100	USD	—
SightSpeed, Inc.	United States of America	100	USD	1
ASIA PACIFIC				
LogiCool Co., Ltd.	Japan	100	JPY	155,000,000
Logitech Electronic (India) Private Limited.	India	100	INR	107,760
Logitech Far East, Ltd.	Taiwan, Republic of China	100	TWD	480,000,000
Logitech Hong Kong Limited	Hong Kong	100	USD	1,282
Logitech Korea Ltd.	Korea	100	KRW	150,144,225
Logitech New Zealand Co., Ltd.	New Zealand	100	NZD	10,000
Logitech Service Asia Pacific Pte. Ltd.	Republic of Singapore	100	USD	1
Logitech Singapore Pte. Ltd.	Republic of Singapore	100	SGD	500
Logitech Technology (Suzhou) Co., Ltd.	People's Republic of China	100	USD	22,000,000
Logitech Trading (Shanghai) Co. Ltd.	People's Republic of China	100	CNY	1,655,440
Suzhou Logitech Computing Equipment Co., Ltd.	People's Republic of China	100	USD	7,500,000
Suzhou Logitech Electronic Co. Ltd.	People's Republic of China	100	USD	5,000,000
Logitech Asia Logistics Limited	Hong Kong	100	USD	13
Logitech Asia Pacific Limited	Hong Kong	100	USD	13
Logitech Australia Computer Peripherals Pty Limited	Commonwealth of Australia	100	AUD	12
Logitech (Beijing) Trading Company Limited	People's Republic of China	100	CNY	5,000,000
Logitech Technology (Shenzhen) Consulting Co., Ltd	People's Republic of China	100	HKD	110,000

Due to local legal requirements, there may be holders of nominal shares apart from Logitech.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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**REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF
LOGITECH INTERNATIONAL SA
APPLES**

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Logitech International SA, which comprise the balance sheet, income statement, statement of cash flows, statement of changes in equity and notes, for the year ended March 31, 2009, listed in the index appearing on page 159.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended March 31, 2009 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Travis Randolph
Audit expert
Auditor in charge



Pierre-Alain Dévaud
Audit expert

Lausanne, May 29, 2009

Enclosure:

- Consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes)

LOGITECH INTERNATIONAL S.A.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	<u>Year ended March 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net sales	\$2,208,832	\$2,370,496	\$ 2,066,569
Cost of goods sold	<u>1,517,606</u>	<u>1,521,378</u>	<u>1,357,044</u>
Gross profit	691,226	849,118	709,525
Operating expenses:			
Marketing and selling	319,167	324,451	272,264
Research and development	128,755	124,544	108,256
General and administrative	113,103	113,443	98,143
Restructuring charges	<u>20,547</u>	<u>—</u>	<u>—</u>
Total operating expenses	581,572	562,438	478,663
Operating income	109,654	286,680	230,862
Interest income, net	8,628	15,508	8,733
Other income (expense), net	<u>8,511</u>	<u>(39,374)</u>	<u>15,962</u>
Income before income taxes	126,793	262,814	255,557
Provision for income taxes	<u>19,761</u>	<u>31,788</u>	<u>25,709</u>
Net income	<u>\$ 107,032</u>	<u>\$ 231,026</u>	<u>\$ 229,848</u>
Net income per share:			
Basic	\$ 0.60	\$ 1.27	\$ 1.26
Diluted	\$ 0.59	\$ 1.23	\$ 1.20
Shares used to compute net income per share:			
Basic	178,811	181,362	182,635
Diluted	182,911	187,942	190,991

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

LOGITECH INTERNATIONAL S.A.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	March 31,	
	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 492,759	\$ 482,352
Short-term investments	1,637	3,940
Accounts receivable	213,929	373,619
Inventories	233,467	245,737
Other current assets	56,884	60,668
Total current assets	998,676	1,166,316
Property, plant and equipment	104,132	104,461
Goodwill	242,909	194,383
Other intangible assets	32,109	21,730
Other assets	43,704	40,042
Total assets	\$ 1,421,530	\$ 1,526,932
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 157,798	\$ 287,001
Accrued liabilities	131,496	156,094
Total current liabilities	289,294	443,095
Other liabilities	134,528	123,793
Total liabilities	423,822	566,888
Commitments and contingencies		
Shareholders' equity:		
Shares, par value CHF 0.25 — 191,606,620 issued and authorized and 50,000,000 conditionally authorized at March 31, 2009; 231,606,620 authorized, 60,661,860 conditionally authorized and 191,606,620 issued at March 31, 2008	33,370	33,370
Additional paid-in capital	45,012	49,821
Shares in treasury, at cost, 12,124,078 at March 31, 2009 and 12,431,093 at March 31, 2008	(341,454)	(338,293)
Retained earnings	1,341,661	1,234,629
Accumulated other comprehensive loss	(80,881)	(19,483)
Total shareholders' equity	997,708	960,044
Total liabilities and shareholders' equity	\$ 1,421,530	\$ 1,526,932

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

LOGITECH INTERNATIONAL S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended March 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	\$ 107,032	\$ 231,026	\$ 229,848
Non-cash items included in net income:			
Depreciation	44,021	43,831	35,239
Amortization of other intangible assets	8,166	5,391	4,876
Share-based compensation expense related to options, restricted stock units (“RSUs”) and stock purchase rights . . .	24,503	21,040	19,464
Write-down of investments	2,727	79,823	—
Gain on sale of investments	—	(27,761)	(8,980)
Excess tax benefits from share-based compensation	(6,592)	(15,231)	(13,076)
Loss (gain) on cash surrender value of life insurance policies . . .	2,868	(724)	(1,006)
In-process research and development	1,000	—	1,000
Deferred income taxes and other	(10,387)	(2,138)	(9,175)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	152,496	(31,212)	(9,917)
Inventories	(9,078)	(10,230)	(11,478)
Other assets	14,615	(10,725)	(8,637)
Accounts payable	(123,802)	61,096	33,890
Accrued liabilities	(6,982)	48,893	41,777
Net cash provided by operating activities	<u>200,587</u>	<u>393,079</u>	<u>303,825</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment	(48,263)	(57,900)	(47,246)
Purchases of short-term investments	—	(379,793)	(416,475)
Sales of short-term investments	—	538,479	201,850
Sale of investment	—	13,308	12,874
Acquisitions, net of cash acquired	(64,430)	(59,722)	(20,524)
Premiums paid on cash surrender value life insurance policies	(427)	(1,151)	(537)
Net cash provided by (used in) investing activities	<u>(113,120)</u>	<u>53,221</u>	<u>(270,058)</u>
Cash flows from financing activities:			
Repayments of short-term debt, net	—	(11,739)	(2,181)
Purchases of treasury shares	(78,870)	(219,742)	(138,095)
Proceeds from sale of shares upon exercise of options and purchase rights	31,119	50,603	44,706
Excess tax benefits from share-based compensation	6,592	15,231	13,076
Net cash used in financing activities	<u>(41,159)</u>	<u>(165,647)</u>	<u>(82,494)</u>
Effect of exchange rate changes on cash and cash equivalents	(35,901)	5,502	(90)
Net increase (decrease) in cash and cash equivalents	10,407	286,155	(48,817)
Cash and cash equivalents at beginning of period	482,352	196,197	245,014
Cash and cash equivalents at end of period	<u>\$ 492,759</u>	<u>\$ 482,352</u>	<u>\$ 196,197</u>
Supplemental cash flow information:			
Interest paid	\$ 143	\$ 22	\$ 178
Income taxes paid	\$ 15,268	\$ 11,655	\$ 10,165

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

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands)

	Registered shares		Additional paid-in capital	Treasury shares		Retained earnings	Accumulated other comprehensive loss	Total
	Shares	Amount		Shares	Amount			
March 31, 2006	191,606	\$ 33,370	\$ 100,339	8,955	\$ (186,080)	\$ 765,758	\$ (28,211)	\$ 685,176
Net income	—	—	—	—	—	229,848	—	229,848
Cumulative translation adjustment	—	—	—	—	—	—	9,695	9,695
Change in unrealized gain on investment, net of tax of \$601	—	—	—	—	—	—	(10,211)	(10,211)
Reclassification adjustment for net realized gains on investment, net of tax of \$1,058	—	—	—	—	—	—	(9,400)	(9,400)
Deferred realized hedging gain	—	—	—	—	—	—	697	697
Total comprehensive income	—	—	—	—	—	—	—	\$ 220,629
Adoption of SFAS 158, net of tax of \$859	—	—	—	—	—	—	(2,728)	(2,728)
Tax benefit from exercise of stock options	—	—	14,668	—	—	—	—	14,668
Purchase of treasury shares	—	—	—	5,610	(138,095)	—	—	(138,095)
Sale of shares upon exercise of options and purchase rights	—	—	(62,396)	(5,201)	107,102	—	—	44,706
Share-based compensation expense related to employee stock options and stock purchase plan	—	—	20,168	—	—	—	—	20,168
March 31, 2007	191,606	\$ 33,370	\$ 72,779	9,364	\$ (217,073)	\$ 995,606	\$ (40,158)	\$ 844,524
Net income	—	—	—	—	—	231,026	—	231,026
Cumulative translation adjustment	—	—	—	—	—	—	28,006	28,006
Deferred realized hedging loss	—	—	—	—	—	—	(992)	(992)
Actuarial loss on pension plan, net of tax of \$31	—	—	—	—	—	—	(6,339)	(6,339)
Total comprehensive income	—	—	—	—	—	—	—	\$ 251,701
Change in pension plan measurement date	—	—	—	—	—	—	(317)	(317)
Adjustment for the adoption of FASB Interpretation No. 48 (FIN 48)	—	—	—	—	—	8,314	—	8,314
Tax benefit from exercise of stock options	—	—	3,894	—	—	—	—	3,894
Purchase of treasury shares	—	—	—	7,784	(219,742)	—	—	(219,742)
Sale of shares upon exercise of options and purchase rights	—	—	(47,919)	(4,717)	98,522	—	—	50,603
Share-based compensation expense related to employee stock options and stock purchase plan	—	—	21,067	—	—	—	—	21,067
March 31, 2008	191,606	\$ 33,370	\$ 49,821	12,431	\$ (338,293)	\$ 1,234,629	\$ (19,483)	\$ 960,044
Net income	—	—	—	—	—	107,032	—	107,032
Cumulative translation adjustment, net of tax of \$1,018	—	—	—	—	—	—	(55,983)	(55,983)
Net deferred hedging gains	—	—	—	—	—	—	216	216
Actuarial loss on pension plan, net of tax of \$182	—	—	—	—	—	—	(6,055)	(6,055)
Unrealized gain on investment	—	—	—	—	—	—	424	424
Total comprehensive income	—	—	—	—	—	—	—	\$ 45,634
Tax benefit from exercise of stock options	—	—	15,253	—	—	—	—	15,253
Purchase of treasury shares	—	—	—	2,803	(78,870)	—	—	(78,870)
Sale of shares upon exercise of options and purchase rights	—	—	(44,590)	(3,110)	75,709	—	—	31,119
Share-based compensation expense related to employee stock options, RSUs and stock purchase rights	—	—	24,528	—	—	—	—	24,528
March 31, 2009	191,606	\$ 33,370	\$ 45,012	12,124	\$ (341,454)	\$ 1,341,661	\$ (80,881)	\$ 997,708

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

LOGITECH INTERNATIONAL S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company

Logitech International S.A. is a global leader in peripherals for personal computers and other digital platforms, developing and marketing innovative products in PC navigation, Internet communications, digital music, home-entertainment control, video security, interactive gaming and wireless devices. For the PC, the Company's products include mice, trackballs, keyboards, gaming controllers, multimedia speakers, headsets, webcams and 3D control devices. For digital music devices, the Company's products include speakers, headphones, earphones and custom in-ear monitors. For gaming consoles, the Company offers a range of controllers and other accessories. In addition, Logitech offers wireless music solutions for the home, advanced remote controls for home entertainment systems and PC-based video security systems for a home or small business. The Company generates revenues from sales of its products to a worldwide network of retail distributors and resellers and to original equipment manufacturers ("OEMs"). The Company's sales to its retail channels comprise the large majority of its revenues.

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in the Americas, Europe, Middle East, Africa ("EMEA") and Asia Pacific. Shares of Logitech International S.A. are listed on both the Nasdaq Global Select Market, under the trading symbol LOGI, and the SIX Swiss Exchange, under the trading symbol LOGN.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Logitech and its subsidiaries. All intercompany balances and transactions have been eliminated. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, these financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented.

Net income for fiscal year 2009 includes \$6.7 million in pretax charges related to revenue adjustments, accounting for warranties, accounting for employee benefit accruals and other adjustments from fiscal year 2008. The total pretax charge of \$6.7 million was corrected in the first, third and fourth quarters of fiscal year 2009. We reviewed the accounting errors utilizing SEC Staff Accounting Bulletin No. 99, *Materiality* ("SAB 99") and SEC Staff Accounting Bulletin No. 108, *Effects of Prior Year Misstatements on Current Year Financial Statements* ("SAB 108"), and determined the impact of the errors to be immaterial to any period presented.

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation with no impact on previously reported net income.

Fiscal Year

The Company's fiscal year ends on March 31. Interim quarters are thirteen-week periods, each ending on a Friday. For purposes of presentation, the Company has indicated its quarterly periods as ending on the month end.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, net sales and expenses, and the disclosure of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results could differ from those estimates.

Foreign Currencies

The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, Swiss franc, Japanese yen or the local currency of the country as their functional currencies. The financial statements of the Company's subsidiaries whose functional currency is other than the U.S. dollar are translated to U.S. dollars using period-end rates of exchange for assets and liabilities and monthly average rates for revenues and expenses. Cumulative translation gains and losses are included as a component of shareholders' equity in accumulated other comprehensive loss. Gains and losses arising from transactions denominated in currencies other than a subsidiary's functional currency are reported in other income (expense), net in the consolidated statement of income.

Revenue Recognition

Revenues are recognized when all of the following criteria are met:

- evidence of an arrangement exists between the Company and the customer;
- delivery has occurred and title and risk of loss transfer to the customer;
- the price of the product is fixed or determinable; and
- collectibility of the receivable is reasonably assured.

Revenues from sales to distributors and authorized resellers are recognized net of estimated product returns and expected payments for cooperative marketing arrangements, customer incentive programs and price protection. Significant management judgments and estimates must be used to determine the cost of these programs in any accounting period.

The Company grants limited rights to return product. Return rights vary by customer, and range from just the right to return defective product to stock rotation rights to return a limited percentage of the previous quarter's purchases. Estimates of expected future product returns are recognized at the time of sale based on analyses of historical return trends by customer and by product, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle. Return trends are influenced by the timing of the sale, the type of customer, operational policies and procedures, product sell-through, product quality issues, sales levels, market acceptance of products, competitive pressures, new product introductions, product life cycle status, and other factors. Return rates can fluctuate over time, but are sufficiently predictable to allow us to estimate expected future product returns.

The Company's cooperative marketing arrangements include contractual customer marketing and sales incentive programs. We enter into customer marketing programs with many of our distribution and retail customers allowing customers to receive a credit equal to a set percentage of their purchases of the Company's products, or a fixed dollar credit for various marketing programs. The objective of these programs is to encourage advertising and promotional events to increase sales of our products. Accruals for the estimated costs of these marketing programs are recorded based on the contractual percentage of product purchased in the period we recognize revenue. The Company also offers rebates and discounts for certain types of sell-through programs. Accruals for these sales incentive programs are recorded at the time of sale, or time of commitment, based on negotiated terms, historical experience and inventory levels in the channel.

Customer incentive programs include volume and consumer rebates. We offer volume rebates to our distribution and retail customers related to purchase volumes or sales of specific products by distributors to specified retailers. Reserves for volume rebates are recognized as a reduction of the sale price at the time of sale. Estimates of required reserves are determined based on negotiated terms, consideration of historical experience, anticipated volume of future purchases, and inventory levels in the channel. Consumer rebates are offered from time to time at the Company's discretion directly to end-users. Estimated costs of consumer rebates and similar incentives are recorded at the time the incentive is offered, based on the specific terms and conditions. Certain incentive programs, including consumer rebates, require management to estimate the number of customers who will actually redeem the incentive based on historical experience and the specific terms and conditions of particular programs.

The Company has contractual agreements with certain of its customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction (contractual price protection). At management's discretion, the Company also offers special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales to specific indirect partners. Management's decision to make price reductions is influenced by channel inventory levels, product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Credits are issued for units that customers have on hand or in transit at the date of the price reduction. Reserves for the estimated amounts to be reimbursed to qualifying customers are established quarterly based on planned price reductions, analyses of qualified inventories on hand with distributors and retailers and historical trends by customer and by product.

The Company regularly evaluates the adequacy of our accruals for product returns, cooperative marketing arrangements, customer incentive programs and price protection. Future market conditions and product transitions may require the Company to take action to increase such programs. In addition, when the variables used to estimate these costs change, or if actual costs differ significantly from the estimates, we would be required to record incremental reductions to revenue or increase operating expenses. If, at any future time, the Company becomes unable to reasonably estimate these costs, recognition of revenue might be deferred until products are sold to end-users, which would adversely impact revenue in the period of transition.

The Company's shipping and handling costs are included in cost of sales in the accompanying Consolidated Statements of Income for all periods presented.

Research and Development Costs

Costs related to research, design and development of products, which consist primarily of personnel, product design and infrastructure expenses, are charged to research and development expense as they are incurred.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$151.2 million, \$188.5 million and \$169.8 million in fiscal years 2009, 2008 and 2007. Advertising costs are recorded as either a marketing and selling expense or a deduction from revenue. Advertising costs reimbursed by the Company to a customer must have an identifiable benefit and an estimable fair value in order to be classified as an operating expense. If these criteria are not met, the cost is classified as a reduction of revenue.

Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with various financial institutions to limit exposure with any one financial institution.

The Company sells to large OEMs, distributors and key retailers and, as a result, maintains individually significant receivable balances with such customers. As of March 31, 2009, two customers represented 18% and 10% of total accounts receivable. As of March 31, 2008, two customers each represented 15% of total accounts receivable. Typical payment terms require customers to pay for product sales generally within 30 to 60 days; however terms may vary by customer type, by country and by selling season. Extended payment terms are sometimes offered to a limited number of customers during the second and third fiscal quarters. The Company does not modify payment terms on existing receivables.

The Company's OEM customers tend to be well-capitalized, multi-national companies, while distributors and key retailers may be less well-capitalized. The Company manages its accounts receivable credit risk through ongoing credit evaluation of its customers' financial condition. The Company generally does not require collateral from its customers.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are maintained for estimated losses resulting from the inability of the Company's customers to make required payments. The allowances are based on the Company's regular assessment of the credit worthiness and financial condition of specific customers, as well as its historical experience with bad debts and customer deductions, receivables aging, current economic trends, geographic or country-specific risks and the financial condition of its distribution channels.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on a first-in, first-out basis. The Company records write-downs of inventories which are obsolete or in excess of anticipated demand or market value based on a consideration of product life cycle stage, technology trends, historical sales, product development plans, component cost trends and assumptions about future demand and market conditions.

Investments

The Company's short-term investments are primarily auction rate securities and are classified as available-for-sale as of March 31, 2009. Auction rate securities generally have maturity dates greater than 10 years, with interest rates that typically reset through an auction every 28 days. The Company's short-term investments are reported at estimated fair value. The fair value of short-term investments is estimated based on quoted market prices, if available, or by estimating the values of the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral and applying discounted cash flow or option pricing methods to the estimated collateral value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Additions and improvements are capitalized, and maintenance and repairs are expensed as incurred. The Company capitalizes the cost of software developed for internal use in connection with major projects. Costs incurred during the feasibility stage are expensed, whereas costs incurred during the application development stage are capitalized.

With the exception of tooling, depreciation is provided using the straight-line method. Plant and buildings are depreciated over estimated useful lives from ten to twenty-five years, equipment over useful lives from three to five years, software development over useful lives of three to five years and leasehold improvements over the life of the lease, generally not exceeding five years. Tooling is depreciated over the forecasted life of the tool, not to exceed one year from the time it is placed into production. Depreciation for tooling is calculated based on the forecasted production volume and adjusted quarterly based on actual production. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are relieved from the accounts and the net gain or loss is included in the determination of net income.

Goodwill and Other Intangible Assets

The Company's intangible assets principally include goodwill, acquired technology, trademarks, customer contracts and customer relationships, and other. Intangible assets with finite lives, which include acquired technology, trademarks, customer contracts and customer relationships, and other, are recorded at cost and amortized using the straight-line method over their useful lives ranging from two years to ten years. Intangible assets with indefinite lives, which include goodwill, are recorded at cost and evaluated at least annually for impairment.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, such as investments, property and equipment, and intangible assets, for impairment whenever events indicate that the carrying amounts might not be recoverable. Recoverability of investments, property and equipment, and other intangible assets is measured by comparing the projected undiscounted net cash flows associated with those assets to their carrying values. If an asset is considered impaired, it is written down to fair value, which is determined based on the asset's projected discounted cash flows or appraised value, depending on the nature of the asset. Goodwill is evaluated for impairment at least annually.

Income Taxes

The Company provides for income taxes using the liability method, which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences resulting from differing treatment of items for tax and accounting purposes. In estimating future tax consequences, expected future events are taken into consideration, with the exception of potential tax law or tax rate changes.

During the first quarter of fiscal year 2008, Logitech adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48 (As Amended), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"). Note 14 of the consolidated financial statements describes FIN 48 and the effects on our results of operations and financial position arising from its adoption.

The Company's assessment of uncertain tax positions under FIN 48 requires that management make estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than the Company's estimates, or the related statutes of limitations expire without the assessment of additional income taxes, the Company will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on the Company's income tax provision and its results of operations.

Fair Value of Financial Instruments

Effective April 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a fair value hierarchy and requires expanded disclosures about fair value measurements. The impact of adopting SFAS 157 was not material to our consolidated financial statements.

The Company also adopted Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Liabilities – including an amendment of FASB Statement No. 115* ("SFAS 159") as of April 1, 2008. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. The Company did not elect the fair value option for any financial assets and liabilities existing at April 1, 2008 which had not previously been carried at fair value. Therefore, the adoption of SFAS 159 has not impacted our consolidated financial statements. Any future transacted financial assets or liabilities will be evaluated for the fair value election as prescribed by SFAS 159.

The carrying value of certain of the Company's financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates fair value due to their short maturities. The Company's short-term investments are reported at estimated fair value. The fair value of short-term investments is estimated based on quoted market prices, if available, or by estimating the values of the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral and applying discounted cash flow or option pricing methods to the estimated collateral value. The fair value of all our derivative financial instruments is determined based on quoted foreign exchange forward rates.

Net Income per Share

Basic net income per share is computed by dividing net income by the weighted average outstanding shares. Diluted net income per share is computed using the weighted average outstanding shares and dilutive share equivalents. Dilutive share equivalents consist of employee stock options.

The dilutive effect of in-the-money stock options is calculated based on the average share price for each fiscal period using the treasury stock method, which assumes that the amount used to repurchase shares includes the amount the employee must pay for exercising stock options, the amount of compensation cost not yet recognized for future service, and the amount of tax impact that would be recorded in additional paid-in capital when the award becomes deductible.

Share-Based Compensation Expense

Share-based compensation expense includes compensation expense, reduced for estimated forfeitures, for share-based compensation awards granted after April 1, 2006 based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model for stock options and stock purchases, and the Monte-Carlo simulation model for restricted stock units ("RSUs"). These compensation costs are recognized on a straight-line basis over the service period of the award, which is generally the vesting term of four years (single-option approach) for stock options and two years for RSUs.

For share-based compensation awards granted prior to but not yet vested as of April 1, 2006, share-based compensation expense is based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model reduced for estimated forfeitures. These compensation costs are recognized on a straight-line basis over the service period for each separately vesting portion of the award (multiple-option approach).

Tax benefits resulting from the exercise of stock options are classified as cash flows from financing activities in the consolidated statement of cash flows. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to share-based compensation costs for such options.

The Company will recognize a benefit from share-based compensation in paid-in capital only if an incremental tax benefit is realized after all other available tax attributes have been utilized. For income tax footnote disclosure, the Company has elected to offset deferred tax assets against the valuation allowance related to the net operating loss and tax credit carryforwards from accumulated tax benefits. The Company will recognize these tax benefits in paid-in capital when the deduction reduces cash taxes payable. In addition, the Company has elected to account for the indirect benefits of share-based compensation on the research tax credit through the income statement (continuing operations) rather than through paid-in capital.

Comprehensive Income

Comprehensive income is defined as the total change in shareholders' equity during the period other than from transactions with shareholders. Comprehensive income consists of net income and other comprehensive income, a component of shareholders' equity. Other comprehensive income is comprised of foreign currency translation adjustments from those entities not using the U.S. dollar as their functional currency, unrealized gains and losses on marketable equity securities, net deferred gains and losses and prior service costs for defined benefit pension plans, and net deferred gains and losses on hedging activity.

Derivative Financial Instruments

The Company enters into foreign exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on certain foreign currency receivables or payables and to provide against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. These forward contracts generally mature within one to three months. The Company may also enter into foreign exchange swap contracts to extend the terms of its foreign exchange forward contracts.

Gains and losses in the fair value of the effective portion of our forward contracts related to forecasted inventory purchases are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. Gains or losses in fair value on forward contracts which offset translation losses or gains on foreign currency receivables or payables are recognized in earnings monthly and are included in other income (expense), net. Effective January 1, 2009, the Company adopted Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133* ("SFAS 161"). This Statement requires enhanced disclosures about an entity's derivative and hedging activities.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* ("SFAS 141R"). SFAS 141R will significantly change the accounting for business combinations in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development and restructuring costs. SFAS 141R is effective for fiscal years beginning after December 15, 2008 and, as such, we will adopt this standard for any future acquisitions beginning in fiscal year 2010, except that resolution of certain tax contingencies and adjustments to valuation allowances related to business combinations, which previously were adjusted to goodwill, will be adjusted to income tax expense for all such adjustments after April 1, 2009, regardless of the date of the original business combination.

In April 2009, the FASB issued FASB Staff Position No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* ("FSP 141R-1"). This FSP amends the accounting in SFAS 141R for assets and liabilities arising from contingencies in a business combination. FSP 141R-1 requires that pre-acquisition contingencies be recognized at fair value, if fair value can be reasonably determined. If fair value cannot be reasonably determined, FSP 141R-1 requires measurement based on the best estimate in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*. FSP 141R-1 is effective for fiscal years beginning after December 15, 2008 and, as such, we will adopt this standard for any future acquisitions beginning in fiscal year 2010.

In April 2009, the FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP 157-4"). Based on the guidance, if an entity determines that the level of activity for an asset or liability has significantly decreased and that a transaction is not orderly, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transaction or quoted prices may be necessary to estimate fair value in accordance with FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). FSP 157-4 is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. Logitech will adopt FSP 157-4 in the first quarter of fiscal year 2010. We do not expect that FSP 157-4 will have a material impact on the Company's consolidated financial statements and disclosures.

In April 2009, the FASB issued FASB Staff Position No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP 107-1”), which amends FASB Statement No. 107, *Disclosures about Fair Values of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. FSP 107-1 also amends Accounting Principles Board Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. FSP 107-1 is effective for interim periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company will adopt FSP 107-1 in the first quarter of fiscal year 2010 and does not expect that the adoption of the FSP will have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2009, the FASB issued FASB Staff Position No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (“FSP 115-2 and 124-2”), which amends the other-than-temporary guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP 115-2 and 124-2 is effective for interim periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company will adopt FSP 115-2 and 124-2 in the first quarter of fiscal year 2010 and does not expect that the adoption of the FSP will have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2008, the FASB issued FASB Staff Position No. 142-3, *Determination of the Useful Life of Intangible Assets* (“FSP 142-3”). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (“SFAS 142”). The objective of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company will adopt FSP 142-3 in the first quarter of fiscal year 2010 and is currently evaluating the potential impact that the adoption of FSP 142-3 may have on its consolidated financial statements.

In December 2008, the FASB issued FASB Staff Position No. 132(R)-1, *Employers’ Disclosures about Postretirement Benefit Plan Assets* (“FSP 132(R)-1”). FSP 132(R)-1 requires detailed disclosures regarding the investment strategies, fair value measurements, and concentrations of risk of plan assets of a defined benefit pension or other postretirement plan. FSP 132(R)-1 is effective for fiscal years ending after December 15, 2009. We will adopt FSP 132(R)-1 in fiscal year 2010, and are evaluating the disclosure impact.

Note 3 — Net Income per Share

The computations of basic and diluted net income per share for the Company were as follows (in thousands except per share amounts):

	Year ended March 31,		
	2009	2008	2007
Net income — basic and diluted	\$107,032	\$231,026	\$ 229,848
Weighted average shares — basic	178,811	181,362	182,635
Effect of dilutive stock options	4,100	6,580	8,356
Weighted average shares — diluted	182,911	187,942	190,991
Net income per share — basic	\$ 0.60	\$ 1.27	\$ 1.26
Net income per share — diluted	\$ 0.59	\$ 1.23	\$ 1.20

During fiscal years 2009, 2008 and 2007, 10,567,217, 3,957,572 and 3,327,825 share equivalents attributable to outstanding stock options and RSUs were excluded from the calculation of diluted net income per share because the exercise prices of these options were greater than the average market price of the Company's shares, and therefore their inclusion would have been anti-dilutive.

Employee equity share options, non-vested shares and similar equity instruments granted by the Company are treated as potential shares in computing diluted net income per share. Diluted shares outstanding include the dilutive effect of in-the-money options which is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount that the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax impact that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The following table presents the effect of in-the-money employee stock options treated as potential shares in computing diluted earnings per share (in thousands except per share amounts):

	<u>Year Ended March 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
In-the-money employee stock options treated as potential shares	9,313	15,881	18,035
Percentage of basic weighted average shares outstanding	5.2%	8.8%	9.9%
Average share price	\$20.55	\$ 28.74	\$ 23.44

The following table illustrates the dilution effect of stock options granted and exercised (in thousands):

	<u>Year ended March 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Basic weighted average shares outstanding as of March 31	178,811	181,362	182,635
Stock options and RSUs granted	4,239	3,891	2,555
Stock options canceled, forfeited, or expired	<u>(1,163)</u>	<u>(652)</u>	<u>(688)</u>
Net options granted	3,076	3,239	1,867
Grant dilution ⁽¹⁾	1.7%	1.8%	1.0%
Stock options exercised	2,037	4,162	4,599
Exercise dilution ⁽²⁾	1.1%	2.3%	2.5%

(1) The percentage of grant dilution is computed based on net options granted as a percentage of basic weighted average shares outstanding.

(2) The percentage of exercise dilution is computed based on options exercised as a percentage of weighted average shares outstanding.

Note 4 — Fair Value Measurements

The Company adopted SFAS 157 effective April 1, 2008. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes the following three-level fair value hierarchy that prioritizes the inputs used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table presents the Company’s financial assets and liabilities that were accounted for at fair value as of March 31, 2009, classified by the level within the fair value hierarchy (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 492,759	\$ —	\$ —
Short-term investments	—	—	1,637
Foreign exchange derivative assets	208	—	—
Total assets at fair value	<u>\$492,967</u>	<u>\$—</u>	<u>\$ 1,637</u>
Foreign exchange derivative liabilities	\$ 1,849	\$—	\$ —
Total liabilities at fair value	<u>\$ 1,849</u>	<u>\$—</u>	<u>\$ —</u>

Notes 5 and 15 describe the inputs and valuation techniques used to determine fair value.

Note 5 — Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents consist of bank demand deposits and time deposits. The time deposits have terms of less than 30 days. Cash and cash equivalents are carried at cost, which is equivalent to fair value.

The Company’s short-term investments portfolio as of March 31, 2009 and 2008 consisted of auction rate securities collateralized by residential and commercial mortgages. The short-term investments are classified as available-for-sale and reported at estimated fair value. Auction rate securities generally have maturity dates greater than 10 years, with interest rates that typically reset through an auction every 28 days. All our short-term investments as of March 31, 2009 have maturity dates in excess of 10 years. Since August 2007, auctions for these investments have failed. Consequently, the investments are not currently liquid and the Company will not be able to realize the proceeds, if any, from these investments until a future auction of these investments is successful or a buyer is found outside of the auction process.

The fair value of our short-term investments is determined by estimating the values of the underlying collateral using published mortgage indices or interest rate spreads for comparably-rated collateral and applying discounted cash flow or option pricing methods to the estimated collateral value. The mortgage indices and spreads are adjusted for factors such as the issuance date of the auction rate security and the rating of the underlying assets. In addition, inputs to the valuation methods include factors such as the timing and amount of cash flow streams, the default risk underlying the collateral, discount rates, and overall capital market liquidity. Under SFAS 157, such adjustments indicate the inputs fall within Level 3 of the fair value hierarchy.

The following table presents the changes in fair value of the Company's short-term investments during fiscal years 2009 and 2008:

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 3,940	\$ 214,625
Purchases	—	379,793
Sales	—	(538,479)
Write-down of investments	(2,727)	(79,823)
Unrealized gain	424	—
Gain on sale, net of loss	—	27,824
Ending balance	<u>\$ 1,637</u>	<u>\$ 3,940</u>

The par value of our short-term investments portfolio at March 31, 2009 and 2008 was \$47.5 million. The write-down of investments recorded in other income (expense), net related to the other-than-temporary decline in the estimated fair value of these investments due to continuing declines in the residential mortgage markets. The unrealized gain as of March 31, 2009 related to temporary increases in the fair value and was recorded in other comprehensive income. As of March 31, 2008, the Company had not recognized any unrealized gains or losses related to its short-term investments in other comprehensive income.

Note 6 — Acquisitions

SightSpeed

In October 2008, the Company acquired SightSpeed Inc., a privately held company that provides high-quality Internet video communications services. The acquisition of SightSpeed will provide Logitech with video calling technology and a software and services development team that can be focused on future video calling initiatives to enable cross-platform video communications.

Total consideration paid was \$31.1 million, which includes \$1.0 million in transaction costs. Under the terms of the purchase agreement, the Company acquired all of the outstanding shares of SightSpeed.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Company management based on information available at the date of acquisition. The results of operations of SightSpeed were included in Logitech's consolidated financial statements from the date of acquisition, and were not material to the Company's reported results.

The preliminary allocation of total consideration, including transaction costs, to the assets acquired and liabilities assumed based on the estimated fair value of SightSpeed was as follows (in thousands):

	<u>November 3, 2008</u>	<u>Estimated Life</u>
Tangible assets acquired	\$ 370	
Intangible assets acquired		
Existing technology	800	5 years
In-process research and development	1,000	—
Patents and core technology	2,700	5 years
Trademark/trade name	200	2 years
Customer relationships and other	1,200	4.9 years
Goodwill	<u>21,985</u>	—
	28,255	
Liabilities assumed	(567)	
Deferred tax asset, net	<u>3,424</u>	
Total consideration	<u>\$ 31,112</u>	

The existing technology of SightSpeed relates to internet video communications services that allow users to make video calls, computer-to-computer voice calls, and calls to regular telephones with free and prepaid versions. In-process research and development had not reached technological feasibility at the time of the acquisition and had no further alternative uses, and was expensed immediately to research and development expense upon consummation of the acquisition. The value of the technology was determined based on the present value of estimated expected cash flows attributable to the technology. The patents and core technology represent awarded patents, filed patent applications and core architectures used in SightSpeed’s current and planned future products. Trademark/trade name relates to the SightSpeed brand names. The value of the patents, core technology and trademark/trade name was estimated by capitalizing the estimated profits saved as a result of acquiring or licensing the asset. Customer relationships and other relates to the ability to sell existing, in-process, and future versions of the technology to SightSpeed’s existing customer base, valued based on projected discounted cash flows generated from customers in place. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes. The deferred tax asset relates to the tax benefit of a net operating loss carryforward, net of the deferred tax liability related to intangible assets.

Ultimate Ears

In August 2008, the Company acquired the Ultimate Ears companies (“Ultimate Ears”), a privately held group of companies that offers a range of earphones for portable-music enthusiasts as well as a line of custom-fit in-ear monitors for music professionals. The acquisition is part of the Company’s strategy to expand its portfolio of digital audio products, providing more options for portable music listening.

Total consideration paid was \$34.3 million, which includes \$0.5 million in transaction costs. Under the terms of the purchase agreement, the Company acquired all of the outstanding equity interests of Ultimate Ears for \$33.8 million, including a \$6.9 million holdback provision relating to potential indemnification claims, of which \$1.8 million has been recorded as a liability in the accompanying consolidated financial statements and \$5.1 million has been held in escrow. The holdback provision has been included as part of the purchase price allocation below.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Company management based on information available at the date of acquisition. The results of operations of Ultimate Ears were included in Logitech's consolidated financial statements from the date of acquisition, and were not material to the Company's reported results.

The preliminary allocation of total consideration, including transaction costs, to the assets acquired and liabilities assumed based on the estimated fair value of Ultimate Ears was as follows (in thousands):

	<u>August 19, 2008</u>	<u>Estimated Life</u>
Tangible assets acquired	\$ 4,182	
Intangible assets acquired		
Existing technology	5,900	4 years
Patents and core technology	1,900	4 years
Trademark/trade name	2,900	5 years
Customer relationships and other	2,500	5 years
Goodwill	<u>24,508</u>	—
	41,890	
Liabilities assumed	(2,334)	
Deferred tax liability, net	<u>(5,235)</u>	
Total consideration	<u>\$ 34,321</u>	

The existing technology of Ultimate Ears relates to the technical components used in the in-ear monitors and earplugs. The value of the technology was determined based on the present value of estimated expected cash flows attributable to the technology. The patents and core technology represent awarded patents, filed patent applications and core architectures used in Ultimate Ears' current and planned future products. Trademark/trade name relates to the Ultimate Ears brand names. The value of the patents, core technology and trademark/trade name was estimated by capitalizing the estimated profits saved as a result of acquiring or licensing the asset. Customer relationships and other relates to Ultimate Ears' existing customer base, valued based on projected discounted cash flows generated from customers in place. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes. The deferred tax liability relates to the acquired intangible assets which are also not expected to be deductible for income tax purposes.

WiLife

In November 2007, the Company acquired WiLife, Inc. ("WiLife"), a privately held company that manufactures PC-based video cameras for self-monitoring a home or a small business. The acquisition is part of the Company's strategy to expand its presence in digital home products.

Total consideration paid, net of cash acquired was \$22.0 million, which includes \$0.7 million in transaction costs. Under the terms of the purchase agreement, the Company acquired all of the outstanding shares of WiLife for \$21.7 million in cash, plus a possible performance-based payment, payable in the first calendar quarter of 2011. The performance-based payment is based on net revenues attributed to WiLife during calendar year 2010. No payment is due if the applicable net revenues total \$40.0 million or less. The maximum performance-based payment is \$64.0 million. The total performance-based payment amount, if any, will be recorded in goodwill and will not be known until the end of calendar year 2010.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Company management based on information available as of the date of acquisition. The results of operations of WiLife were included in Logitech's consolidated financial statements from the date of acquisition, and were not material to the Company's reported results.

The allocation of total consideration to the assets acquired and liabilities assumed based on the estimated fair value of WiLife is presented in the following table.

	<u>November 13, 2007</u>	<u>Estimated Life</u>
Tangible assets acquired	\$ 3,432	
Intangible assets acquired		
Existing technology	3,000	6 years
Patents and core technology	3,700	5 years
Trademark/trade name	1,300	5 years
Customer relationships and other	200	3 years
Goodwill	<u>15,855</u>	—
	27,487	
Liabilities assumed	(6,016)	
Deferred tax asset, net	<u>639</u>	
Total consideration	<u>\$22,110</u>	

The existing technology relates to the video surveillance cameras and software used in WiLife's PC-based video security systems. The value of the technology was determined based on the present value of estimated expected cash flows attributable to the technology. The patents and core technology represent awarded patents, filed patent applications and core architectures used in WiLife's current and planned future products. Trademark/trade name relates to the WiLife brand names. The value of the patents, core technology and trademark/trade name was estimated by capitalizing the estimated profits saved as a result of acquiring or licensing the asset. Customer relationships and other relates to WiLife's existing customer base, valued based on projected discounted cash flows generated from customers in place. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes. The deferred tax asset relates to the tax benefit of a net operating loss carryforward, net of the deferred tax liability related to intangible assets.

Slim Devices

In October 2006, the Company acquired Slim Devices, Inc. ("Slim Devices"), a privately held company specializing in network-based audio systems for digital music, based in Mountain View, California. The acquisition is part of the Company's strategy to expand its presence in the digital music and home-entertainment control environment.

Total consideration paid was \$20.6 million, which includes \$0.6 million in transaction costs. Under the terms of the purchase agreement, the Company acquired all of the outstanding shares of Slim Devices for \$20.0 million in cash, plus a possible performance-based payment, payable in the first calendar quarter of 2010. The performance-based payment is based on net revenues from the sale of products and services in calendar year 2009 derived from Slim Devices' technology. No payment is due if the applicable net revenues total \$40 million or less. The maximum performance-based payment is \$89.5 million. The total performance-based payment amount, if any, will be recorded in goodwill and will not be final until the end of calendar year 2009. As of March 31, 2009, no amounts were payable towards performance-based payments under our acquisition agreement.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Company management based on information available as of the date of acquisition. The results of operations of Slim Devices were included in Logitech's consolidated financial statements from the date of acquisition, and were not material to the Company's reported results.

The total consideration, including transaction costs, was allocated to the fair values of assets acquired and liabilities assumed as follows (in thousands):

	<u>October 17, 2006</u>	<u>Estimated Life</u>
Tangible assets acquired	\$ 1,749	
Intangible assets acquired		
Technology	9,000	5 years
In-process research and development	1,000	—
Trademark/trade name	3,100	6.5 years
Customer relationships and other	520	3.7 years
Goodwill	10,683	—
	<u>26,052</u>	
Liabilities assumed	(473)	
Deferred tax liability related to intangible assets acquired	<u>(4,998)</u>	
Total consideration	<u>\$20,581</u>	

The technology relates to proprietary hardware and software developed by Slim Devices including the Squeezebox, the Transporter, the SlimServer software and the SqueezeNetwork. The SqueezeNetwork delivers content to devices such as the Squeezebox and Transporter directly from the Internet, without requiring a PC.

Trademark/trade name relates to the Slim Devices product brand names. The value of the trademark/trade name was determined using the royalty savings approach, which estimates the value of the assets by capitalizing the royalties saved as a result of acquiring the assets. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. In-process research and development had not reached technological feasibility at the time of the acquisition and had no further alternative uses, and was expensed immediately to research and development expense upon consummation of the acquisition. The values of the existing technology, in-process technology and customer relationships were determined by estimating the expected cash flows from the projects once commercially viable, discounting the net cash flows back to their present value and then applying a percentage of completion to the calculated value. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes.

Note 7 — Balance Sheet Components

The following provides the components of certain balance sheet amounts (in thousands):

	March 31,	
	2009	2008
Accounts receivable:		
Accounts receivable	\$ 339,903	\$504,406
Allowance for doubtful accounts	(6,705)	(2,497)
Allowance for returns	(25,470)	(21,099)
Cooperative marketing arrangements	(41,082)	(41,516)
Customer incentive programs	(40,369)	(49,341)
Price protection	(12,348)	(16,334)
	<u>\$ 213,929</u>	<u>\$ 373,619</u>
Inventories:		
Raw materials	\$ 30,959	\$ 46,315
Work-in-process	19	13
Finished goods	202,489	199,409
	<u>\$ 233,467</u>	<u>\$ 245,737</u>
Other current assets:		
Tax and VAT refund receivables	\$ 17,275	\$ 23,882
Deferred taxes	25,546	18,961
Prepaid expenses and other	14,063	17,825
	<u>\$ 56,884</u>	<u>\$ 60,668</u>
Property, plant and equipment:		
Plant, buildings and improvements	\$ 56,211	\$ 58,101
Equipment	108,779	98,818
Computer equipment	49,532	47,027
Computer software	60,259	51,552
	274,781	255,498
Less: accumulated depreciation	(188,371)	(167,153)
	86,410	88,345
Construction-in-progress	14,708	12,866
Land	3,014	3,250
	<u>\$ 104,132</u>	<u>\$ 104,461</u>
Other assets:		
Deferred taxes	\$ 27,718	\$ 22,618
Cash surrender value of life insurance contracts	10,685	12,793
Deposits and other	5,301	4,631
	<u>\$ 43,704</u>	<u>\$ 40,042</u>
Accrued liabilities:		
Accrued marketing expenses	\$ 21,984	\$ 30,764
Accrued personnel expenses	34,373	40,586
Income taxes payable - current	6,828	15,051
Accrued freight and duty	9,048	13,969
Accrued restructuring	3,794	—
Other accrued liabilities	55,469	55,724
	<u>\$ 131,496</u>	<u>\$ 156,094</u>
Long-term liabilities:		
Income taxes payable - non-current	\$ 101,463	\$ 95,013
Obligation for management deferred compensation	10,499	14,806
Defined benefit pension plan liability	19,822	12,309
Other long-term liabilities	2,744	1,665
	<u>\$ 134,528</u>	<u>\$ 123,793</u>

The following table presents the changes in the allowance for doubtful accounts during fiscal years ended March 31, 2009 and 2008 (in thousands):

	March 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning balance	\$2,497	\$ 3,322	\$2,988
Bad debt expense	5,102	603	527
Write-offs net of recoveries	(894)	(1,428)	(193)
Ending balance	<u>\$6,705</u>	<u>\$ 2,497</u>	<u>\$3,322</u>

Note 8 — Goodwill and Other Intangible Assets

The following table summarizes the activity in the Company’s goodwill account during fiscal years ended March 31, 2009 and 2008 (in thousands):

	March 31,	
	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 194,383	\$ 179,991
Additions	48,526	17,569
Cumulative translation adjustments	—	(3,177)
Ending balance	<u>\$242,909</u>	<u>\$194,383</u>

Additions to goodwill during fiscal year 2009 were primarily related to our acquisitions of SightSpeed and Ultimate Ears, as well as a \$2.0 million pre-acquisition contingency related to our WiLife acquisition.

Additions to goodwill during fiscal year 2008 were primarily due to the acquisition of WiLife. Goodwill also increased by \$4.0 million due to an increase in the deferred payment amount payable to the former shareholders of Intrigue Technologies, Inc. During the third quarter of fiscal year 2008, the Company determined that the functional currency of an entity acquired in fiscal year 2005 was incorrectly designated. The Company recorded an adjustment of \$7.5 million to reduce goodwill with a corresponding amount recorded in cumulative translation adjustment which is a component of accumulated other comprehensive loss. This correcting adjustment was recorded in the third quarter of fiscal year 2008 since the impact was not material to goodwill, accumulated other comprehensive loss and comprehensive income in this period or any prior periods. The remainder of the change in goodwill related to foreign currency translation adjustments. None of the goodwill is expected to be deductible for tax purposes.

The Company intends to fully integrate SightSpeed’s, Ultimate Ears’ and WiLife’s businesses into its existing operations, and discrete financial information for the companies will not be maintained. Accordingly, the acquired goodwill will be evaluated for impairment at the total enterprise level.

The Company performs its annual goodwill impairment test during its fourth fiscal quarter or more frequently if events or circumstances indicate that an impairment may have occurred. The Company has fully integrated all of its acquired companies, and evaluates acquired goodwill for impairment at the total enterprise level, with the exception of 3Dconnexion which is a separate reporting unit. The Company maintains discrete financial information for 3DConnexion and determines impairment of the goodwill acquired at the entity level. Based on impairment tests performed, there has been no impairment of the Company’s goodwill to date.

The Company's acquired other intangible assets subject to amortization were as follows (in thousands):

	March 31, 2009			March 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark/tradename	\$24,398	\$(18,559)	\$ 5,839	\$21,385	\$(16,896)	\$ 4,489
Technology	49,268	(26,598)	22,670	37,523	(20,911)	16,612
Customer contracts	7,018	(3,418)	3,600	2,318	(1,689)	629
	<u>\$80,684</u>	<u>\$(48,575)</u>	<u>\$ 32,109</u>	<u>\$61,226</u>	<u>\$(39,496)</u>	<u>\$ 21,730</u>

During fiscal years 2009, changes in the gross carrying amount of other intangible assets related to our acquisitions of SightSpeed and Ultimate Ears, patent rights acquired pursuant to a patent settlement agreement, and foreign currency translation adjustments.

For fiscal years 2009, 2008 and 2007, amortization expense for other intangible assets was \$8.2 million, \$5.4 million and \$4.9 million. The Company expects that annual amortization expense for the fiscal years ending 2010, 2011, 2012, 2013 and 2014 will be \$8.8 million, \$8.5 million, \$7.6 million, \$5.0 million and \$2.2 million.

Note 9 — Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating \$139.0 million at March 31, 2009. There are no financial covenants under these lines of credit with which the Company must comply. At March 31, 2009, the Company had no outstanding borrowings under these lines of credit.

Note 10 — Shareholders' Equity

Stock Split

In June 2006, the Company's shareholders approved a two-for-one split of Logitech's shares, which took effect on July 14, 2006. All references to share and per-share data for all periods presented herein have been adjusted to give effect to this stock split.

Share Capital

The Company's nominal share capital is CHF 47,901,655, consisting of 191,606,620 shares with a par value of CHF 0.25 each, all of which were issued and 12,124,078 of which were held in treasury as of March 31, 2009.

Pursuant to the Company's Articles of Incorporation, the Board of Directors was previously authorized to increase the share capital of the Company through the issuance of up to 40,000,000 shares. This authorization expired in July 2008 and was not renewed.

In September 2008, the Company's shareholders approved an amendment to the Company's Articles of Incorporation which decreased the conditional capital reserved for potential issuance on the exercise of rights granted under the Company's employee equity incentive plans from 60,661,860 shares to 25,000,000 shares. The Board of Directors determined that the reduced amount of conditional capital, together with a portion of its shares held in treasury, was adequate to cover employee equity incentives without impacting the ability of the Company to maintain employee equity incentive plans.

In September 2008, the shareholders also approved the creation of conditional capital representing the issuance of up to 25,000,000 shares to cover any conversion rights under a future convertible bond issuance. This conditional capital was created in order to provide financing flexibility for future expansion, investments or acquisitions.

Dividends

Pursuant to Swiss corporate law, Logitech International S.A. may only pay dividends in Swiss francs. The payment of dividends is limited to certain amounts of unappropriated retained earnings (CHF 354.9 million or \$311.7 million based on exchange rates at March 31, 2009) and is subject to shareholder approval.

Legal Reserves

Under Swiss corporate law, a minimum of 5% of the Company's annual net income must be retained in a legal reserve until this legal reserve equals 20% of the Company's issued and outstanding aggregate par value per share capital. These legal reserves represent an appropriation of retained earnings that are not available for distribution and totaled \$8.4 million at March 31, 2009 (based on exchange rates at March 31, 2009).

Additionally, under Swiss corporate law, the Company is required to establish a reserve equal to the amount of treasury shares repurchased at year-end. The reserve for treasury shares, which is not available for distribution, totaled \$342.2 million at March 31, 2009.

Share Repurchases

During fiscal years 2009, 2008 and 2007, the Company had the following approved share buyback programs in place (in thousands):

<u>Date of Announcement</u>	<u>Approved Buyback Amount</u>	<u>Equivalent USD Amount⁽¹⁾</u>	<u>Expiration Date</u>	<u>Completion Date</u>	<u>Amount Remaining</u>
June 2007	USD250,000	\$ 250,000	June 2010	—	\$ 125,746
May 2006	USD250,000	\$ 250,000	June 2009	February 2008	\$ —
June 2005	CHF300,000	\$ 235,000	June 2008	November 2006	\$ —

(1) Represents the approved buyback amount in U.S. dollars, calculated based on exchange rates on the announcement date.

In addition, in September 2008, the Company's Board of Directors approved a new share buyback program, which authorizes the Company to invest up to \$250 million to purchase its own shares. The September 2008 program is subject to the approval of the Swiss Takeover Board and the completion of the current share buyback program of \$250 million.

The Company repurchased shares under these buyback programs as follows (in thousands):

<u>Date of Announcement</u>	<u>Amount Repurchased During Year ended March 31,⁽¹⁾</u>							
	<u>Program to date</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
June 2007	4,553	\$124,254	2,803	\$78,870	1,750	\$ 45,384	—	\$ —
May 2006	8,760	250,968	—	—	6,034	174,358	2,726	76,610
June 2005	11,286	236,098	—	—	—	—	2,884	61,485
	<u>24,599</u>	<u>\$ 611,320</u>	<u>2,803</u>	<u>\$78,870</u>	<u>7,784</u>	<u>\$ 219,742</u>	<u>5,610</u>	<u>\$ 138,095</u>

(1) Represents the amount in U.S. dollars, calculated based on exchange rates on the repurchase dates.

Note 11 — Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows (in thousands):

	March 31,	
	2009	2008
Cumulative translation adjustment	\$(66,399)	\$(10,416)
Pension liability adjustments, net of tax of \$990 and \$821	(15,122)	(9,067)
Unrealized gain on investments	424	
Net deferred hedging gains	216	—
	<u>\$(80,881)</u>	<u>\$(19,483)</u>

Note 12 — Restructuring

In January 2009, Logitech initiated a restructuring plan (“2009 Restructuring Plan”) in order to reduce operating expenses and improve financial results in response to deteriorating global economic conditions. We completed a majority of the restructuring activity during the three months ended March 31, 2009. As part of this restructuring plan, the Company reduced its salaried workforce by 515 employees. All charges related to the 2009 Restructuring Plan are presented as restructuring charges in our consolidated statements of income.

The following table summarizes restructuring related activities during fiscal year 2009 (in thousands):

	<u>Total</u>	<u>Termination Benefits</u>	<u>Asset Impairments</u>	<u>Contract Termination Costs</u>	<u>Other</u>
Balance at March 31, 2008	\$ —	\$ —	\$ —	\$ —	\$ —
Charges	20,547	16,428	556	200	3,364
Cash payments	(12,764)	(12,579)	—	(185)	—
Charges against assets	(556)	—	(556)	—	—
Other	(3,485)	(121)	—	—	(3,364)
Foreign Exchange	51	51	—	—	—
Balance at March 31, 2009	<u>\$ 3,794</u>	<u>\$ 3,779</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ —</u>

Termination benefits incurred pursuant to the 2009 Restructuring Plan are calculated based on regional benefit practices and local statutory requirements. Asset impairments have been recorded to write down fixed assets that will not be placed in service due to the abandonment of the related projects. Contract termination costs relate to exit costs associated with the closure of existing facilities. Other charges primarily consist of pension curtailment and settlement costs of \$3.4 million which are reflected in other charges in the preceding table, as the corresponding balance sheet amounts are reflected as a reduction of pension assets. We expect to substantially complete the restructuring by the end of the second quarter of fiscal year 2010.

Note 13 — Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of March 31, 2009, the Company offers the 2006 Employee Share Purchase Plan (Non-U.S.) (“2006 ESPP”), the 1996 Employee Share Purchase Plan (U.S.) (“1996 ESPP”), and the 2006 Stock Incentive Plan. Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury.

Under the 1996 ESPP and 2006 ESPP plans, eligible employees may purchase shares at the lower of 85% of the fair market value at the beginning or the end of each six-month offering period. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. A total of 16,000,000 shares have been reserved for issuance under both the 1996 and 2006 ESPP plans. As of March 31, 2009, a total of 3,845,908 shares were available for issuance under these plans.

On June 16, 2006, Logitech's shareholders approved adoption of the 2006 Stock Incentive Plan (the "2006 Plan") with an expiration date of June 16, 2016. The 2006 Plan provides for the grant to eligible employees and non-employee directors of stock options, stock appreciation rights, restricted stock and restricted stock units, which are bookkeeping entries reflecting the equivalent of shares. Stock options granted under the 2006 Plan will generally vest over three years for non-executive Directors and over four years for employees. All stock options under this plan will have terms not exceeding ten years and will be issued at exercise prices not less than the fair market value on the date of grant. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria. An aggregate of 14,000,000 shares was reserved for issuance under the 2006 Plan. As of March 31, 2009, a total of 5,064,930 shares were available for issuance under this plan.

The following table summarizes the share-based compensation expense and related tax benefit recognized for fiscal years 2009 and 2008 (in thousands).

	Year Ended	
	March 31,	
	<u>2009</u>	<u>2008</u>
Cost of goods sold	\$ 3,163	\$ 2,706
Share-based compensation expense included in gross profit	<u>3,163</u>	<u>2,706</u>
Operating expenses:		
Marketing and selling	7,989	7,696
Research and development	4,488	3,505
General and administrative	8,863	7,132
Share-based compensation expense included in operating expenses	<u>21,340</u>	<u>18,333</u>
Total share-based compensation expense related to employee stock options, RSUs and employee stock purchases	24,503	21,039
Tax benefit	<u>3,102</u>	<u>4,773</u>
Share-based compensation expense related to employee stock options, RSUs and employee stock purchases, net of tax	<u>\$ 21,401</u>	<u>\$ 16,266</u>

As of March 31, 2009 and 2008 \$0.8 million and \$0.7 million of share-based compensation cost was capitalized to inventory. As of March 31, 2009, total compensation cost related to non-vested stock options not yet recognized was \$44.7 million, which is expected to be recognized over the next 35 months on a weighted-average basis. As of March 31, 2009, total compensation cost related to RSUs not yet recognized was \$2.0 million, which is expected to be recognized over the next 18 months.

The fair value of employee stock options granted and shares purchased under the Company's employee purchase plans was estimated using the Black-Scholes-Merton option-pricing valuation model applying the following assumptions and values:

	Year ended March 31,					
	2009	2008	2007	2009	2008	2007
	Purchase Plans			Stock Option Plans		
Dividend yield	0%	0%	0%	0%	0%	0%
Expected life	6 months	6 months	6 months	3.7 years	3.8 years	3.9 years
Expected volatility	63%	38%	33%	36%	33%	40%
Risk-free interest rate	1.23%	4.23%	4.98%	2.40%	4.01%	4.75%

The dividend yield assumption is based on the Company's history and future expectations of dividend payouts. The Company has not paid dividends since 1996.

The expected option life represents the weighted-average period the stock options or purchase offerings are expected to remain outstanding. The expected life is based on historical settlement rates, which the Company believes are most representative of future exercise and post-vesting termination behaviors.

Expected share price volatility is based on historical volatility using daily prices over the term of past options or purchase offerings. The Company considers historical share price volatility as most representative of future stock option volatility. The risk-free interest rate assumptions are based upon the implied yield of U.S. Treasury zero-coupon issues appropriate for the term of the Company's stock options or purchase offerings.

The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and records share-based compensation expense only for those awards that are expected to vest.

The following table represents the weighted average grant-date fair values of options granted and the expected forfeiture rates:

	Year ended March 31,					
	2009	2008	2007	2009	2008	2007
	Purchase Plans			Stock Option Plans		
Weighted average grant-date fair value of options granted	\$5.46	\$7.63	\$5.87	\$6.25	\$9.14	\$8.11
Expected forfeitures	0%	0%	0%	7%	7%	8%

A summary of activity under the stock option plans is as follows (in thousands, except per share data; exercise prices are weighted averages):

	Year ended March 31,					
	2009		2008		2007	
	Number	Exercise Price	Number	Exercise Price	Number	Exercise Price
Outstanding, beginning of year	17,952	\$ 17	18,876	\$ 12	21,608	\$ 10
Granted	4,145	\$ 21	3,890	\$ 30	2,555	\$ 22
Exercised	(2,037)	\$ 9	(4,162)	\$ 9	(4,599)	\$ 7
Cancelled or expired	(1,163)	\$ 24	(652)	\$ 21	(688)	\$ 13
Outstanding, end of year	18,897	\$ 18	17,952	\$ 17	18,876	\$ 12
Exercisable, end of year	10,981	\$ 14	9,934	\$ 12	10,437	\$ 9

The total pretax intrinsic value of options exercised during the fiscal years ended March 31, 2009, 2008 and 2007 was \$33.2 million, \$84.9 million and \$72.0 million and the tax benefit realized for the tax deduction from options exercised during those periods was \$8.5 million, \$18.9 million and \$16.5 million. The total fair value of options vested as of March 31, 2009, 2008 and 2007 was \$57.7 million, \$42.9 million and \$37.9 million.

The following table summarizes significant ranges of outstanding and exercisable options as of March 31, 2009 (in thousands except per share data; exercise prices and contractual lives are weighted averages):

Range of Exercise Prices	Options Outstanding				Options Exercisable			
	Number	Exercise Price	Contractual Life (years)	Aggregate Intrinsic Value	Number	Exercise Price	Contractual Life (years)	Aggregate Intrinsic Value
\$ 1.00 — \$ 9.19	3,473	\$ 8	3.6	\$ 9,300	3,317	\$ 8	3.3	\$ 8,945
\$ 9.20 — \$ 13.29	3,723	\$ 11	3.9	1,167	3,623	\$ 11	3.8	1,157
\$13.30 — \$ 21.49	3,641	\$ 17	6.7	—	2,195	\$ 18	5.8	—
\$21.50 — \$ 23.50	3,962	\$ 22	8.6	—	746	\$ 22	6.6	—
\$23.51 — \$ 35.40	4,098	\$ 29	8.3	—	1,100	\$ 29	7.8	—
\$ 1.00 — \$ 35.40	<u>18,897</u>	\$ 18	6.3	<u>\$10,467</u>	<u>10,981</u>	\$ 14	4.6	<u>\$10,102</u>

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing price of \$10.28 at March 31, 2009, which would have been received by the option holders had these option holders exercised their options as of that date. The total number of fully vested in-the-money options exercisable as of March 31, 2009 was 4,574,389. As of March 31, 2009, 7,915,787 options were unvested, of which 7,333,185 are expected to vest, based on an estimated forfeiture rate of 7%.

During fiscal year 2009, the Company granted RSUs to certain senior company executives pursuant to the 2006 Stock Incentive Plan. The RSUs vest at the end of two years from the grant date upon meeting certain share price performance criteria measured against market conditions. Compensation expense related to RSUs will be recognized over the two year vesting period and is included in the total share-based compensation expense disclosed above. As of March 31, 2009, total compensation cost related to RSUs not yet recognized was \$2.0 million, which is expected to be recognized over the next 18 months.

During fiscal year 2009 the Company granted 93,750 RSUs with a grant date fair value of \$27.90 per unit. No RSUs were granted during fiscal year 2008.

The fair value of RSUs granted was estimated using the Monte-Carlo simulation model applying the following assumptions:

Dividend yield	0%
Expected life	2 years
Expected volatility	41%
Risk-free interest rate	1.82%

The dividend yield assumption is based on the Company's history and future expectations of dividend payouts. The expected life of RSUs is the service period at the end of which the RSUs will vest. The volatility assumption is based on the actual volatility of Logitech's daily closing share price over a look-back period of two years. The risk free interest rate is derived from the yield on US Treasury Bonds for a two year term.

Defined Contribution Plans

Certain of the Company's subsidiaries have defined contribution employee benefit plans covering all or a portion of their employees. Contributions to these plans are discretionary for certain plans and are based on specified or statutory requirements for others. The charges to expense for these plans for fiscal years 2009, 2008 and 2007, were \$8.3 million, \$7.0 million and \$5.7 million.

Defined Benefit Plans

Certain of the Company's subsidiaries sponsor defined benefit pension plans covering substantially all of their employees. Retirement benefits are provided based on employees' years of service and earnings, or in accordance with applicable employee benefit regulations. The Company's practice is to fund amounts sufficient to meet the requirements set forth in the applicable employee benefit and tax regulations.

The Company recognizes the underfunded or overfunded status of defined benefit pension and postretirement plans as an asset or liability in its statement of financial position, and recognizes changes in the funded status in the year in which the changes occur through accumulated other comprehensive loss, which is a component of stockholders' equity. Each plan's assets and benefit obligations are measured as of March 31.

In fiscal year 2009, the Company added a defined benefit pension plan in Japan, and amended the existing plan in Switzerland. In addition, the restructuring which occurred in the fourth quarter of fiscal year 2009 resulted in a curtailment of benefits and a settlement transaction related to the terminated employees who participated in the existing defined benefit pension plans.

The net periodic benefit cost for fiscal years 2009 and 2008 was as follows (in thousands):

	Year ended March 31,	
	2009	2008
Service cost	\$ 2,391	\$ 2,568
Interest cost	1,452	1,157
Expected return on plan assets	(1,489)	(1,486)
Amortization of net transition obligation	5	5
Recognized net actuarial loss	444	141
Net periodic benefit cost	<u>\$ 2,803</u>	<u>\$ 2,385</u>

Additional benefit costs of \$3.4 million related to the restructuring were recognized in restructuring expenses in fiscal year 2009.

The changes in projected benefit obligations for fiscal years 2009 and 2008 were as follows (in thousands):

	March 31,	
	2009	2008
Projected benefit obligation, beginning of year	\$ 49,808	\$ 34,787
Service cost	2,391	2,568
Interest cost	1,452	1,157
Plan participant contributions	1,656	1,430
Actuarial loss due to assumption changes	3,828	—
Actuarial loss due to plan experience	988	2,962
Benefits paid	(1,286)	(500)
Plan amendments	2,590	—
Settlement/curtailment	(9,503)	—
Initial adoption of Japanese plan	431	—
Administrative expense paid	(183)	(211)
Foreign currency exchange rate changes	(6,062)	7,615
Projected benefit obligation, end of year	<u>\$ 46,110</u>	<u>\$ 49,808</u>

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2009 and 2008 was \$39.0 million and \$42.0 million.

The following table presents the changes in the fair value of plan assets for fiscal years 2009 and 2008 (in thousands):

	March 31,	
	2009	2008
Fair value of plan assets, beginning of year	\$ 35,059	\$ 27,362
Actual return on plan assets	(4,928)	(2,050)
Employer contributions	3,404	3,041
Plan participant contributions	1,656	1,430
Benefits paid	(1,286)	(500)
Settlement	(6,580)	—
Initial adoption of Japanese plan	244	—
Administrative expenses paid	(183)	(211)
Foreign currency exchange rate changes	(3,971)	5,987
Fair value of plan assets, end of year	<u>\$ 23,415</u>	<u>\$ 35,059</u>

The defined benefit pension plans have the following asset allocations. Investment strategies are determined by the insurer or the applicable governmental regulatory agency.

	March 31,	
	2009	2008
Cash	0.0%	4.3%
Equity securities	24.4%	30.7%
Debt securities	53.2%	44.0%
Real estate	5.3%	5.5%
Other	17.1%	15.5%
	<u>100.0%</u>	<u>100.0%</u>

The funded status of the defined benefit pension plans is the fair value of plan assets less benefit obligations. Projected benefit obligations exceeded plan assets for all plans by \$22.7 million and \$14.7 million as of March 31, 2009 and 2008. Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2009	2008
Current assets	\$ 990	\$ 902
Current liabilities	(2,873)	(2,440)
Non-current liabilities	(19,822)	(12,309)
Net liability	<u>\$ (21,705)</u>	<u>\$ (13,847)</u>

Amounts recognized in other comprehensive income were as follows (in thousands):

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net prior service cost	\$ 2,077	\$ —
Net actuarial loss	14,000	9,842
Amortization of net transition obligation	35	46
Accumulated other comprehensive income	16,112	9,888
Deferred tax benefit	(990)	(821)
Accumulated other comprehensive loss, net of tax	<u>\$ 15,122</u>	<u>\$ 9,067</u>

Changes in accumulated other comprehensive loss related to the defined benefit pension plans were as follows (in thousands):

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Accumulated other comprehensive loss, beginning of year	\$ 9,067	\$ 2,728
Transition obligation recognized	(5)	(5)
Loss recognized	(415)	(138)
Settlement/curtailment loss recognized	(6,225)	—
Prior service cost occurred	2,443	—
Loss occurred	10,812	6,448
Deferred tax benefit	(182)	31
Foreign currency exchange rate changes	(373)	3
Accumulated other comprehensive loss, end of year	<u>\$ 15,122</u>	<u>\$ 9,067</u>

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2009, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2010 (in thousands):

Amortization of net transition obligation	\$ 4
Amortization of net prior service costs	133
Amortization of net actuarial loss	882
	<u>\$ 1,019</u>

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the pension plans for fiscal year 2009 are as follows:

	<u>Benefit Obligation</u>	<u>Periodic Cost</u>
Discount rate	2.00% to 3.00%	2.50% to 3.50%
Estimated rate of compensation increase	2.50% to 4.00%	2.50% to 4.25%
Expected average rate of return on plan assets	1.00% to 4.25%	2.75% to 4.75%

The discount rate is estimated based on relevant bond market yields. The Company bases the compensation increase assumptions on historical experience and future expectations. The expected average rate of return for the Company's retirement benefit plans represents the average rate of return expected to be earned on plan assets over the period that the benefit obligations are expected to be paid, based on government bond notes in the respective country, adjusted for corporate risk premiums as appropriate.

The following table reflects the benefit payments that the Company expects the plans to pay in the periods noted (in thousands):

Year ending March 31,	
2010.....	\$ 2,874
2011.....	2,252
2012.....	2,276
2013.....	2,291
2014.....	2,285
Thereafter.....	11,672
	<u>\$ 23,650</u>

The Company expects to contribute approximately \$3.8 million to its defined benefit pension plans during fiscal year 2010.

Deferred Compensation Plan

One of the Company’s subsidiaries offers a management deferred compensation plan which permits eligible employees to make 100%-vested salary and incentive compensation deferrals within established limits, which are invested in Company-owned life insurance contracts held in a Rabbi Trust. The Company does not make contributions to the plan. The cash surrender value of the insurance contracts was approximately \$10.7 million and \$12.8 million at March 31, 2009 and 2008 and was included in other assets. Expenses and gains or losses related to the insurance contracts are included in other income (expense), net and have not been significant to date. The unsecured obligation to pay the compensation deferred, adjusted to reflect the positive or negative performance of investment measurement options selected by each participant, was approximately \$10.5 million and \$14.8 million at March 31, 2009 and 2008 and was included in other liabilities. The additional compensation expenses related to investment performance have not been significant to date.

Note 14 — Income Taxes

The Company is incorporated in Switzerland but operates in various countries with differing tax laws and rates. Further, a portion of the Company’s income before taxes and the provision for income taxes are generated outside of Switzerland.

Income before income taxes for the fiscal years ended March 31, 2009, 2008 and 2007 is summarized as follows (in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Income before income taxes:			
Swiss	\$ 40,717	\$ 145,403	\$ 141,749
Non-Swiss	86,076	117,411	113,808
Total	<u>\$126,793</u>	<u>\$262,814</u>	<u>\$255,557</u>

The provision for income taxes is summarized as follows (in thousands):

	<u>Year ended March 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current:			
Swiss	\$ 53	\$ 2,509	\$ 4,644
Non-Swiss	32,274	31,055	36,295
Deferred:			
Swiss	(36)	(75)	(89)
Non-Swiss	(12,530)	(1,701)	(15,141)
Total	<u>\$ 19,761</u>	<u>\$ 31,788</u>	<u>\$ 25,709</u>

The difference between the provision for income taxes and the expected tax provision at the statutory income tax rate is reconciled below (in thousands):

	<u>Year ended March 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expected tax provision at statutory income tax rates	\$10,777	\$22,339	\$21,722
Income taxes at different rates	7,221	12,245	10,194
Research and development tax credits	(2,524)	(1,572)	(1,868)
Unrealized investment income	1,004	(248)	—
Stock Compensation	2,767	423	391
Other	516	(1,399)	(4,730)
Total provision for income taxes	<u>\$ 19,761</u>	<u>\$ 31,788</u>	<u>\$ 25,709</u>

The Company has negotiated a tax holiday on certain earnings in China which is effective from January 2006 through December 2010. The tax holiday represents a tax exemption aimed to attract foreign technological investment in China. The tax holiday decreased income tax expense by approximately \$4.0 million and \$7.3 million for fiscal years 2009 and 2008. The benefit of the tax holiday on net income per share (diluted) was approximately \$0.02 and \$0.05 respectively.

Deferred income tax assets and liabilities consist of the following (in thousands):

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Deferred tax assets:		
Net operating loss carry forwards	\$ 8,781	\$ 4,171
Accruals	35,610	29,977
Depreciation and amortization	8,100	6,630
Share-based compensation	11,983	7,504
Gross deferred tax assets	<u>64,474</u>	<u>48,282</u>
Deferred tax liabilities:		
Acquired intangible assets	(11,462)	(6,992)
Gross deferred tax liabilities	<u>(11,462)</u>	<u>(6,992)</u>
Net deferred tax assets	<u>\$ 53,012</u>	<u>\$ 41,290</u>

The current and deferred tax provision is calculated based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed. Adjustments for differences between the tax provisions and tax returns are recorded when identified, which is generally in the third or fourth quarter of the subsequent year.

Management regularly assesses the ability to realize deferred tax assets recorded in the Company's entities based upon the weight of available evidence, including such factors as the recent earnings history and expected future taxable income. In the event that future taxable income is below management's estimates or is generated in tax jurisdictions different than projected, the Company could be required to establish the valuation allowance for deferred tax assets. This would result in an increase in the Company's effective tax rate.

Deferred tax assets relating to tax benefits of employee stock option grants and RSUs have been reduced to reflect exercises in fiscal years 2009 and 2008. Some exercises resulted in tax deductions in excess of previously recorded benefits based on the option value at the time of grant ("windfalls"). Although these additional tax benefits are reflected in net operating loss carryforwards, the additional tax benefit associated with the windfall is not recorded until the deduction reduces cash taxes payable. During fiscal years 2009 and 2008, the Company recorded a credit to equity of \$15.3 million and \$3.9 million.

As of March 31, 2009, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of \$182.9 million and \$17.8 million. Approximately \$145.6 million of the net operating loss carryforwards and substantially all of the tax credit carryforwards, if realized, will be credited to equity since they have not met the applicable realization criteria. Unused net operating loss carryforwards will expire at various dates in fiscal years 2012 to 2029, and the tax credit carryforwards will start expiring beginning in fiscal year 2010.

Effective April 1, 2007, the Company adopted the provisions of FIN 48, which contains a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

As a result of the implementation of FIN 48, the Company reduced the liability for net unrecognized tax benefits and related accrued interest and penalties by approximately \$8.3 million, and accounted for the reduction as the cumulative effect of a change in accounting principle, which resulted in an increase to retained earnings of approximately \$8.3 million during the first quarter of fiscal year 2008. As of March 31, 2009 and 2008, the total amount of unrecognized tax benefits was \$108.2 million and \$101.5 million, of which \$88.1 million and \$80.2 million would affect the effective tax rate if realized. The Company classified unrecognized tax benefits under FIN 48 as non-current income taxes payable, as no amounts appear payable within the next 12 months.

The aggregate changes in gross unrecognized tax benefits were as follow (in thousands):

Beginning balance as of April 1, 2007 (Date of adoption)	\$ 82,435
Lapse of statute of limitations	(1,202)
Decreases in balances related to tax positions taken during prior periods	(6,471)
Increases in balances related to tax positions taken during the current period.	17,885
Balance as of March 31, 2008.	<u>\$92,647</u>
Lapse of statute of limitations	(1,978)
Decreases in balances related to tax positions taken during prior periods	—
Increases in balances related to tax positions taken during the current period.	6,958
Balance as of March 31, 2009.	<u>\$ 97,627</u>

The Company continues to recognize interest and penalties related to unrecognized tax positions in income tax expense. Upon the adoption of FIN 48, the total amount of accrued interest and penalties relating to unrecognized tax benefits was \$7.2 million. The Company recognized \$1.8 million and \$1.6 million in interest and penalties in income tax expense during fiscal years 2009 and 2008. As of March 31, 2009 and 2008, the Company had approximately \$10.7 million and \$8.8 million of accrued interest and penalties related to uncertain tax positions.

On October 3, 2008, *The Emergency Economic Stabilization Act of 2008*, which contains the *Tax Extenders and Alternative Minimum Tax Relief Act of 2008*, was enacted into law by the U.S. Congress. Under the Act, the research tax credit was retroactively extended for amounts paid or incurred after December 31, 2007 and before January 1, 2010. As a result, income tax expense for fiscal year 2009 reflected a \$2.0 million tax benefit for research tax credits.

On February 20, 2009, California budget legislation was enacted that will affect the methodology used by corporate taxpayers to apportion income to California. These changes will become effective for the Company's fiscal year ending March 31, 2012. The Company believes that these changes will not have a material impact on its results of operations or financial condition.

The Company files Swiss and foreign tax returns. For all these tax returns, the Company is generally not subject to tax examinations for years prior to 1999. The Internal Revenue Service has initiated an examination of the Company's U.S. subsidiary for fiscal year 2006. At this time it is not possible to estimate the potential impact that the examination may have on income tax expense.

Although timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next 12 months.

Swiss income taxes and non-Swiss withholding taxes associated with the repatriation of earnings or for other temporary differences related to investments in non-Swiss subsidiaries have not been provided for, as the Company intends to reinvest the earnings of such subsidiaries indefinitely or the Company has concluded that no additional tax liability would arise on the distribution of such earnings. If these earnings were distributed to Switzerland in the form of dividends or otherwise, or if the shares of the relevant non-Swiss subsidiaries were sold or otherwise transferred, the Company may be subject to additional Swiss income taxes and non-Swiss withholding taxes. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not practicable.

Note 15 — Derivative Financial Instruments — Foreign Exchange Hedging

Cash Flow Hedges

The Company enters into foreign exchange forward contracts to hedge against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. The primary risk managed by using derivative instruments is the foreign currency exchange rate risk. The Company has designated these derivatives as cash flow hedges in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"). These hedging contracts generally mature within three months. Gains and losses in the fair value of the effective portion of the hedges are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. The Company assesses the effectiveness of the hedges by comparing changes in the spot rate of the currency underlying the forward contract with changes in the spot rate of the currency in which the forecasted transaction will be consummated. If the underlying transaction being hedged fails to occur or if a portion of the hedge does not generate offsetting changes in the foreign currency exposure of forecasted inventory purchases, the Company immediately recognizes the gain or loss on the associated financial instrument in other income (expense). Such losses were immaterial during the year ended March 31, 2009. The notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$21.9 million (17.4 million euros) at March 31, 2009. There were no such contracts outstanding at March 31, 2008. The notional amount represents the future cash flows under contracts to purchase foreign currencies.

Other Derivatives

The Company also enters into foreign exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on certain foreign currency receivables or payables. These forward contracts generally mature within one to three months. The Company may also enter into foreign exchange swap contracts to economically extend the terms of its foreign exchange forward contracts. The primary risk managed by using forward and swap contracts is the foreign currency exchange rate risk. The gains or losses on foreign exchange forward contracts are recognized in earnings based on the changes in fair value.

The notional amounts of foreign exchange forward contracts outstanding at March 31, 2009 and 2008 relating to foreign currency receivables or payables were \$8.0 million and \$8.4 million. Open forward contracts as of March 31, 2009 consisted of contracts in British pounds to purchase euros at a future date at a pre-determined exchange rate. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2009 and 2008 were \$20.2 million and \$21.5 million. Swap contracts outstanding at March 31, 2009 consisted of contracts in Mexican pesos, Japanese yen and British pounds.

The fair value of all our foreign exchange forward contracts and foreign exchange swap contracts is determined based on quoted foreign exchange forward rates. Under SFAS 157, quoted foreign exchange forward rates are observable inputs that are classified as Level 1 within the fair value hierarchy.

The following table presents the fair values of the Company's derivative instruments and their locations on the Balance Sheet as of March 31, 2009 (in thousands):

	Asset Derivatives		Liability Derivatives	
	Location	Fair Value	Location	Fair Value
Derivatives designated as hedging instruments under SFAS 133:				
Cash Flow Hedges	Other assets	\$ —	Other liabilities	\$ 1,257
		<u>—</u>		<u>1,257</u>
Derivatives not designated as hedging instruments under SFAS 133:				
Foreign Exchange				
Forward Contracts	Other assets	208	Other liabilities	—
Foreign Exchange				
Swap Contracts	Other assets	<u>—</u>	Other liabilities	<u>592</u>
		<u>208</u>		<u>592</u>
		<u>\$208</u>		<u>\$1,849</u>

The following table presents the amounts of gains and losses on the Company's derivative instruments for the year ended March 31, 2009 and their locations on its Financial Statements (in thousands):

	Net amount of gain/(loss) deferred as a component of other comprehensive loss	Location of gain/(Loss) reclassified from accumulated other comprehensive loss into income	Amount of gain/(loss) reclassified from accumulated other comprehensive loss into income	Location of gain/(loss) recognized in income immediately	Amount of gain/(loss) recognized in income immediately
Derivatives designated as hedging instruments under SFAS 133:					
Cash Flow Hedges	\$216	Cost of goods sold	\$1,678	Other income/expense	\$ (12)
	<u>216</u>		<u>1,678</u>		<u>(12)</u>
Derivatives not designated as hedging instruments under SFAS 133:					
Foreign Exchange					
Forward Contracts	—		—	Other income/expense	208
Foreign Exchange					
Swap Contracts	<u>—</u>		<u>—</u>	Other income/expense	<u>(592)</u>
	<u>—</u>		<u>—</u>		<u>(384)</u>
	<u>\$216</u>		<u>\$1,678</u>		<u>\$(396)</u>

Note 16 — Commitments and Contingencies

The Company leases facilities under operating leases, certain of which require it to pay property taxes, insurance and maintenance costs. Operating leases for facilities are generally renewable at the Company's option and usually include escalation clauses linked to inflation. Future minimum annual rentals under non-cancelable operating leases at March 31, 2009 are as follows (in thousands):

Year ending March 31,	
2010	\$ 12,805
2011	9,482
2012	7,463
2013	6,723
2014	3,417
Thereafter.....	6,960
	<u>\$46,850</u>

Rent expense was \$15.5 million, \$13.8 million and \$9.9 million for the years ended March 31, 2009, 2008 and 2007. The Company's asset retirement obligations for its leased facilities as of March 31, 2009 were not material.

At March 31, 2009, fixed purchase commitments for capital expenditures amounted to \$8.3 million, and primarily related to commitments for manufacturing equipment, tooling, computer software and computer hardware. Also, the Company has commitments for inventory purchases made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers. At March 31, 2009, fixed purchase commitments for inventory amounted to \$106.7 million, which are expected to be fulfilled by December 31, 2009. The Company also had other commitments totaling \$27.6 million for consulting services, marketing arrangements, advertising and other services. Although open purchase orders are considered enforceable and legally binding, the terms generally allow the Company the option to reschedule and adjust its requirements based on the business needs prior to delivery of goods or performance of services.

The Company has guaranteed the purchase obligations of some of its contract manufacturers and original design manufacturers to certain component suppliers. These guarantees generally have a term of one year and are automatically extended for one or more years as long as a liability exists. The amount of the purchase obligations of these manufacturers varies over time, and therefore the amounts subject to Logitech's guarantees similarly vary. At March 31, 2009, the amount of outstanding guaranteed purchase obligations was approximately \$0.1 million. The maximum potential future payments under two of the three guarantee arrangements is limited to \$2.8 million. The third guarantee is limited to purchases of specified components from the named supplier. The Company does not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under these guarantee arrangements.

Logitech International S.A., the parent holding company, has guaranteed certain contingent liabilities of various subsidiaries related to specific transactions occurring in the normal course of business. The maximum amount of the guarantees was \$4.9 million as of March 31, 2009. As of March 31, 2009, \$4.9 million was outstanding under these guarantees.

Logitech indemnifies some of its suppliers and customers for losses arising from matters such as intellectual property rights and product safety defects, subject to certain restrictions. The scope of these indemnities varies, but in some instances, includes indemnification for damages and expenses, including reasonable attorneys' fees. No amounts have been accrued for indemnification provisions at March 31, 2009. The Company does not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under its indemnification arrangements.

In December 2006, the Company acquired Slim Devices, Inc., a privately held company specializing in network-based audio systems for digital music. The purchase agreement provides for a possible performance-based payment, payable in the first calendar quarter of 2010. The performance-based payment is based on net revenues from the sale of products and services in calendar year 2009 derived from Slim Devices' technology. The maximum performance-based payment is \$89.5 million, and no payment is due if the applicable net revenues total \$40 million or less. The total performance-based payment amount, if any, will be recorded in goodwill and will not be final until the end of calendar year 2009. As of March 31, 2009, no amounts were payable towards performance-based payments under our acquisition agreement.

In November 2007, the Company acquired WiLife, Inc., a privately held company that manufactures PC-based video cameras for self-monitoring a home or a small business. The purchase agreement provides for a possible performance-based payment, payable in the first calendar quarter of 2011. The performance-based payment is based on net revenues attributed to WiLife during calendar 2010. No payment is due if the applicable net revenues total \$40.0 million or less. The maximum performance-based payment is \$64.0 million. The total performance-based payment amount, if any, will be recorded in goodwill and will not be known until the end of calendar year 2010.

The Company is involved in a number of lawsuits and claims relating to commercial matters that arise in the normal course of business. The Company believes these lawsuits and claims are without merit and intends to vigorously defend against them. However, there can be no assurances that its defenses will be successful, or that any judgment or settlement in any of these lawsuits would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations. The Company's accruals for lawsuits and claims as of March 31, 2009 were not material.

Note 17 — Interest and Other Income

Interest and other income (expense), net was comprised of the following (in thousands):

	Year ended March 31,		
	2009	2008	2007
Interest income	\$ 8,648	\$ 15,752	\$ 9,083
Interest expense	(20)	(244)	(350)
Interest income, net	<u>\$ 8,628</u>	<u>\$ 15,508</u>	<u>\$ 8,733</u>
Foreign currency exchange gains, net	\$13,680	\$ 10,616	\$ 6,190
Gain on sale of investments, net.	—	27,761	9,048
Write-down of investments	(2,727)	(79,823)	—
Other, net	<u>(2,442)</u>	<u>2,072</u>	<u>724</u>
Other income (expense), net	<u>\$ 8,511</u>	<u>\$ (39,374)</u>	<u>\$ 15,962</u>

Note 18 — Segment Information

The Company operates in one operating segment, which is the design, manufacturing and marketing of personal peripherals for personal computers and other digital platforms. Geographic net sales information in the table below is based on the location of the selling entity. Long-lived assets, primarily fixed assets, are reported below based on the location of the asset.

Retail and OEM net sales to unaffiliated customers by geographic region were as follows (in thousands):

	Year ended March 31,		
	2009	2008	2007
EMEA	\$ 1,001,337	\$ 1,117,060	\$ 1,027,852
Americas	785,862	888,529	729,207
Asia Pacific	421,633	364,907	309,510
Total net sales	<u>\$2,208,832</u>	<u>\$2,370,496</u>	<u>\$2,066,569</u>

In fiscal years 2009, 2008 and 2007, no single country other than the United States represented more than 10% of the Company's total consolidated net sales. Revenues from sales to customers in Switzerland, our home domicile, represented a small portion of the Company's total consolidated net sales in all periods presented. In fiscal years 2009, 2008 and 2007, one customer represented 14% of net sales. As of March 31, 2009, two customers represented 18% and 10% of total accounts receivable. As of March 31, 2008, two customers each represented 15% of total accounts receivable.

Net sales by product family were as follows (in thousands):

	Year ended March 31,		
	2009	2008	2007
Retail — Pointing Devices	\$ 579,775	\$ 615,524	\$ 508,449
Retail — Keyboards & Desktops	384,809	464,984	372,266
Retail — Audio	445,362	478,455	408,314
Retail — Video	248,339	238,728	314,514
Retail — Gaming	127,052	146,016	149,113
Retail — Remotes	102,006	123,581	91,739
OEM	321,489	303,208	222,174
Total net sales	<u>\$2,208,832</u>	<u>\$2,370,496</u>	<u>\$2,066,569</u>

Long-lived assets by geographic region were as follows (in thousands):

	March 31,	
	2009	2008
EMEA	\$ 13,947	\$ 20,386
Americas	40,093	36,122
Asia Pacific	53,541	50,330
Total long-lived assets	<u>\$107,581</u>	<u>\$106,838</u>

Long-lived assets in China and the United States each represented more than 10% of the Company's total consolidated long-lived assets at March 31, 2009. Long-lived assets in China, the United States and Switzerland each represented more than 10% of the Company's total consolidated long-lived assets at March 31, 2008.

Note 19 — Other Disclosures Required by Swiss Law

Balance Sheet Items

The amounts of certain balance sheet items were as follows (in thousands):

	March 31,	
	2009	2008
Prepayments and accrued income	\$ 8,733	\$ 14,353
Non-current assets	\$ 422,853	\$ 360,616
Pension liabilities, current	\$ 2,873	\$ 2,440
Fire insurance value of property, plant and equipment	\$ 12,593	\$ 155,771

Statement of Income Items

Total personnel expenses amounted to \$282.9 million, \$271.9 million and \$223.6 million in fiscal years 2009, 2008 and 2007.

Compensation and Security Ownership of Board Members and Executive Officers

In accordance with the Swiss Code of Obligations, the compensation and security ownership of members of the Board of Directors of Logitech International S.A. and of Logitech executive officers is presented below.

The following table sets forth compensation Logitech paid or accrued for payment to the individual members of the Board of Directors, the highest compensation paid to an executive officer, and the total amount of compensation paid or accrued for payment to executive officers for services performed in the fiscal years ended March 31, 2009 and 2008:

	Fiscal Year	Base Salary ⁽¹⁾	Bonus ⁽²⁾	Non-equity Incentive Plan Compensation ⁽³⁾	Stock Awards ⁽⁴⁾	Option Awards ⁽⁵⁾	Other Compensation ⁽⁶⁾	Total
Board of Directors:								
Guerrino De Luca (Chairman)	2009	\$ 550,000	\$ —	\$ —	\$ —	\$ 872,842	\$ 18,128	\$ 1,440,970
	2008	719,231	—	754,074	—	1,218,991	42,178	2,734,474
Gerald Quindlen ⁽⁷⁾	2009	787,500	—	—	174,375	1,521,895	9,626	2,493,396
	2008	516,154	—	518,215	—	929,889	8,697	1,972,955
Daniel Borel	2009	74,882	—	—	—	—	—	74,882
	2008	126,910	—	—	—	—	—	126,910
Gary Bengier ⁽⁸⁾	2009	21,500	—	—	—	4,607	—	26,107
	2008	77,250	—	—	—	27,902	—	105,152
Matthew Bousquette	2009	94,533	—	—	—	28,599	—	123,132
	2008	62,750	—	—	—	55,803	—	118,553
Erh-Hsun Chang	2009	75,321	—	—	—	143,193	—	218,514
	2008	58,750	—	—	—	269,555	—	328,305
Kee-Lock Chua	2009	99,504	—	—	—	37,353	—	136,857
	2008	68,750	—	—	—	37,375	—	106,125
Monika Ribar	2009	107,017	—	—	—	47,143	—	154,160
	2008	88,700	—	—	—	48,891	—	137,591
Sally Davis	2009	95,598	—	—	—	94,286	—	189,884
	2008	76,802	—	—	—	73,565	—	150,367
Robert Malcolm	2009	85,841	—	—	—	92,888	—	178,729
	2008	54,750	—	—	—	72,474	—	127,224
Richard Laube	2009	58,168	—	—	—	38,548	—	96,716
	2008	—	—	—	—	—	—	—
Total Board of Directors	2009	<u>\$ 2,049,864</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 174,375</u>	<u>\$ 2,881,354</u>	<u>\$ 27,754</u>	<u>\$ 5,133,347</u>
	2008	<u>\$ 1,850,047</u>	<u>\$ —</u>	<u>\$ 1,272,289</u>	<u>\$ —</u>	<u>\$ 2,734,445</u>	<u>\$ 50,875</u>	<u>\$ 5,907,656</u>
Executive Officers:								
Gerald Quindlen ⁽⁹⁾	2009	\$ 787,500	\$ —	\$ —	\$ 174,375	\$ 1,521,895	\$ 9,626	\$ 2,493,396
Guerrino De Luca ⁽⁹⁾	2008	\$ 719,231	\$ —	\$ 754,074	\$ —	\$ 1,218,991	\$ 42,178	\$ 2,734,474
Total Executive Officers ⁽¹⁰⁾	2009	\$ 2,790,962	\$ —	\$ 584,403	\$ 549,281	\$ 3,721,535	\$ 124,505	\$ 7,770,686
	2008	\$ 3,095,385	\$ 150,000	\$ 2,531,572	\$ —	\$ 4,311,587	\$ 88,801	\$ 10,177,345

- (1) Base salary for members of the Board of Directors includes fees to attend meetings, annual retainers and travel fees.
- (2) Bonus represents a hire-on bonus paid to an executive officer during fiscal year 2008.
- (3) Non-equity incentive plan compensation reflects amounts earned under the Logitech Management Performance Bonus Plan and predecessor plans, except that in fiscal year 2009 Mr. De Luca and Mr. Quindlen declined bonus payments of \$222,750 and \$318,937, respectively, that they each had otherwise earned under the terms of the fiscal year 2009 bonus programs. No non-executive members of the Board of Directors participated in any non-equity incentive compensation plans in either fiscal year 2008 or fiscal year 2009.
- (4) Amounts shown reflect the compensation expense recognized by Logitech in fiscal year 2009 for RSUs granted in fiscal year 2009, as determined pursuant to SFAS 123R. The key assumptions for valuation of the RSUs are presented in Note 13.
- (5) Amounts shown reflect the compensation expense recognized by Logitech in fiscal years 2009 and 2008 for the applicable option award as determined pursuant to SFAS 123R. These compensation costs reflect equity awards granted in fiscal year 2009 and prior years. The key assumptions for valuation of the stock options are presented in Note 13.
- (6) Other compensation includes term life insurance premiums, car allowance, relocation expenses and matching contributions made by the Company to the Logitech Inc. 401(k) plan.
- (7) Mr. Quindlen joined the Board of Directors in September 2008. His fiscal year 2008 compensation reflects compensation solely for his service as an executive officer of the Company.
- (8) Mr. Bengier retired from the Board of Directors in September 2008.
- (9) Highest compensated executive officer.
- (10) Includes compensation paid to Mr. Mark Hawkins, the Company's former Chief Financial Officer. Mr. Hawkins resigned from the Company in April 2009. Also includes partial year fiscal year 2009 compensation paid to Mr. Werner Heid, the Company's Senior Vice President, Sales & Marketing, who joined Logitech in February 2009.

No additional fees or compensation have been paid during fiscal years 2009 and 2008 to any current or former members of the Board of Directors or executive officers other than as noted above.

There were no loans made or outstanding at any time during fiscal years 2009 and 2008 to any current or former members of the Board of Directors or executive officers. In addition, no compensation was paid or loans made during fiscal years 2009 and 2008 to parties closely related to members of the Board of Directors or executive officers.

The following table sets forth the shares and options held by each of the individual members of the Board of Directors and executive officers as of March 31, 2009:

	<u>Shares Held</u>	<u>Options and RSUs Held⁽¹⁾</u>	<u>Exercise Price</u>	<u>Fiscal Years of Expiration</u>
Board of Directors:				
Guerrino De Luca	328,036	2,838,124 ⁽²⁾	\$5.11–\$27.95	2011–2019
Gerald Quindlen	—	885,000	\$13.48–\$34.39	2016–2019
Daniel Borel	11,200,471	—	—	—
Matthew Bousquette	10,000	75,000	\$15.41–\$23.29	2016–2019
Erh–Hsun Chang	148,000	505,000 ⁽³⁾	\$5.22–\$20.25	2012–2017
Kee–Lock Chua	10,051	135,000	\$8.68–\$19.43 ⁽⁴⁾	2011–2017
Monika Ribar	2,163	95,000	\$11.79–\$27.78 ⁽⁵⁾	2015–2018
Sally Davis	3,425	30,000	\$27.78 ⁽⁶⁾	2018
Robert Malcolm	4,881	30,000	\$27.35	2018
Richard Laube	53,000	30,000	\$22.99 ⁽⁷⁾	2019
Total Board of Directors	<u>11,760,027</u>	<u>4,623,124</u>		
Executive Officers:				
Gerald Quindlen	—	885,000	\$13.48–\$34.39	2016–2019
Mark Hawkins ⁽⁸⁾	3,279	225,000	\$21.43–\$30.09	2010
Werner Heid	—	150,000	\$8.01	2019
David Henry	10,000	702,048	\$5.22–\$30.09	2012–2019
Junien Labrousse	23,340	753,750	\$7.76–\$30.09	2014–2019
L. Joseph Sullivan	12,546	235,000	\$13.48–\$30.09	2016–2019
Total Executive Officers	<u>49,165</u>	<u>2,950,798</u>		

- (1) Each option provides the right to purchase one share at the exercise price. For executive officers, the options become exercisable over four years in equal annual installments from the date of grant. For non-executive Directors, the options become exercisable over three years in equal annual installments from the date of grant. RSUs may vest at the end of two years from the grant date upon meeting certain minimum share price performance criteria measured against market conditions.
- (2) Mr. De Luca received options to purchase 2,808,124 Logitech shares in his capacity as Chief Executive Officer and President of the Company prior to his becoming Chairman of the Board.
- (3) Mr. Chang received options to purchase 30,000 Logitech shares in his capacity as a Board member. The remainder of Mr. Chang's awards were made to him in his former role as Senior Vice President, Worldwide Operations and General Manager, Far East, prior to becoming a member of the Board of Directors.
- (4) Two of the three option grants to Mr. Chua have exercise prices of 13.00 and 14.29 Swiss francs, respectively, and the other has a U.S. dollar exercise price of \$19.43. For those grants denominated in Swiss francs, the U.S. dollar exercise prices in the range are based on the Swiss francs to U.S. dollar conversion rate on the trading day immediately preceding the respective grant dates. The range of the U.S. dollar exercise prices as of March 31, 2009 was \$11.41 - \$19.43.
- (5) The two option grants to Ms. Ribar have exercise prices of 14.68 and 34.45 Swiss francs, respectively. The U.S. dollar exercise prices in the range are based on the Swiss francs to U.S. dollar conversion rate on the trading day immediately preceding the respective grant dates. The range of the U.S. dollar exercise prices as of March 31, 2009 was \$12.88 - \$30.23.
- (6) The exercise price of the option as granted to Ms. Davis is 34.45 Swiss francs. The U.S. dollar exercise price shown is based on the Swiss francs to U.S. dollar conversion rate on the trading day immediately preceding the grant date. The U.S. dollar exercise price as of March 31, 2009 was \$30.23.
- (7) The exercise price of the option as granted to Mr. Laube is 26.18 Swiss francs. The U.S. dollar exercise price as of March 31, 2009 was \$22.97.
- (8) Mr. Hawkins resigned from Logitech in April 2009.

Risk Assessment

At a company-wide level, Logitech's internal audit function coordinates management's risk assessment process, which encompasses financial and operational risks, and reports to senior management and to the Audit Committee of the Board of Directors. Material risks are assessed and discussed by the Board of Directors. Financial risk assessment and management is integrated into the functions of the Company's Treasury, Finance and Business divisions operations, with oversight from management risk and treasury committees. Financial reporting risk is addressed through the Company's Corporate Accounting, Financial Reporting and SOX Compliance operations and processes. Operational risk assessment and management is integrated into the functions of the Company's Business divisions, with support from specialized departments such as Quality, Supply Chain, Legal and Finance. Material financial and financial reporting risks are reported to and reviewed with the Audit Committee and the Board of Directors as appropriate, and material operational risks are reported to and reviewed with the Board of Directors.

LOGITECH INTERNATIONAL S.A.
QUARTERLY FINANCIAL DATA
(Unaudited)

The following table contains selected unaudited quarterly financial data for fiscal years 2009 and 2008 (in thousands except per share amounts):

	Year ended March 31, 2009				Year ended March 31, 2008			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	\$ 508,711	\$ 664,707	\$ 627,466	\$ 407,948	\$ 429,537	\$ 595,490	\$ 744,235	\$ 601,234
Gross profit	173,572	228,074	187,496	102,084	144,786	215,954	274,434	213,944
Operating expenses:								
Marketing and selling	77,280	84,740	86,046	71,101	64,787	76,463	98,512	84,689
Research and development	33,259	33,351	32,401	29,744	28,765	30,939	31,378	33,462
General and administrative	33,309	29,620	26,273	23,901	27,322	28,149	28,318	29,654
Restructuring charges	—	—	—	20,547	—	—	—	—
Total operating expense	143,848	147,711	144,720	145,293	120,874	135,551	158,208	147,805
Operating income (loss)	29,724	80,363	42,776	(43,209)	23,912	80,403	116,226	66,139
Net income (loss)	\$ 29,306	\$ 72,311	\$ 40,493	\$ (35,078)	\$ 25,554	\$ 11,562	\$ 133,572	\$ 60,338
Net income (loss) per share*:								
Basic	\$ 0.16	\$ 0.41	\$ 0.23	\$ (0.20)	\$ 0.14	\$ 0.06	\$ 0.74	\$ 0.33
Diluted	\$ 0.16	\$ 0.39	\$ 0.22	\$ (0.20)	\$ 0.14	\$ 0.06	\$ 0.71	\$ 0.32
Shares used to compute net income (loss) per share:								
Basic	179,046	178,630	178,497	179,065	181,802	181,459	181,549	180,636
Diluted	184,692	183,509	181,145	179,065	189,250	188,293	188,814	186,299

* Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

The following table sets forth certain quarterly financial information as a percentage of net sales:

	Year ended March 31, 2009				Year ended March 31, 2008			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	34.1	34.3	29.9	25.0	33.7	36.3	36.9	35.6
Operating expenses:								
Marketing and selling	15.2	12.7	13.7	17.4	15.1	12.8	13.2	14.1
Research and development	6.5	5.0	5.2	7.3	6.7	5.2	4.2	5.6
General and administrative	6.6	4.5	4.2	5.9	6.3	4.8	3.9	4.9
Restructuring charges	—	—	—	5.0	—	—	—	—
Total operating expense	28.3	22.2	23.1	35.6	28.1	22.8	21.3	24.6
Operating income (loss)	5.8	12.1	6.8	(10.6)	5.6	13.5	15.6	11.0
Net income (loss)	5.8%	10.9%	6.5%	(8.6)%	5.9%	1.9%	17.9%	10.0%

**LOGITECH INTERNATIONAL S.A.,
APPLES**

**SWISS STATUTORY
FINANCIAL STATEMENTS**

LOGITECH INTERNATIONAL S.A., APPLES
SWISS STATUTORY FINANCIAL STATEMENTS

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LOGITECH INTERNATIONAL S.A., APPLES

**SWISS STATUTORY BALANCE SHEETS (unconsolidated)
(In thousands of Swiss francs)**

	March 31,	
	2009	2008
ASSETS		
Current assets:		
Cash	CHF 1,469	CHF 634
Short-term bank deposits	274,328	154,889
Short-term investments	1,864	3,921
Accrued interest and other receivables	755	1,539
Advances to and amounts receivable from group companies	27,079	31,846
Total current assets	305,495	192,829
Long-term assets:		
Intangible assets	39	295
Investments in subsidiaries	394,722	394,909
Loans to subsidiaries	—	7,323
Provisions on investments in and loans to subsidiaries	(2,507)	(2,507)
Treasury shares	389,648	400,710
Provision on treasury shares	(246,706)	(88,192)
Other investments and loans, net of provisions and write-off of CHF 8,254 as of March 31, 2009 and CHF 8,254 as of March 31, 2008	—	—
Total long-term assets	535,196	712,538
Total assets	CHF 840,691	CHF 905,367
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Payables to group companies	CHF 17,680	CHF 8,338
Accruals and other liabilities	3,161	1,842
Deferred unrealized exchange gains	—	13,166
Total current liabilities	20,841	23,346
Long-term liabilities:		
Payables to group companies	17,796	107,243
Total liabilities	38,637	130,589
Shareholders' equity:		
Share capital	47,902	47,902
Legal reserves:		
General reserve	9,580	9,580
Reserve for treasury shares	389,648	400,710
Unappropriated retained earnings	354,924	316,586
Total shareholders' equity	802,054	774,778
Total liabilities and shareholders' equity	CHF 840,691	CHF 905,367

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

LOGITECH INTERNATIONAL S.A., APPLES

SWISS STATUTORY STATEMENTS OF INCOME (unconsolidated)

(In thousands of Swiss francs)

	Year ended March 31,	
	2009	2008
Dividend income	CHF 229,809	CHF 251,870
Royalty fees	47,316	56,377
Interest income from third parties	4,107	10,578
Interest income from subsidiaries	315	864
Realized exchange gains, net of exchange losses	—	22
Other Income	61	—
	281,608	319,711
Administrative expenses	5,096	5,676
Brand development expenses	17,303	17,638
Amortization of intangibles	256	279
Interest paid to subsidiaries	8,101	12,626
Income, capital and non-recoverable withholding taxes	1,987	2,229
Loss on disposal of treasury shares	44,700	66,005
Fair value adjustment of treasury shares	174,125	88,192
Realized loss on sales of short-term investments, net of realized gains. . .	—	9,976
Write-down of short-term investments	2,057	50,926
Realized exchange losses, net of exchange gains	414	—
Other Expenses	293	12
	254,332	253,559
Net income	CHF 27,276	CHF 66,152

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

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS

Note 1 — Basis of Presentation:

The Swiss statutory financial statements of Logitech International S.A. (“the Holding Company” or the “Company”) are prepared in accordance with Swiss law. The financial statements present the financial position and results of operations of the Holding Company on a standalone basis and do not represent the consolidated financial position of the Holding Company and its subsidiaries.

Note 2 — Contingent Liabilities:

The Holding Company issued guarantees to various banks for CHF 102,643,000 and CHF 79,696,000 as of March 31, 2009 and 2008 for lines of credit available to its subsidiaries. At March 31, 2009 the credit line facilities were not drawn down.

Note 3 — Investments:

Principal operating subsidiaries include the following:

<u>Company</u>	<u>Country</u>	<u>% of possession</u>	<u>Currency</u>	<u>Share capital</u>	<u>Purpose</u>
Logitech Europe S.A.	Switzerland	100	CHF	100,000	Administration, research, development, sales and distribution
Logitech Inc	U.S.A	100	USD	11,522,396	Administration, research, development, sales and distribution
Logitech (Intrigue) Inc.	Canada	100	CAD	1,661,340	Research and development
Logitech Technology (Suzhou) Co., Ltd.	People’s Republic of China	100	USD	22,000,000	Manufacturing

All subsidiaries are directly or indirectly 100% owned by the Holding Company.

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)

Note 4 — Treasury Shares:

During fiscal years 2008 and 2009, repurchases of and issuances from the Company's treasury shares were as follows:

	<u>Number of shares</u>	<u>Total cost (in thousands)</u>
Held by the Holding Company at March 31, 2007	9,363,639	CHF 272,844
Additions	7,783,750	253,511
Disposals	<u>(4,716,296)</u>	<u>(125,645)</u>
Held by the Holding Company at March 31, 2008	<u>12,431,093</u>	<u>400,710</u>
Additions	2,803,000	82,736
Disposals	<u>(3,110,015)</u>	<u>(93,798)</u>
Held by the Holding Company at March 31, 2009	<u><u>12,124,078</u></u>	<u><u>CHF 389,648</u></u>

In May 2006, the Board of Directors authorized the repurchase of up to USD 250,000,000 of the Holding Company's registered shares. The Holding Company completed the program in February 2008. Under this program, the Company had repurchased a total of 8,759,450 registered shares for approximately USD 250,000,000.

In June 2007, the Board of Directors authorized the repurchase of up to USD 250,000,000 of the Holding Company's registered shares. This program expires at the Company's 2010 Annual General Meeting. At March 31, 2009, the Holding Company had repurchased 4,553,000 registered shares under this program for approximately USD 124,253,700.

In September 2008, the Board of Directors approved a new share buyback program, which authorizes the Company to invest up to USD 250,000,000 to purchase its own shares. The September 2008 program is subject to the approval of the Swiss Takeover Board and the completion of the current share buyback program of USD 250,000,000.

Treasury shares are recorded as a long-term asset at the lower of cost or market value. The disposal of treasury shares during the period was to the Holding Company's directors and employees under the Holding Company's share incentive and share purchase plans. The gain or loss on the disposal of repurchased treasury shares is recorded in the statement of income.

Note 5 — Authorized and Conditional Share Capital Increases:

Authorized capital

Pursuant to the Company's Articles of Incorporation, the Board of Directors was previously authorized to increase the share capital of the Company through the issuance of 40,000,000 shares. This authorization expired in July 2008 and was not renewed.

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)

Conditional capital

In June 1996 and June 1995, the Company's shareholders approved the availability of 32,000,000 and 24,000,000 conditional registered shares. In June 2002, the shareholders approved the continued availability of the aforementioned amounts and approved an additional 24,000,000 conditional registered shares. In September 2008, the Company's shareholders approved an amendment to the Company's Articles of Incorporation which decreased the conditional capital reserved for potential issuance on the exercise of rights granted under the Company's employee equity incentive plans from 60,661,860 shares to 25,000,000 shares. The Board of Directors determined that the reduced amount of conditional capital, together with a portion of its shares held in treasury, was adequate to cover employee equity incentives without impacting the ability of the Company to maintain employee equity incentive plans.

In September 2008, the shareholders also approved the creation of conditional capital representing the issuance of up to 25,000,000 shares to cover any conversion rights under a future convertible bond issuance. This conditional capital was created in order to provide financing flexibility for future expansion, investments or acquisitions.

The remaining number of conditional registered shares at March 31, 2009 was 50,000,000, of which 25,000,000 are available for issuance pursuant to the exercise, grant or vesting of rights issued under the Company's employee stock incentive plans, and 25,000,000 are available to cover any conversion rights under a future convertible bond issuance. During fiscal years 2009 and 2008, no shares were issued from the Company's conditional capital. In fiscal years 2009 and 2008, all employee stock incentive and purchase plan commitments were satisfied from treasury shares held by the Holding Company.

In addition to the aforementioned, the shareholders in June 2001 approved the creation of an additional 10,900,000 conditional registered shares to cover the conversion rights associated with the issue of a convertible bond by Logitech Jersey Ltd, a subsidiary of the Holding Company. In June 2007, this conditional share capital for 10,900,000 shares was eliminated. The conditional share capital was no longer required, as the Company satisfied its conversion obligations during fiscal year 2006 by the delivery of treasury shares rather than the issuance of shares from conditional share capital.

As at March 31, 2009, none of the aforementioned conditional registered shares had been issued.

Note 6 — Significant Shareholders:

The Holding Company's share capital consists of registered shares. To the knowledge of the Company, the beneficial owners holding more than 3% of the voting rights of the Company as of March 31, 2009 were as follows:

<u>Name</u>	<u>Number of Shares</u>	<u>% of Voting Rights⁽²⁾</u>	<u>Relevant Date</u>
Daniel Borel ⁽¹⁾	11,200,471	5.8%	March 31, 2009
FMR LLC ⁽³⁾	9,344,721	4.9%	January 6, 2009
The Capital Group Companies, Inc. ⁽⁴⁾	9,780,117	5.1%	February 25, 2009
Thornburg Investment Management ⁽⁵⁾	11,922,284	6.2%	April 25, 2008

(1) Mr. Borel has not entered into any written shareholders' agreements.

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)

- (2) In compliance with Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 and Article 12 paragraph 2 of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading dated October 25, 2008, shareholdings are calculated based on the aggregate number of voting rights entered into the Swiss commercial register. This aggregate number was 191,606,620 voting rights as of March 31, 2009.
- (3) Number of shares held by FMR LLC is based on a notification received by the Company on January 7, 2009 informing the Company that the ownership of FMR LLC on behalf of funds managed by and clients of the FMR Group, had fallen below 5% of the Company's voting rights.
- (4) Number of shares held by The Capital Group Companies, Inc. is based on a notification received by the Company on February 26, 2009 informing the Company that the ownership of The Capital Group Companies, Inc., on behalf of funds managed by and clients of The Capital Group, had exceeded 5% of the Company's voting rights.
- (5) Number of shares held by Thornburg Investment Management is based on a notification received by the Company on May 22, 2008 informing the Company that the ownership of Thornburg Investment Management, on behalf of funds managed by and clients of the Thornburg Group, had exceeded 5% of the Company's voting rights.

SESTA requires shareholders who own voting rights exceeding certain percentage thresholds of a company incorporated in Switzerland whose shares are listed on a stock exchange in Switzerland to notify the company and the relevant Swiss exchange of such holdings. Following receipt of this notification, the company is required to inform the public in Switzerland.

Logitech has not been notified of any ownership of options or other derivative securities of the Company, whether privately or publicly traded, by any significant shareholder of the Company that is not a member of the Board of Directors or an executive officer.

Note 7 — Movements on Retained Earnings:

During fiscal years 2009 and 2008, movements on retained earnings were as follows (in thousands):

	Year ended March 31,	
	2009	2008
Retained earnings at the beginning of the year	CHF 316,586	CHF 378,300
Release from (attribution to) reserve for treasury shares.	11,062	(127,866)
Net income for the year	27,276	66,152
Retained earnings at the disposal of the Annual General Assembly. . .	CHF 354,924	CHF 316,586

Note 8 — Compensation and Security Ownership of Board Members and Executive Officers:

In accordance with the Swiss Code of Obligations, the compensation and security ownership of members of the Board of Directors of Logitech International S.A. and of Logitech executive officers is presented in Note 19-Other Disclosures Required by Swiss Law in the consolidated financial statements of the Company.

Note 9 — Risk Assessment:

A discussion of the Company's risk assessment is included in Note 19-Other Disclosures Required by Swiss Law in the consolidated financial statements of the Company.

PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF RETAINED EARNINGS

Proposal of the Board of Directors for appropriation of retained earnings was as follows during fiscal years 2009 and 2008 (in thousands):

	<u>Year ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	Proposal of the Board of Directors	Resolution of the General Assembly
To be carried forward	<u>CHF 354,924</u>	<u>CHF 316,586</u>

**Report of the Statutory Auditor
to the General Meeting of Logitech International S.A., Apples**

Report of the statutory auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Logitech International S.A., which comprise the balance sheet, statement of income and notes for the year ended March 31, 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended March 31, 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Travis Randolph
Audit expert
Auditor in charge



Pierre-Alain Dévaud
Audit expert

Lausanne,
May 29, 2009

Enclosures:

- Financial statements (balance sheet, statement of income and notes)
- Proposed appropriation of the available earnings

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Executive Team

Gerald P. Quindlen

President and Chief Executive Officer

Junien Labrousse

Executive Vice President, Products

Werner Heid

Senior Vice President, Worldwide Sales and Marketing

David Henry

Senior Vice President, Customer Experience and Chief Marketing Officer

L. Joseph Sullivan

Senior Vice President, Worldwide Operations

Martha Tuma

Vice President, Human Resources

Catherine Valentine

Vice President, Legal,
General Counsel and Secretary of the Board

Board of Directors

Guerrino De Luca

Chairman of the Board
Logitech

Gerald P. Quindlen

President and Chief Executive Officer
Logitech

Daniel Borel

Co-Founder and Former Chairman of the Board
Logitech

Matthew Bousquette

Chairman
Enesco LLC

Erh-Hsun Chang

Former Senior Vice President, Worldwide Operations and General Manager, Far East
Logitech

Kee-Lock Chua

President and Chief Executive Officer
Vertex Group

Sally Davis

Chief Executive Officer
BT Wholesale

Richard Laube

Executive Vice President
Nestlé S.A.
Chief Executive Officer
Nestlé Nutrition

Robert Malcolm

Former President, Global Marketing and Innovation
Diageo plc

Monika Ribar

President, Chief Executive Officer
Panalpina Group

Investor Relations

Investor inquiries may be directed to:
LogitechIR@logitech.com

Annual Meeting

Logitech's annual meeting of shareholders will be held at 14:30 Central European Summer Time, September 1, 2009, at the Palais de Beaulieu in Lausanne, Switzerland.



SIX: LOGN

NASDAQ: LOGI

For more information about Logitech and its products, please visit our web site: www.logitech.com.